

The Institute of  
Materials Minerals and Mining

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2007

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### INTRODUCTION

The trustees who are duly elected members of Council present their report together with the financial statements of the Institute for the year ended 31 December 2007.

#### Vision

Our vision is to be recognised as the global leader for professionals involved with the materials cycle.

#### Mission

- To promote the science, design, engineering and technology of materials, minerals and mining and their practical applications.
- To facilitate qualifications, professional recognition and development, and to deliver knowledge, information and networking services to a global membership and wider community.

The annual report and financial statements, which contain the following information, have been prepared in accordance with the provisions of 'Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)':

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Dr Richard Dolby  
President – 2006 and 2007



Dr Bernie Rickinson  
Chief executive



Mr Barry Lye  
President – 2008 and 2009

The Institute of Materials Minerals and Mining (IOM3) is a registered charity with registration number 269275. The principal office of the Institute is 1 Carlton House Terrace, London SW1Y 5DB.

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### ANNUAL REVIEW

#### Corporate aims

Our strategic plan contains the following corporate aims:

- Increase the membership, our members' and customers' perception of benefits and their use of our services.
- Improve membership services in extent and quality.
- Promote the importance and relevance of our subject areas and increase our influence.
- Improve productivity, efficiency and communications in all parts of the business.
- Develop the Institute structure and people to create an effective team.
- To be operationally profitable with sufficient reserves to meet at least one year's activities.

#### Our plans for 2007

Council has committed its efforts to the resourcing and delivery of the corporate aims. Our plans for 2007 included:

- Putting in place the staff resources to deliver actions defined in the strategic plan.
- Significant expenditure on web developments to aid the visibility of technical communities, and to fully utilise the quality content from Institute activities.
- New communication mechanisms to reduce meeting costs and to improve the dissemination of events.
- Further magazine developments using our magazine and design groups.
- Increased resources for educational and accreditation activities.
- Special emphasis placed on the development of overseas groups.



Dr Richard Dolby FIMMM FEng OBE

President - 2006 and 2007

“The development of a new strategic plan has provided a substantial improvement to our future focus for activity within Institute groups. Our vision and corporate aims are clear, and importantly the Institute’s resources have in some areas needed to expand to meet our raised targets.”

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### ANNUAL REVIEW

#### Achievements and performance

Our achievements in 2007 include:-

- Restructuring and recruiting staff for the membership and finance teams to deliver the corporate aims for membership.
- Granted licence to award Chartered Environmentalist.
- Substantial progress on the development of new web resources and 'e' based content to be launched in 2008.
- Successful launch of a materials magazine for the design community.
- Continued broadening of our educational team, which maintained excellent progress and interacted with 8,000 young people.
- Development of our first overseas technical division and the staging of the Younger Members' World Lecture Competition in Singapore.
- Increased involvement with government and EC projects providing valuable visibility to and recognition by government, industry, academia and the general public of materials, minerals and mining.
- For the sixth successive year, the development of an operating surplus, and the growth of our asset base.

Our disappointments in 2007 include:-

- Difficulty in recruiting the right staff for some key positions.
- Delays in reconstruction at the new Grantham office.
- A fall in membership numbers.



Dr Bernie Rickinson

Chief executive

“Responding to the challenges proposed within the strategic plan, the Institute’s staff have collectively engaged and effectively delivered in a range of new and existing areas. In some specific areas we have needed to prioritise resources and this has led to re-scheduling of target dates. With the completion of mergers with IOP and ICT, some membership losses in these two areas have been recorded, but our recruitment of younger members, industry affiliates and schools affiliates has been good.”

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### ANNUAL REVIEW

#### Our plans for 2008

As part of the next phase of achieving the Institute's corporate aims, our plans for 2008 include:

- Launch of the new content rich web site.
- Continue development, particularly overseas of our activities in education and information services.
- Expand our training and certification provisions for technician members.
- Increase events activity in support of the Materials Knowledge Transfer Network and Materials UK.
- Launch new activities from the new Grantham factory concept.
- Reverse the trend of falling membership.
- Introduce fast track processes for a range of new members.
- Raise membership participation in our conferences, workshops and seminars.
- Support the work of affiliated societies through the introduction of Local Society of the Year.
- Develop a best practice model for technical divisions/societies.



Mr Barry Lye

President - 2008 and 2009

“The Institute has raised the importance, relevance and visibility of our diverse communities to demonstrate a capability to resolve fundamental issues facing the UK and other global economies. As a unique networking and communications business we are in a key position to coordinate effective interdisciplinary activity.”

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

### FINANCIAL REVIEW

A summary of the overall results for the year and an analysis of the operating surplus are set out below.

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| <b>Operating surplus/(deficit)</b>                        |               |               |
| General fund  | 327           | 385           |
| Designated funds  | (46)          | (74)          |
| Restricted funds  | 30            | 23            |
| <b>Funds received on merger</b>                           | -             | 402           |
| <b>Net incoming resources</b>                             | <u>311</u>    | <u>736</u>    |
| Gains on investment assets                                | 255           | 562           |
| Actuarial gains / (losses)<br>on defined benefit pension. | (134)         | 1,124         |
| <b>Overall surplus</b><br>(Net movement in funds)         | <u>432</u>    | <u>2,422</u>  |
| <b>Net income from operating activities</b>               |               |               |
| Membership subscriptions                                  | 1,206         | 1,204         |
| Awarding body   | 31            | 38            |
| Investment income   | 452           | 315           |
| Facilities  | 12            | 1             |
| Other income  | 50            | 52            |
| Publishing  | 643           | 664           |
| Conferences & exhibitions                                 | 9             | 122           |
| Information services                                      | 56            | 16            |
| Technology improvement<br>awards                          | (46)          | (80)          |
| Training services   | (11)          | 43            |
| <b>Net income before<br/>governance costs</b>             | <u>2,402</u>  | <u>2,375</u>  |
| Governance costs  | 129           | 153           |
| <b>Available income</b>                                   | <u>2,273</u>  | <u>2,222</u>  |
| Membership and related<br>costs                           | 1,946         | 1,837         |
| <b>Operating surplus</b>                                  | <u>327</u>    | <u>385</u>    |

- Investment income includes the net return on pension scheme assets of £110k (2006 – nil).
- The cost of developing new titles resulted in a small fall in the contribution from publishing.
- As expected, the contribution from conferences fell by £113k because of the smaller programme and the cost of developing new events.

- There was an improvement in the contribution from information services and technology improvement awards.
- A fall in training income coupled with increased costs led to a substantial reduction in contribution from training services. This is expected to improve in 2008.

Spending on membership and related activities was as follows:

|  | 2007<br>£'000 | 2006<br>£'000 |
|--|---------------|---------------|
| <b>Direct costs</b>                    |               |               |
| Membership                             | 492           | 420           |
| Education                              | 108           | 107           |
| Awarding body                          | 32            | 28            |
| Divisions                              | 52            | 53            |
| Regional support                       | 95            | 93            |
| Other regional costs                   | 20            | 27            |
| Website & communication<br>of services | 37            | 50            |
| Prizes & awards                        | 32            | 24            |
| <b>Allocated support costs</b>         | <u>1,078</u>  | <u>1,035</u>  |
|  | <u>1,946</u>  | <u>1,837</u>  |

- Support costs consist of employment, establishment and administration costs. Details are shown in note 5 to the financial statements.
- Total Institute support costs increased by 12% from £2,674k in 2006 to £3m in 2007.
- Staff numbers increased by 15% and costs increased by 17% to support changes being introduced by the corporate strategy.
- Establishment costs have increased by 8% due to the acquisition of new leasehold premises in Grantham, higher repair bills and the introduction of IT improvements.
- Administration costs have remained level.
- Interest charges have fallen because there was no interest on pension scheme liabilities during 2007.

### Other funds

Movements in designated funds are shown in note 18 to the financial statements. Rental income reduced net expenditure on Hallam Court to £35k compared to £75k in 2006.

Movements in restricted funds are shown in notes 16 and 17 to the financial statements.

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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FINANCIAL REVIEW continued

### **Funds received on merger**

During 2006, the Institute received funds totalling £402k on the mergers with the Institutes of Packaging and Clay Technology.

### **Investment returns**

The Institute has adopted a policy of maximising total returns from investments commensurate with acceptable risk for a charitable organisation. Amounts required to fund operations of the Institute are set aside in a short-term fund consisting of cash or easily realisable investments. All other investments are placed in a long-term fund. An appropriate benchmark (depending on the Institute's requirements) is agreed with the investment managers to measure performance.

Total returns from investments (income and gains) excluding pension scheme assets amounted to £697k in 2007 compared to £977k in 2006. During 2007, there was a return of 8% (2006 – 13%) compared to the benchmark return of 6% (2006 – 12%).

### **Actuarial gains/losses on defined benefit pension**

The actuarial gains/losses arise from the valuation required by Financial Reporting Standard 17 (FRS17) and are detailed in note 21.5. The FRS17 calculation is made for accounting purposes only and does not drive the amount of contributions to be paid or the timing of payments. Scheme assets are valued at current market value and liability calculations are based on the yield on AA rated corporate bonds at the balance sheet date. As the scheme assets are not totally invested in corporate bonds there can be great volatility between annual valuations.

### **Net assets**

The overall surplus for the year of £432k has increased net assets from £10.5M at the start of the year to nearly £11M at the year-end.

The balance sheet continues to show a healthy financial position.

### **Reserves**

Council has reviewed the Institute's reserves and it has decided that designated funds are adequate and no transfers are necessary in 2007.

Council's policy on reserves is to:

Set aside sufficient reserves to fund the net book value of all tangible fixed assets and the cost of future capital expenditure requirements. These amounts are held in the asset development fund and total £1.9m at 31 December 2007.

Set aside reserves to develop and improve the quality of services provided by the Institute. These reserves are held in the services development fund and total £126k at 31 December 2007.

Set aside reserves to cover the potential costs of the Hallam Court lease until the end of the lease in June 2008. The balance of the reserve at 31 December 2007 amounts to £90k, which is considered adequate to cover future costs.

Retain reserves to cover the future costs of up to one year of charitable costs and expenditure, publicity, management and administration expenditure. The level of reserve is considered appropriate to allow the Institute to be managed efficiently, to provide a buffer for uninterrupted services and to achieve the long-term objectives of the Institute. At the year-end, unrestricted reserves amounted to £6.9M representing 123% of total budgeted expenditure in 2008. The reduction in the deficit on the FRS17 pension valuation increased reserves by £1.3M during 2006. With this volatility in mind, Council considers the increased reserves to be appropriate to the Institute's future requirements.

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### STRUCTURE, GOVERNANCE AND MANAGEMENT

The founding body of this Institute was created in 1869. The Institute of Materials, Minerals and Mining is a body incorporated by Royal Charter dated 25 July 1965 and modified on 26 June 2002. As such it does not have company directors or share capital.

The governance of the Institute is vested in the Council. Members of Council are trustees of the Institute for the purpose of charity law. Under the bye-laws of the Institute, members of Council are elected by members of the Institute at the annual general meeting to serve for varying terms but not exceeding four years. Under the Institute's regulations, Council is entitled to co-opt honorary vice presidents and five members of Council.

Regular induction meetings are held for new Council members to ensure that they understand their responsibilities as trustees of the charity. The induction process provides trustees with information about the role of Council, its supporting boards and the organisational structure of the Institute. The objects of the Institute together with the mission statement and corporate strategies are explained. Each trustee is provided with an information pack and points of access to further details. Ongoing training is provided to trustees in relation to the individual responsibilities undertaken by them.

Council meets at least three times during the year to review strategy and approve operating plans and budgets.

Council has overall responsibility for ensuring that the Institute has appropriate systems of control, financial and otherwise. It is also responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and enable Council to ensure that annual financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations and the provisions of the Royal Charter and bye-laws:

Council is responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the Institute is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;

- proper records are maintained and financial information used within the Institute for publication is reliable;
- the Institute complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a strategic plan and an annual budget approved by Council;
- regular consideration by Council of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- delegation of authority and segregation of duties;
- identification and management of risks.

Council has introduced a formal risk management process to enable it to assess business risks and implement risk management strategies on a regular basis. It involves identifying the types of risks the Institute faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process Council reviews the adequacy of the charity's current internal controls.

Charity law in England and Wales requires Council to prepare financial statements for each financial year which give a true and fair view of the Institute's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements, Council follow best practice and:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue to operate.

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### STRUCTURE, GOVERNANCE AND MANAGEMENT continued

The Audit Committee, which reports directly to the Council, comprises a chairman and three other members of Council or membership, who are not associated with the Managing Board or management of the Institute. Appointments are endorsed by Council. Members who served during the year are set out on page 11. The committee normally meets twice a year or as the chairman of the committee sees fit. The chief executive and finance director generally attend, with others invited as and when appropriate. The committee is authorised to keep under review the effectiveness of the Institute's financial reporting, internal control policies and operating procedures, together with a broad remit to review all elements and levels of Institute governance and function. Advice is given on the appointment of external auditors. A regular dialogue is maintained with the Institute's external auditors to review matters identified from audits as being in need of management attention and the actions to be taken to resolve the same. The chairman has direct access to the President and Council.

Council delegates its responsibility for the ongoing management of strategy and performance of the Institute to the Managing Board. Membership of this board is drawn from senior members of the Institute and staff. The day to day management of the Institute's activities is delegated to the chief executive.

The Managing Board reviews the progress of the Institute's subsidiaries, boards and committees.

- **IOM Communications Ltd**  
The charitable trading activities are carried out by this wholly owned subsidiary. The Board of this company, which is appointed by Council, meets regularly to assess the commercial opportunities and effectiveness of the company's activities.
- **Nominations Committee**  
The committee reviews the role, membership and performance of the major committees including Council and oversees adherence to the Charter and bye-laws.
- **Remuneration Committee**  
The committee agrees the remuneration package for all executive directors and the overall levels of compensation for other staff.

- **Industry and Technology Policy Board**  
The board is responsible for the co-ordination of sixteen technical divisions. In turn, the role of the divisions is to further the networking and professional development of its members. The board consists of the divisional chairmen who are elected by the technical community they represent.
- **Professional Policy Board**  
The board is responsible for membership, education, accreditation, professional development, technician activities and external affairs.
- **Local Affairs Board**  
The board is responsible for the promotion of the interests of regional members, communication between Council and regional members and the establishment of links with affiliated local societies.
- **Younger Members Group**  
The younger members play a vital and active role in the development of the Institute and their activities are co-ordinated by the Younger Members Group.
- **The Institute of Packaging**  
Following the agreement to merge in 2005, the trustees of the Institute of Packaging have continued in office to oversee the transfer of activities to the Institute of Materials, Minerals & Mining. With the exception of one contract which expired in 2007, all other activities and all assets were transferred to the Institute by 31 December 2006. The Institute of Packaging Services, a subsidiary of the Institute of Packaging did not trade in 2007.
- **Materials Institute Services Ltd**  
This is a wholly owned subsidiary responsible for non-charitable activities. The company has not traded for a number of years. During the year, the company was appointed the main contractor for the refurbishment of new premises acquired by the Institute. All costs relating to this project have been paid for by the Institute.

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### OBJECTIVES AND ACTIVITIES

The objects of the Institute, as set out in the Royal Charter, shall be to advance and develop all aspects of the science, engineering and technology of the discovery, exploration, development, characterisation, exploitation, processing, application and recycling of materials, minerals and fuels. To further and co-ordinate education, training and practice in these disciplines and to facilitate the acquisition, preservation and dissemination of knowledge pertaining to these disciplines. In pursuing these objects in so far as they may be similar to those of existing organisations, the Institute shall use its best endeavours to co-operate with them and to ensure that its activities are complementary to those of such organisations.

Through our activities we aim to provide:

- a wide range of member services including professional recognition and networking opportunities through technical divisions.
- information through our website, libraries, conferences, publications and consultancy services.
- an active education programme through schools and universities to attract young people into the profession.
- support and encouragement to younger members and affiliated societies in the UK and overseas.
- the visibility of new technology to industry with funding from government.

Members play a prime role in promoting the objects of the Institute. Accordingly, a wide range of member services and benefits have been developed in pursuance of our objectives and to attract newcomers to the Institute. Benefits of membership include professional recognition, networking opportunities to share knowledge and experience, free materials information services, a monthly members' magazine, a members' business centre and use of facilities, discounted conferences and publications and web-based assistance in careers development.

The Institute provides support to its worldwide membership through its UK offices and a network of affiliated local societies based in the UK and overseas. In particular, the local affiliated societies provide an important point of contact for members and deliver a range of valuable services to them. Systems have been developed to recognise career progression/membership upgrade and the Institute is licensed to deal with applications for chartered engineer, chartered scientist, incorporated engineer and engineering technician status. The Institute

collaborates with many like-minded societies in the UK and overseas.

Sixteen technical divisions have been set up with direct access to Council. Each division holds regular meetings and, through its supporting network of committees, members and affiliated societies, organises a programme of events to promote and develop its discipline.

The Institute has an active education programme to attract young people into a career in the materials, minerals and mining science, engineering and technology community. A schools affiliate scheme has been set up to provide help, advice and teaching materials to schools. The education team regularly attends schools and careers fairs. The Institute accredits a number of university, college and industry courses in the UK and overseas. We also provide a special membership package for undergraduates. The Institute has a thriving younger members group organising special events for their peers.

The Institute works very closely with government and EC departments particularly in relation to the delivery of new technology to industry. This work has enhanced the reputation of the Institute and is now seen as a first port of call in our area of expertise. The Institute operates an industrial affiliates scheme to provide small and medium sized enterprises with access to its information services.

Through its subsidiary, IOM Communications Ltd, the Institute publishes technical books, learned journals and a members' magazine and organises conferences on materials, minerals and mining related subjects. The publishing of technical books and learned journals has been outsourced to Maney Publishing. In-house teams publish the members' magazines and organise the majority of conferences. IOM Communications Ltd also operates information services and provides consultancy advice on materials. All these services are fundamental in achieving the Institute's objectives.

There is a regular programme to ensure that employees are involved in the direction and progress of the Institute. Employees are consulted and kept fully informed on issues of concern to them. The Institute has developed a procedure for upward feedback for senior management and the trustees. Staff training and development appropriate to the Institute's goals is assessed on a regular basis and provided internally and externally. The Institute has maintained its recognition under the Investors in People scheme.

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### OFFICERS AND COUNCIL MEMBERS

|   |  |   |  |
|---|--|---|--|
| <i>President</i>  | <b>Dr R E Dolby</b><br>(to 31 December 2007)<br><b>Mr B D Lye</b><br>(from 1 January 2008)   | <i>Council members representing all corporate members of the Institute:</i> |  |
|   |  | Honorary Fellow and Fellows   | <b>Mr C Huselbury</b><br><b>Dr G E Hollox</b><br>(from July 2007)                            |
| <i>Senior Vice-President</i>  | <b>Mr B D Lye</b><br>(to 31 December 2007)<br><b>Dr B C Suddell</b><br>(from 1 January 2008)   | Professional Members & Members  | <b>Mr D J Mallett</b><br>(to July 2007)<br><b>Dr M B Barker</b><br><b>Dr J Aubrey-Robson</b> |
| <i>Honorary Treasurer</i>   | <b>Mr C T Massey</b>   | Associate Members   | <b>Mr S J Wood</b><br><b>Dr C M Anderson</b><br>(to November 2007)                           |
| <i>Vice President</i>   | <b>Dr B C Suddell</b><br>(to 31 December 2007)<br><b>Dr M A Hicks</b><br>(from 1 January 2008)<br><b>Mr J C H Lewis</b><br>(from 1 January 2008) | Technician Members  | <b>Mr S Bellaby</b>  |
|   |  | <i>Council members representing the following disciplines:</i>              |  |
|   |  | Metals  | <b>Dr K A Ridal</b>  |
|   |  | Ceramics  | <b>Mr C Hallas</b>   |
|   |  | Plastics & Rubber   | <b>Mr K L Forsdyke</b>   |
|   |  | Minerals & Mining   | <b>Eur Ing R G Siddall</b>   |
| <i>Chairman of Managing Board and Past President</i>                    | <b>Mr A J Smith</b><br>(to 31 December 2007)<br><b>Dr R E Dolby</b><br>(from 1 January 2008)   | <i>Divisional board chairmen:</i>   |  |
| <i>Past President</i>   | <b>Mr A J Smith</b>  | Applied Earth Science   | <b>Mr M D Forrest</b><br>(from December 2007)  |
| <i>Chairman of Professional Policy Board</i>                            | <b>Mr P L Huxtable</b>   | Automotive Applications   | <b>Dr G F Smith</b><br>(to July 2007)  |
| <i>Chairman of Industry and Technology Policy Board</i>                 | <b>Dr M J Pettifor</b>   | Biomedical Applications   | <b>Professor S Best</b>  |
| <i>Chairman of the Local Affairs Board</i>                              | <b>Dr P J E Bischler</b>   | Castings  | <b>Dr P Withey</b>   |
| <i>Chairman of Younger Members Group</i>                                | <b>Dr S Matthews</b><br>(to July 2007)<br><b>Dr M R Clinch</b><br>(from July 2007)   | Ceramics Society  | <b>Professor D Thompson</b>  |
| <i>Honorary Overseas Secretary</i>                                      | <b>Mr B D Lye</b>  | British Composites Society  | <b>Professor P J Hogg</b>  |
| <i>Council members representing corporate members from the regions:</i> |  | Electronic Applications   | <b>Prof R W Whatmore</b><br>(to July 2007)   |
| Scotland  | <b>Mr C Graham Smith</b>   | Light Metals  | <b>Dr M Khor</b><br>(from July 2007)   |
| North East  | <b>Mr N E Riley</b><br>(to July 2007)<br><b>Mr C Rhodes</b><br>(from July 2007)  | Materials Science & Technology  | <b>Mr M R Jarrett</b>  |
| North West  | <b>Dr A F Thomas</b>   | Mineral Processing & Extractive Metallurgy                                  | <b>Dr D J Gooch</b>  |
| Midlands  | <b>Mr D R Evetts</b>   | Mining Technology   | <b>Professor J Monhemius</b>   |
| South East  | <b>Mr J C H Lewis</b><br>(to July 2007)<br><b>Dr A K Jadoon</b><br>(from July 2007)  | IOP – The Packaging Society   | <b>Eur Ing R G Siddall</b>   |
| Wales & South West  | <b>Dr P J Foster</b>   | Petroleum & Drilling Engineering  | <b>Ms H Kendle</b>   |
|   |  | Polymer Society   | Under discussion   |
|   |  | Iron and Steel Society  | <b>Mr S G Patrick</b>  |
|   |  | Surface Engineering   | <b>Dr K D Walker</b>   |
|   |  | Co-opted Council Members  | <b>Professor T Bell</b><br>(to July 2007)  |
|   |  |   | <b>Mr K Harrison</b><br>(from July 2007)   |
|   |  |   | <b>Professor P Hing</b><br>(to July 2007)  |
|   |  |   | <b>Dr J Morton</b>   |
|   |  |   | <b>Mr J Bence</b>  |
|   |  |   | <b>Mr M Driver</b>   |
|   |  |   | <b>Dr S Matthews</b><br>(from July 2007)   |

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### MEMBERSHIP OF SENIOR BOARDS AND PROFESSIONAL ADVISERS

#### MANAGING BOARD

Chairman **Mr A J Smith**  
(to 31 December 2007)  
**Dr R E Dolby**  
(from 1 January 2008)

President **Dr R E Dolby**  
(to 31 December 2007)  
**Mr B D Lye**  
(from 1 January 2008)

Senior Vice-President **Mr B D Lye**  
(to 31 December 2007)

**Dr B C Suddell**  
(from 1 January 2008)

Honorary Treasurer **Mr C T Massey**

Vice President **Dr B C Suddell**  
(to 31 December 2007)  
**Dr M A Hicks**  
(from 1 January 2008)  
**Mr J C H Lewis**  
(from 1 January 2008)

Chairman of IOM **Dr E B Farmer**

Communications Ltd  
Chairman of Professional Policy Board **Mr P L Huxtable**

Chairman of Industry and Technology Policy Board **Dr M J Pettifor**

Chairman of the Local Affairs Board **Dr P Bischler**

Chairman of Younger Members Group **Dr S Matthews**  
(to July 2007)  
**Dr M R Clinch**  
(from July 2007)

Institute member **Professor R J Pine**  
(to July 2007)

Chief executive of the Institute **Dr B A Rickinson**

Deputy chief executive **Dr G J M Woodrow**

Finance director **Mr R C Milbank**

#### BOARD OF DIRECTORS

IOM Communications Ltd

Chairman **Dr E B Farmer**

Directors/trustees **Dr A J Brown**  
**Mr R L Savory**  
**Mr N E Riley**  
**Mr C T Massey**  
**Dr A T Cole**  
(from October 2007)  
**Prof J G P Binner**  
(from February 2008)

Chief executive and trustee **Dr B A Rickinson**

#### AUDIT COMMITTEE

Chairman **Mr P J K Haslehurst**  
**Dr D Elliott**  
**Mr B J Breen**  
**Mr C J Hallas**

#### PROFESSIONAL ADVISERS

*Bankers* **Lloyds Bank plc**  
39 Threadneedle Street,  
London EC2R 8AU  
8-10 Waterloo Place,  
London SW1Y 4BE

*Solicitors* **Allen & Overy**  
One New Change,  
London EC4M 9QQ

*Auditors* **Baker Tilly UK Audit LLP**  
12 Gleneagles Court,  
Brighton Road,  
Crawley, Sussex RH10 6AD

*Investment Managers* **Blackrock Investment Management (UK) Ltd**  
33 King Williams  
Street, London EC4R 9AS

*Actuaries* **firstactuarial plc**  
First House,  
Kingsclere Road,  
Basingstoke,  
Hampshire RG21 6UG

*Pension Advisers* **Keith Tudor Financial Services**  
Yorke House,  
Furlong Lane,  
Burslem,  
Stoke-on-Trent,  
Staffordshire ST6 3LF

#### AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### MEDALS AND PRIZES

The Institute's medals and prizes are awarded for outstanding contributions to science, technology and management in the field of materials, minerals and mining. The premier and other awards made throughout the year were:

#### Premier awards

|                        |                       |
|------------------------|-----------------------|
| Bessemer Gold Medal    | Mr L Mittal           |
| IoM Gold Medal         | Dr A Normanton        |
| Platinum Medal         | Dr S R Keown          |
| IoM Silver Medal       | Dr M Hall             |
| Chapman Medal          | Professor D Williams  |
| Colwyn Medal           | Dr K Fuller           |
| Griffith Medal & Prize | Professor R O Ritchie |
| Sir Andrew Bryan       | Mr J Weston           |
| Futers Gold Medal      | Mr A J Smith          |

#### Personal achievement awards

|                                       |                        |
|---------------------------------------|------------------------|
| Dowding Medal & Prize                 | Dr P D Spooner         |
| Frank Fitzgerald Medal & Travel Award | Mr I Baille            |
| Sir Robert Hadfield Medal & Prize     | Mr J Winfield Marshall |
| Holland Award                         | Mr T Shingler          |
| Holliday Prize                        | Professor P J Hogg     |
| Hume-Rothery Prize                    | Professor T Nishizawa  |
| Ivor Jenkins                          | Professor J G P Binner |
| Kroll Medal & Prize                   | Mr P O'Brien           |
| T B Marsden Award                     | Dr D Elliott           |
| Rosenhain Medal & Prize               | Mr A H W Ngan          |
| Rowbotham Medal                       | Mr M Ellis             |
| Thomas Medal & Prize                  | Mr P F Morris          |
| Thornton Medal                        | Professor R Smith      |
| Verulam Medal & Prize                 | Professor R Freer      |

#### Publication awards

|                         |                                     |
|-------------------------|-------------------------------------|
| Guy Benbough Award      | R E Melchers                        |
| Billiton Gold Medal     | D M Muir & E Ho                     |
| Composite Award         | Q Yuan & R D K Misra                |
| Cook Ablett Award       | Dr E A Little                       |
| Alan Glanvill Award     | A Polynkin, J F T Pittman & J Sienz |
| Douglas Hay Award       | Messrs. K Reed & T P Medhurst       |
| Materials World Award   | Mr D Farrar                         |
| Pfeil Award             | P Colombo, F Zordan & E Medvedovski |
| James S Walker Award    | Ms A Dawson and J J Dai             |
| Wardell Armstrong Prize | D Holwell & A Jordaan               |
| Williams Award          | Mr J Aylen & Dr K Albertson         |

#### Other awards

|  |                                     |
|--|-------------------------------------|
| Royal Charter Prize                      | F Bygrave                           |
| R H Craven                               | M Wegrzyn                           |
| A T Green Award                          | M Thomas                            |
| Technician of the Year                   | Nigel Haywood                       |
|  | Kate Round                          |
| National Lecture Competition Prize       | John Forsdyke                       |
| Young Persons' World Lecture Competition | Mary Donnabelle I Balela (Malaysia) |
| <b>Joint awards</b>                      |                                     |
| Beilby Medal and Prize                   | Professor I D W Samuel              |
| Harvey Flower Titanium Prize             | Dr M Winstone                       |
| Charles Hatchett Award                   | C P Reip, S Shanmugam & R D K Misra |
| Vanadium Award                           | H Wang, M Zhang, Z D Zou & S Y Qu   |

# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2007

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### HONOURS AND AWARDS

Council has been informed about the following honours and awards made to members and wishes to record its congratulations to all recipients.

#### **MBE**

John Harvey

#### **Fellowship of the Royal Academy of Engineering**

Neil Alford

Helen Atkinson

John Beynon

Michael Hicks

Trevor Page

David Stephenson

Paul Younger

#### **Fellowship of the Royal Society**

Anthony Kinloch

This report was approved by Council on 29 April 2008.

**Dr R E Dolby**

President – 2006 and 2007

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE INSTITUTE OF MATERIALS MINERALS AND MINING

We have audited the financial statements on pages 15 to 35.

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of trustees and auditors**

The trustees' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the trustees' report.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the trustees' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's and its subsidiaries' affairs as at 31 December 2007 and of their incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

BAKER TILLY UK AUDIT LLP

Registered Auditor  
12 Gleneagles Court  
Brighton Road  
Crawley  
West Sussex  
RH10 6AD

29 April 2008

The Institute of Materials Minerals and Mining  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
for the year ended 31 December 2007

|  | Notes | Unrestricted funds<br>General<br>£'000 | Designated<br>£'000 | Restricted<br>funds<br>£'000 | Permanent<br>endowment<br>£'000 | Total<br>funds<br>2007<br>£'000 | Total<br>funds<br>2006<br>£'000 |
|--|-------|--|---------------------|------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>INCOMING RESOURCES</b>  |       |  |                     |                              |                                 |                                 |                                 |
| <b>Incoming resources from charitable activities</b>                   |       |  |                     |                              |                                 |                                 |                                 |
| Membership and related activities                                      |       | 1,287                                  | -                   | -                            | -                               | 1,287                           | 1,294                           |
| Charitable trading activities  | 1     | 3,613                                  | -                   | -                            | -                               | 3,613                           | 3,293                           |
|  |       | <u>4,900</u>                           | <u>-</u>            | <u>-</u>                     | <u>-</u>                        | <u>4,900</u>                    | <u>4,587</u>                    |
| <b>Incoming resources from generated funds</b>                         |       |  |                     |                              |                                 |                                 |                                 |
| Voluntary income   | 2     | -                                      | -                   | 4                            | -                               | 4                               | 407                             |
| Activities for generating funds  | 3     | 502                                    | 33                  | -                            | -                               | 535                             | 456                             |
| Investment income  | 4     | 485                                    | 3                   | 64                           | -                               | 552                             | 415                             |
|  |       | <u>5,887</u>                           | <u>36</u>           | <u>68</u>                    | <u>-</u>                        | <u>5,991</u>                    | <u>5,865</u>                    |
| <b>RESOURCES EXPENDED</b>  |       |  |                     |                              |                                 |                                 |                                 |
| <b>Charitable activities</b>   |       |  |                     |                              |                                 |                                 |                                 |
| Membership and related activities                                      |       | 1,946                                  | 82                  | 35                           | -                               | 2,063                           | 1,960                           |
| Charitable trading activities  | 1     | 2,962                                  | -                   | -                            | -                               | 2,962                           | 2,528                           |
|  |       | <u>4,908</u>                           | <u>82</u>           | <u>35</u>                    | <u>-</u>                        | <u>5,025</u>                    | <u>4,488</u>                    |
| <b>Cost of generating funds</b>  |       |  |                     |                              |                                 |                                 |                                 |
| Activities for generating funds  | 3     | 490                                    | -                   | -                            | -                               | 490                             | 448                             |
| Investment management costs  |       | 33                                     | -                   | -                            | -                               | 33                              | 37                              |
| <b>Governance costs</b>  |       | 129                                    | -                   | 3                            | -                               | 132                             | 156                             |
|  |       | <u>5,560</u>                           | <u>82</u>           | <u>38</u>                    | <u>-</u>                        | <u>5,680</u>                    | <u>5,129</u>                    |
| <b>Net outgoing/(incoming) resources before transfers</b>              |       |  |                     |                              |                                 |                                 |                                 |
|  |       | 327                                    | (46)                | 30                           | -                               | 311                             | 736                             |
| <b>Transfers</b>   |       |  |                     |                              |                                 |                                 |                                 |
| Gross transfers between funds  | 6     | -                                      | -                   | -                            | -                               | -                               | -                               |
|  |       | <u>327</u>                             | <u>(46)</u>         | <u>30</u>                    | <u>-</u>                        | <u>311</u>                      | <u>736</u>                      |
| <b>Net incoming resources before other recognised gains and losses</b> |       |  |                     |                              |                                 |                                 |                                 |
|  |       | 327                                    | (46)                | 30                           | -                               | 311                             | 736                             |
| <b>Other recognised gains/(losses)</b>                                 |       |  |                     |                              |                                 |                                 |                                 |
| Gains on investment assets   |       | 232                                    | 3                   | 20                           | -                               | 255                             | 562                             |
| Actuarial gains/(losses) on defined benefit pension scheme             | 21.5  | (134)                                  | -                   | -                            | -                               | (134)                           | 1,124                           |
|  |       | <u>425</u>                             | <u>(43)</u>         | <u>50</u>                    | <u>-</u>                        | <u>432</u>                      | <u>2,422</u>                    |
| <b>NET MOVEMENT IN FUNDS</b>   |       |  |                     |                              |                                 |                                 |                                 |
| <b>Reconciliation of funds</b>   |       |  |                     |                              |                                 |                                 |                                 |
| Total funds brought forward  |       | 6,431                                  | 2,349               | 1,730                        | 33                              | 10,543                          | 8,121                           |
|  |       | <u>6,856</u>                           | <u>2,306</u>        | <u>1,780</u>                 | <u>33</u>                       | <u>10,975</u>                   | <u>10,543</u>                   |
| <b>TOTAL FUNDS CARRIED FORWARD</b>                                     |       |  |                     |                              |                                 |                                 |                                 |
|  |       | <u>6,856</u>                           | <u>2,306</u>        | <u>1,780</u>                 | <u>33</u>                       | <u>10,975</u>                   | <u>10,543</u>                   |

The statement of financial activities includes all gains and losses recognised in the year.  
All incoming and outgoing resources derive from continuing activities.

# The Institute of Materials Minerals and Mining

## BALANCE SHEETS

31 December 2007

|  | <i>Notes</i> | Group         |               | Institute     |               |
|--|--------------|---------------|---------------|---------------|---------------|
|  |              | 2007<br>£'000 | 2006<br>£'000 | 2007<br>£'000 | 2006<br>£'000 |
| <b>FIXED ASSETS</b>                            |              |               |               |               |               |
| Tangible assets                                | 8            | 1,281         | 1,324         | 1,281         | 1,324         |
| Investments                                    | 9            | 9,002         | 8,491         | 8,465         | 7,966         |
|  |              | <u>10,283</u> | <u>9,815</u>  | <u>9,746</u>  | <u>9,290</u>  |
| <b>CURRENT ASSETS</b>                          |              |               |               |               |               |
| Stock and work in progress                     | 11           | 102           | 56            | 3             | 2             |
| Debtors  | 12           | 1,064         | 1,192         | 475           | 548           |
| Bank balances                                  |              | 804           | 885           | 732           | 836           |
|  |              | <u>1,970</u>  | <u>2,133</u>  | <u>1,210</u>  | <u>1,386</u>  |
| CREDITORS: Amounts falling due within one year | 13           | 1,100         | 1,235         | 683           | 823           |
| <b>NET CURRENT ASSETS</b>                      |              | <u>870</u>    | <u>898</u>    | <u>527</u>    | <u>563</u>    |
| <b>NET ASSETS BEFORE PENSION LIABILITY</b>     |              | <u>11,153</u> | <u>10,713</u> | <u>10,273</u> | <u>9,853</u>  |
| Defined benefit pension scheme liability       | 21.2         | (178)         | (170)         | (178)         | (170)         |
| <b>NET ASSETS AFTER PENSION LIABILITY</b>      | 14           | <u>10,975</u> | <u>10,543</u> | <u>10,095</u> | <u>9,683</u>  |
| <b>PERMANENT ENDOWMENT FUND</b>                | 15           | 33            | 33            | 33            | 33            |
| <b>RESTRICTED FUNDS</b>                        |              |               |               |               |               |
| Subsidiary trust funds                         | 16           | 556           | 545           | -             | -             |
| Other restricted funds                         | 17           | 1,224         | 1,185         | 1,224         | 1,185         |
| <b>UNRESTRICTED FUNDS</b>                      |              |               |               |               |               |
| Designated funds                               | 18           | 2,306         | 2,349         | 2,306         | 2,349         |
| General fund                                   |              | 6,856         | 6,431         | 6,532         | 6,116         |
| <b>TOTAL FUNDS</b>                             |              | <u>10,975</u> | <u>10,543</u> | <u>10,095</u> | <u>9,683</u>  |

The financial statements on pages 15 to 35 were approved and authorised for issue by the trustees on 29 April 2008 and signed on their behalf by

DR R E DOLBY - President – 2006 and 2007

MR C T MASSEY – Honorary Treasurer

The Institute of Materials Minerals and Mining  
CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2007

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|  | <i>Notes</i> | 2007<br>£'000 | 2006<br>£'000 |
|--|--------------|---------------|---------------|
| <b>Reconciliation of the net incoming resources to net cash flow from operating activities</b> |              |               |               |
| Net incoming resources   |              | 311           | 736           |
| Depreciation and amortisation (including profits/losses on sale of fixed assets)               |              | 126           | 157           |
| Interest and dividends receivable  |              | (552)         | (415)         |
| (Increase) in stocks   |              | (46)          | (34)          |
| Decrease/(increase) in debtors   |              | 128           | (700)         |
| (Decrease)/increase in creditors   |              | (151)         | 320           |
|  |              | <hr/>         | <hr/>         |
| NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES  |              | (184)         | 64            |
|  |              | <hr/> <hr/>   | <hr/> <hr/>   |
| <b>CASHFLOW STATEMENT</b>  |              |               |               |
| <b>Net cash (outflow)/inflow from operating activities</b>                                     |              | (184)         | 64            |
| Returns on investments and servicing of finance  | 22.1         | 442           | 415           |
| Capital receipts less expenditure  | 22.2         | (339)         | (115)         |
|  |              | <hr/>         | <hr/>         |
| (DECREASE)/INCREASE IN CASH  |              | (81)          | 364           |
|  |              | <hr/> <hr/>   | <hr/> <hr/>   |
| <b>Reconciliation of net cash flow to movement in net funds</b>                                |              |               |               |
| (DECREASE)/INCREASE IN CASH IN THE YEAR  |              | (81)          | 364           |
| Net funds at 1 January 2007  |              | 885           | 521           |
|  |              | <hr/>         | <hr/>         |
| NET FUNDS AT 31 DECEMBER 2007  | 22.3         | 804           | 885           |
|  |              | <hr/> <hr/>   | <hr/> <hr/>   |

# The Institute of Materials Minerals and Mining

## ACCOUNTING POLICIES

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### BASIS OF FINANCIAL STATEMENTS

The financial statements of the Institute are prepared in accordance with the Charities (Accounts and Reports) Regulations 1995 and the provisions of “Accounting and Reporting by Charities: Statement of Recommended Practice” (revised 2005) and in accordance with applicable accounting standards. They are also drawn up on the historical accounting basis except that investments held as fixed assets are carried at market value.

### GROUP FINANCIAL STATEMENTS

The financial statements consolidate the results of the wholly owned subsidiary companies and companies over which the Institute exercise dominant influence. They also consolidate the results of two charitable trust funds under the common control of the Institute’s Council. The members’ benevolent funds are not consolidated because they are under independent control.

The Institute has taken advantage of the exemption in paragraph 397 of “Accounting and Reporting by Charities: Statement of Recommended Practice” (revised 2005) from preparing a statement of financial activities detailing the charity’s own activities. Details of the Institute’s total incoming resources and net movement in funds are shown in the notes.

### RELATED PARTY TRANSACTIONS

The Institute has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosure concerning transactions with entities that are owned 90% or more within the group.

### INCOME RECOGNITION

Subscription income represents the amount received in respect of current and past years. Amounts received in advance are carried forward to the following year and subscriptions in arrears have not been anticipated.

Income from conferences represents the amount received in respect of the current year. Amounts received in respect of conferences to be run in future years are carried forward to the following year.

Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Other income is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

### RESOURCE EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be clearly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Overheads have been allocated on the basis of head count.

Grants and prizes are awarded annually, mainly to affiliated societies and individuals.

### DEPRECIATION AND AMORTISATION

Depreciation is calculated by reference to the cost of fixed assets using the straight line method at rates considered appropriate having regard to their expected useful lives. The bases used are:

|                    |                              |
|--------------------|------------------------------|
| Leasehold property | - over the term of the lease |
| Furniture          | - 15% - 20% p.a.             |
| Equipment          | - 20% - 33% p.a.             |
| Freehold property  | - 2% p.a.                    |

### INVESTMENTS AND INVESTMENT INCOME

Investments are shown at market value at the balance sheet date. Any resulting unrealised gain or loss is taken to the fund to which it relates. Income is included together with the tax related credit in the financial statements of the year in which it is receivable. Investment income and any gain or loss on the asset development, service development and Hallam Court designated funds is taken to general funds.

# The Institute of Materials Minerals and Mining

## ACCOUNTING POLICIES

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### SUPPORT COSTS

Support costs comprise employment, establishment and administration costs in support of the charitable activities of the Institute. Allocations of these costs are made to the various activities of the Institute using standard rates based on staff time involved on each activity and facility usage.

### GOVERNANCE COSTS

Governance costs comprise those costs relating to the general running of the Institute. Where costs are not fully attributable to governance costs, employment, establishment and administration costs are allocated on the basis of staff time and facility usage at standard rates.

### STOCKS AND WORK IN PROGRESS

Sundry stocks are valued at cost. Work in progress is valued at cost and includes staff and other overheads.

### FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at an internal rate of exchange ruling at the date of the transaction. All differences are taken to the statement of financial activities.

### OPERATING LEASES

The rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

### IRRECOVERABLE VAT

Irrecoverable VAT incurred in respect of the year is included in the statement of financial activities.

### PENSION COSTS

The Institute participates in both a defined benefit scheme and a defined contribution scheme.

Under the defined benefit scheme, the Institute makes contributions to The Institute of Materials Pension and Life Assurance Scheme. Pension costs are assessed in accordance with actuarial advice and based on the most recent actuarial valuation of the scheme. The scheme was closed to new entrants during 2002.

Under the defined contribution scheme, the Institute contributes to group personal pension plans providing benefits for some employees. Pension costs are based on current salaries and charged to the statement of financial activities in the year in which they are due.

### DEFINED BENEFIT PENSION SCHEME

The amount charged to the statement of financial activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs in support costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the statement of financial activities.

The assets of the scheme are held separately from the Institute in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at the balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised in the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the Council have agreed a refund from the scheme at the balance sheet date. A pension liability is recognised to the extent that the group has a legal obligation to settle the liability.

# The Institute of Materials Minerals and Mining

## ACCOUNTING POLICIES

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### INSTITUTE FUNDS AND RESERVES POLICY

Funds held by the Institute are:-

Unrestricted general funds – these are funds that can be used in accordance with the charitable objects at the discretion of the Council. The Institute’s policy is to maintain a reserve to cover the future expenditure on charitable and administrative costs for up to one year.

Designated funds – these are funds set aside by Council out of unrestricted general funds for specific future purposes or projects.

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the Institute. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

| 1 | CHARITABLE TRADING ACTIVITIES                          | 2007<br>£'000 | 2006<br>£'000 |
|---|--|---------------|---------------|
|   | TURNOVER   |               |               |
|   | Publishing   | 1,300         | 1,304         |
|   | Conferences and exhibitions                            | 474           | 608           |
|   | Information services                                   | 1,556         | 985           |
|   | Technology improvement awards                          | 100           | 167           |
|   | Training services                                      | 183           | 229           |
|   | INCOMING RESOURCES                                     | 3,613         | 3,293         |
|   | COST OF CHARITABLE TRADING ACTIVITIES                  |               |               |
|   | Publishing   | 657           | 640           |
|   | Conferences and exhibitions                            | 465           | 486           |
|   | Information services                                   | 1,500         | 969           |
|   | Technology improvement awards                          | 146           | 247           |
|   | Training services                                      | 194           | 186           |
|   |  | 2,962         | 2,528         |
|   | NET CONTRIBUTION FROM CHARITABLE TRADING ACTIVITIES    |               |               |
|   | Publishing   | 643           | 664           |
|   | Conferences and exhibitions                            | 9             | 122           |
|   | Information services                                   | 56            | 16            |
|   | Technology improvement awards                          | (46)          | (80)          |
|   | Training services                                      | (11)          | 43            |
|   |  | 651           | 765           |
|   |  | 651           | 765           |
| 2 | VOLUNTARY INCOME                                       | 2006<br>£     | 2005<br>£     |
|   | Donations for medal funds                              | 4             | 5             |
|   | Receipt of funds from the Institute of Packaging       | -             | 364           |
|   | Receipt of funds from the Institute of Clay Technology | -             | 38            |
|   |  | 4             | 407           |
|   |  | 4             | 407           |

No major fund-raising activities were carried out during the year.

### 3 ACTIVITIES FOR GENERATING FUNDS

The Institute has a policy to generate income from its property facilities when not required for its own purpose.

Related expenditure includes direct costs, employment costs and relevant overheads.

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

| 4 | INVESTMENT INCOME                      | 2007                  |                     | 2006                  |                     |
|---|--|-----------------------|---------------------|-----------------------|---------------------|
|   |  | Unrestricted<br>£'000 | Restricted<br>£'000 | Unrestricted<br>£'000 | Restricted<br>£'000 |
|   | Listed securities                      |                       |                     |                       |                     |
|   | Fixed interest                         | 107                   | 33                  | 109                   | 33                  |
|   | UK equities                            | 192                   | 22                  | 187                   | 21                  |
|   | Overseas equities                      | 6                     | -                   | 5                     | -                   |
|   | Cash and cash equivalents              | 73                    | 9                   | 53                    | 7                   |
|   |  | <u>378</u>            | <u>64</u>           | <u>354</u>            | <u>61</u>           |
|   | Return on pension scheme assets        | 110                   | -                   | -                     | -                   |
|   |  | <u>488</u>            | <u>64</u>           | <u>354</u>            | <u>61</u>           |
|   |  | <u><u>488</u></u>     | <u><u>64</u></u>    | <u><u>354</u></u>     | <u><u>61</u></u>    |
| 5 | TOTAL RESOURCES EXPENDED               | 2007                  | 2007                | 2006                  | 2006                |
|   |  | £'000                 | £'000               | £'000                 | £'000               |
|   | SUMMARY                                |                       |                     |                       |                     |
|   | Direct charitable costs                |                       | 2,680               |                       | 2,455               |
|   | Employment costs                       |                       |                     |                       |                     |
|   | Salaries                               | 1,635                 |                     | 1,400                 |                     |
|   | Social security costs                  | 157                   |                     | 135                   |                     |
|   | Pension costs                          | 213                   |                     | 176                   |                     |
|   | Temporary and other staff costs        | 101                   |                     | 95                    |                     |
|   | Redundancy costs                       | 18                    |                     | 2                     |                     |
|   |  | <u>2,124</u>          |                     | <u>1,808</u>          |                     |
|   | Establishment costs                    |                       |                     |                       |                     |
|   | Property costs                         | 371                   |                     | 319                   |                     |
|   | Information technology                 | 123                   |                     | 99                    |                     |
|   | Depreciation                           | 126                   |                     | 157                   |                     |
|   |  | <u>620</u>            |                     | <u>575</u>            |                     |
|   | Administration costs                   |                       |                     |                       |                     |
|   | Travel, meeting and committee expenses | 91                    |                     | 85                    |                     |
|   | Postage and telecommunications         | 76                    |                     | 66                    |                     |
|   | Printing and stationery                | 12                    |                     | 22                    |                     |
|   | Finance costs                          | 11                    |                     | 46                    |                     |
|   | Professional fees                      | 56                    |                     | 58                    |                     |
|   | Office and other costs                 | 10                    |                     | 14                    |                     |
|   |  | <u>256</u>            |                     | <u>291</u>            |                     |
|   |  | <u><u>5,680</u></u>   |                     | <u><u>5,129</u></u>   |                     |

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

### 5 TOTAL RESOURCES EXPENDED (continued)

#### BREAKDOWN OF COSTS OF ACTIVITIES

|                                 | Direct<br>costs<br>£'000 | Support<br>costs<br>£'000 | 2007<br>Total<br>£'000 | 2006<br>Total<br>£'000 |
|---------------------------------|--------------------------|---------------------------|------------------------|------------------------|
| Charitable activities           |                          |                           |                        |                        |
| Membership and related services | 985                      | 1,078                     | 2,063                  | 1,960                  |
| Charitable trading activities   | 1,592                    | 1,370                     | 2,962                  | 2,528                  |
|                                 | <u>2,577</u>             | <u>2,448</u>              | <u>5,025</u>           | <u>4,488</u>           |
| Costs of generating funds       |                          |                           |                        |                        |
| Activities for generating funds | 70                       | 420                       | 490                    | 448                    |
| Investment management costs     | 33                       | -                         | 33                     | 37                     |
| Governance costs                | -                        | 132                       | 132                    | 156                    |
|                                 | <u>2,680</u>             | <u>3,000</u>              | <u>5,680</u>           | <u>5,129</u>           |

#### SUPPORT COST BREAKDOWN BY ACTIVITY

|                                 | Employment<br>costs<br>£'000 | Establishment<br>costs<br>£'000 | Administration<br>costs<br>£'000 | 2007<br>Total<br>£'000 | 2006<br>Total<br>£'000 |
|---------------------------------|------------------------------|---------------------------------|----------------------------------|------------------------|------------------------|
| Membership and related services | 819                          | 177                             | 82                               | 1,078                  | 1,035                  |
| Charitable trading activities   | 1,045                        | 221                             | 104                              | 1,370                  | 1,087                  |
| Activities for generating funds | 193                          | 208                             | 19                               | 420                    | 396                    |
| Governance costs                | 67                           | 14                              | 51                               | 132                    | 156                    |
|                                 | <u>2,124</u>                 | <u>620</u>                      | <u>256</u>                       | <u>3,000</u>           | <u>2,674</u>           |

Employment costs are allocated to activities based on the cost of the estimated time spent on those activities.

Establishment and administration costs are apportioned to activities on the basis of employment costs.

#### EMPLOYEE INFORMATION

|  | 2007<br>No. | 2006<br>No. |
|--|-------------|-------------|
| The average number of full time equivalent employees during the year was               | <u>55</u>   | <u>48</u>   |
| The number of employees who earned more than £60,000 per annum including benefits was: |             |             |
| £60,001 - £70,000  | 1           | 1           |
| £130,001 - £140,000  | -           | 1           |
| £140,001 - £150,000  | 1           | -           |

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

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### 5 TOTAL RESOURCES EXPENDED (continued)

|  | 2007              | 2006              |
|--|-------------------|-------------------|
|  | £'000             | £'000             |
| TOTAL EXPENDITURE INCLUDES:  |                   |                   |
| Auditors' remuneration   |                   |                   |
| Audit fee – current year   | 25                | 24                |
| Audit fee – underprovision in previous year  | -                 | 8                 |
| Accountancy, taxation and other services   | 3                 | 6                 |
| Operating lease rentals  |                   |                   |
| Land and buildings – leases expiring after five years  | 125               | 180               |
| Travel expenses paid to 36 (2006: 32) Council Members for attending Council and other meetings | 27                | 22                |
|  | <u>          </u> | <u>          </u> |

### TRANSACTIONS WITH TRUSTEES

Mr M D Forrest is the principal of Mining Research Co. UK, a business that has provided commissioning editor services to Institute's subsidiary IOM Communications Ltd for a number of years. During 2007, fees paid to Mining Research Co. UK amounted to £15,000. Mr Forrest was appointed a trustee during December 2007. No other members of the Council have directly or indirectly received any remuneration during the years ended 31 December 2006 and 2007.

### 6 TRANSFERS BETWEEN FUNDS

There were no transfers between funds during the year.

### 7 EXTRACTS FROM THE INSTITUTE'S STATEMENT OF FINANCIAL ACTIVITIES

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| Total incoming resources | 2,891             | 3,101             |
|                          | <u>          </u> | <u>          </u> |
| Net movement in funds    | 411               | 2,378             |
|                          | <u>          </u> | <u>          </u> |

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

| 8 TANGIBLE FIXED ASSETS  | Freehold<br>property<br>£'000 | Short<br>leasehold<br>property<br>£'000 | Furniture,<br>fittings &<br>equipment<br>£'000 | Total<br>£'000 |
|--------------------------|-------------------------------|---|--|----------------|
| <b>Group</b>             |                               |   |  |                |
| Cost                     |                               |   |  |                |
| 1 January 2007           | 405                           | 1,113                                   | 743  | 2,261          |
| Additions in the year    | -                             | -                                       | 83   | 83             |
| Disposals in the year    | -                             | -                                       | (116)  | (116)          |
| 31 December 2007         | <u>405</u>                    | <u>1,113</u>                            | <u>710</u>                                     | <u>2,228</u>   |
| Depreciation             |                               |   |  |                |
| 1 January 2007           | 64                            | 258                                     | 615  | 937            |
| Provided during the year | 8                             | 21                                      | 97   | 126            |
| Disposals in the year    | -                             | -                                       | (116)  | (116)          |
| 31 December 2007         | <u>72</u>                     | <u>279</u>                              | <u>596</u>                                     | <u>947</u>     |
| Net book value           |                               |   |  |                |
| 31 December 2007         | <u>333</u>                    | <u>834</u>                              | <u>114</u>                                     | <u>1,281</u>   |
| 31 December 2006         | <u>341</u>                    | <u>855</u>                              | <u>128</u>                                     | <u>1,324</u>   |
| <b>Parent</b>            |                               |   |  |                |
| Cost                     |                               |   |  |                |
| 1 January 2007           | 405                           | 1,113                                   | 627  | 2,145          |
| Additions in the year    | -                             | -                                       | 83   | 83             |
| 31 December 2007         | <u>405</u>                    | <u>1,113</u>                            | <u>710</u>                                     | <u>2,228</u>   |
| Depreciation             |                               |   |  |                |
| 1 January 2007           | 64                            | 258                                     | 499  | 821            |
| Provided during the year | 8                             | 21                                      | 97   | 126            |
| 31 December 2007         | <u>72</u>                     | <u>279</u>                              | <u>596</u>                                     | <u>947</u>     |
| Net book value           |                               |   |  |                |
| 31 December 2007         | <u>333</u>                    | <u>834</u>                              | <u>114</u>                                     | <u>1,281</u>   |
| 31 December 2006         | <u>341</u>                    | <u>855</u>                              | <u>128</u>                                     | <u>1,324</u>   |

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

| 9 INVESTMENTS   | Group         |               | Institute     |               |
|---|---------------|---------------|---------------|---------------|
|   | 2007<br>£'000 | 2006<br>£'000 | 2007<br>£'000 | 2006<br>£'000 |
| <b>Analysis of movements in the year</b>  |               |               |               |               |
| Market value at 1 January 2007  | 8,491         | 7,888         | 7,966         | 7,400         |
| Additions at cost   | 256           | 518           | 256           | 248           |
| Disposals at opening market value   | -             | (470)         | -             | (200)         |
| Revaluations  | 255           | 555           | 243           | 518           |
| Market value at 31 December 2007  | <u>9,002</u>  | <u>8,491</u>  | <u>8,465</u>  | <u>7,966</u>  |
| <b>At the balance sheet date, the portfolio was invested as follows</b>   |               |               |               |               |
| <i>Listed investments</i>   |               |               |               |               |
| Fixed interest  | 2,326         | 2,208         | 2,196         | 2,075         |
| UK equities   | 6,057         | 5,680         | 5,650         | 5,288         |
| Overseas equities   | 371           | 331           | 371           | 331           |
| <i>Unlisted investments</i>   |               |               |               |               |
| Cash and cash equivalents   | 248           | 272           | 248           | 272           |
| Subsidiary undertakings (note 10)   | -             | -             | -             | -             |
| Market value at 31 December 2007  | <u>9,002</u>  | <u>8,491</u>  | <u>8,465</u>  | <u>7,966</u>  |
| <b>At the balance sheet date, the following investments represent more than 5% of the portfolio by market value</b> |               |               |               |               |
| Charinco (UK fixed interest common investment fund)   | 2,231         | 2,125         | 2,101         | 1,992         |
| Charishare (UK equities common investment fund)   | 6,038         | 5,662         | 5,631         | 5,269         |
| Historical cost at 31 December 2007   | <u>6,959</u>  | <u>6,704</u>  | <u>6,549</u>  | <u>6,293</u>  |

## 10 SUBSIDIARY UNDERTAKINGS

The Institute has two subsidiary trusts (see note 16 for further details) and the following five subsidiary organisations:-

IOM Communications Ltd, a charitable trading company limited by shares.

The Institute of Packaging, a company limited by guarantee.

Materials Institute Services Ltd, a company limited by shares.

The Institute of Packaging Services Ltd, a company limited by shares.

The Institute of Clay Technology, an unincorporated organisation.

With the exception of the Institute of Clay Technology, all subsidiaries are incorporated in the UK and file accounts with the Registrar of Companies. The accounts of IOM Communications Ltd and the Institute of Packaging are audited. IOM Communications Limited, Materials Institute Services Limited and The Institute of Packaging Services Ltd are wholly owned subsidiaries. The Institute holds 100 shares of £1 each in both IOM Communications Limited and the Institute of Packaging Services Ltd plus 2 shares of £1 each in Materials Institute Services Limited. No premium was paid on acquisition.

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

### 10 SUBSIDIARY UNDERTAKINGS (continued)

The Institute exercises dominant influence over both the Institute of Packaging and the Institute of Clay Technology as a result of mergers agreed during 2005. The results of both institutes have been consolidated with effect from 1 January 2006.

IOM Communications Limited undertakes the charitable trading activities of the Institute of Materials, Minerals and Mining. The Institute of Packaging is a professional, educational and qualifying body in the technology of packaging. These activities were progressively transferred to the Institute and IOM Communications Ltd during 2006. In 2007, the Institute of Packaging completed its contractual arrangements for the sponsorship of a major packaging exhibition and will no longer operate. Materials Institute Services Limited, the Institute of Clay Technology and the Institute of Packaging Services Ltd did not trade in 2007.

A summary of the 2007 results and balance sheets of IOM Communications Limited and the Institute of Packaging together with comparative figures for 2006 is shown below:

| <b>Results</b>   | IOM<br>Communications<br>£'000 | Institute of<br>Packaging<br>£'000 | 2007<br>Total<br>£'000 | 2006<br>Total<br>£'000 |
|--|--------------------------------|------------------------------------|------------------------|------------------------|
| Membership and related activities                              | -                              | -                                  | -                      | 40                     |
| Charitable trading activities                                  | 3,563                          | 50                                 | 3,613                  | 3,316                  |
| Investment income  | -                              | -                                  | -                      | 21                     |
| <b>TOTAL INCOMING RESOURCES</b>                                | <b>3,563</b>                   | <b>50</b>                          | <b>3,613</b>           | <b>3,377</b>           |
| Membership and related activities                              | -                              | -                                  | -                      | 225                    |
| Charitable trading activities                                  | 2,953                          | 9                                  | 2,962                  | 2,476                  |
| Donation to the Institute of Materials,<br>Minerals and Mining | 600                            | 41                                 | 641                    | 994                    |
| Cost of generating funds                                       | -                              | -                                  | -                      | 4                      |
| Governance   | 1                              | -                                  | 1                      | 26                     |
| <b>TOTAL OUTGOING RESOURCES</b>                                | <b>3,554</b>                   | <b>50</b>                          | <b>3,604</b>           | <b>3,725</b>           |
| <b>NET INCOMING/(OUTGOING)<br/>RESOURCES</b>                   | <b>9</b>                       | <b>-</b>                           | <b>9</b>               | <b>(348)</b>           |
| Losses on investment assets                                    | -                              | -                                  | -                      | (14)                   |
| Balances brought forward                                       | 311                            | -                                  | 311                    | 673                    |
| <b>Balances carried forward</b>                                | <b>320</b>                     | <b>-</b>                           | <b>320</b>             | <b>311</b>             |
| <b>Balance sheets at 31 December</b>                           |                                |                                    |                        |                        |
| Current assets   | 849                            | -                                  | 849                    | 864                    |
| Creditors: Amounts falling due within<br>one year              | 529                            | -                                  | 529                    | 553                    |
| <b>NET CURRENT ASSETS</b>                                      | <b>320</b>                     | <b>-</b>                           | <b>320</b>             | <b>311</b>             |
| <b>SHAREHOLDERS' FUNDS</b>                                     | <b>320</b>                     | <b>-</b>                           | <b>320</b>             | <b>311</b>             |

The net assets of Materials Institute Services Limited at 31 December 2006 and 2007 were £3,447.

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

| 11 STOCK AND WORK IN PROGRESS                     | Consolidated        |                     | Institute           |                   |                      |
|---|---------------------|---------------------|---------------------|-------------------|----------------------|
|   | 2007<br>£'000       | 2006<br>£'000       | 2007<br>£'000       | 2006<br>£'000     |                      |
| Work in progress                                  | 99                  | 54                  | 1                   | -                 |                      |
| Sundry stocks                                     | 3                   | 2                   | 2                   | 2                 |                      |
|   | <u>102</u>          | <u>56</u>           | <u>3</u>            | <u>2</u>          |                      |
|   | <u><u>102</u></u>   | <u><u>56</u></u>    | <u><u>3</u></u>     | <u><u>2</u></u>   |                      |
| <br>  |                     |                     |                     |                   |                      |
| 12 DEBTORS  |                     |                     |                     |                   |                      |
| Trade debtors                                     | 290                 | 449                 | 60                  | 246               |                      |
| Other debtors                                     | 481                 | 618                 | 34                  | 60                |                      |
| Prepayments and accrued income                    | 293                 | 125                 | 292                 | 125               |                      |
| Amounts due from subsidiary companies             | -                   | -                   | 89                  | 117               |                      |
|   | <u>1,064</u>        | <u>1,192</u>        | <u>475</u>          | <u>548</u>        |                      |
|   | <u><u>1,064</u></u> | <u><u>1,192</u></u> | <u><u>475</u></u>   | <u><u>548</u></u> |                      |
| <br>  |                     |                     |                     |                   |                      |
| 13 CREDITORS: Amounts falling due within one year |                     |                     |                     |                   |                      |
| Trade creditors                                   | 374                 | 256                 | 227                 | 131               |                      |
| Taxes and social security costs                   | 79                  | 153                 | 79                  | 111               |                      |
| Subscriptions and orders paid in advance          | 260                 | 280                 | 93                  | 90                |                      |
| Other creditors and accruals                      | 387                 | 546                 | 259                 | 464               |                      |
| Amounts due to subsidiary companies               | -                   | -                   | 25                  | 27                |                      |
|   | <u>1,100</u>        | <u>1,235</u>        | <u>683</u>          | <u>823</u>        |                      |
|   | <u><u>1,100</u></u> | <u><u>1,235</u></u> | <u><u>683</u></u>   | <u><u>823</u></u> |                      |
| <br>  |                     |                     |                     |                   |                      |
| 14 ANALYSIS OF NET ASSETS BETWEEN FUNDS           |                     |                     |                     |                   |                      |
|   | Unrestricted funds  |                     | Restricted funds    | Permanent funds   | Total funds          |
|   | General             | Designated          | funds               | funds             | funds                |
|   | £'000               | £'000               | £'000               | £'000             | £'000                |
| <b>Group</b>                                      |                     |                     |                     |                   |                      |
| Tangible fixed assets                             | -                   | 1,281               | -                   | -                 | 1,281                |
| Investments                                       | 6,408               | 1,025               | 1,536               | 33                | 9,002                |
| Current assets                                    | 1,726               | -                   | 244                 | -                 | 1,970                |
| Current liabilities                               | (1,100)             | -                   | -                   | -                 | (1,100)              |
|   | <u>7,034</u>        | <u>2,306</u>        | <u>1,780</u>        | <u>33</u>         | <u>11,153</u>        |
| Net assets before pension liability               | 7,034               | 2,306               | 1,780               | 33                | 11,153               |
| Pension liability                                 | (178)               | -                   | -                   | -                 | (178)                |
|   | <u>6,856</u>        | <u>2,306</u>        | <u>1,780</u>        | <u>33</u>         | <u>10,975</u>        |
|   | <u><u>6,856</u></u> | <u><u>2,306</u></u> | <u><u>1,780</u></u> | <u><u>33</u></u>  | <u><u>10,975</u></u> |

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

### 14 ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

| Institute                           | Unrestricted funds |                     | Restricted funds<br>£'000 | Permanent funds<br>£'000 | Total funds<br>£'000 |
|-------------------------------------|--------------------|---------------------|---------------------------|--------------------------|----------------------|
|                                     | General<br>£'000   | Designated<br>£'000 |                           |                          |                      |
| Tangible fixed assets               | -                  | 1,281               | -                         | -                        | 1,281                |
| Investments                         | 6,408              | 1,025               | 999                       | 33                       | 8,465                |
| Current assets                      | 985                | -                   | 225                       | -                        | 1,210                |
| Current liabilities                 | (683)              | -                   | -                         | -                        | (683)                |
| Net assets before pension liability | 6,710              | 2,306               | 1,224                     | 33                       | 10,273               |
| Pension liability                   | (178)              | -                   | -                         | -                        | (178)                |
| Total net assets                    | 6,532              | 2,306               | 1,224                     | 33                       | 10,095               |

### 15 PERMANENT ENDOWMENT FUND

|             | Balance at<br>1 January<br>2007<br>£'000 | Incoming<br>Resources<br>£'000 | Resources<br>expended<br>£'000 | Investment<br>gains/<br>(losses)<br>£'000 | Transfers<br>between<br>funds<br>£'000 | Balance at<br>31 December<br>2007<br>£'000 |
|-------------|--|--------------------------------|--------------------------------|---|--|--|
| Mining club | 33                                       | -                              | -                              | -   | -                                      | 33   |

The income of the Mining Club is dealt with in a restricted fund that provides grants for travel, study or attendance at international conferences related to the minerals industry.

### 16 SUBSIDIARY TRUST RESTRICTED FUNDS

|                                      | Balance at<br>1 January<br>2007<br>£'000 | Incoming<br>resources<br>£'000 | Resources<br>expended<br>£'000 | Investment<br>gains/<br>(losses)<br>£'000 | Transfers<br>between<br>funds<br>£'000 | Balance at<br>31 December<br>2007<br>£'000 |
|--------------------------------------|--|--------------------------------|--------------------------------|---|--|--|
| Andrew Carnegie<br>Trust Fund        | 456                                      | 15                             | (14)                           | 10  | -                                      | 467  |
| Metals &<br>Metallurgy Trust<br>Fund | 89                                       | 3                              | (4)                            | 1   | -                                      | 89   |
|                                      | 545                                      | 18                             | (18)                           | 11  | -                                      | 556  |

The income of these restricted funds are to be used for the following purposes:

Andrew Carnegie Trust Fund – to support the award of scholarships and awards in the field of materials.

The Metals & Metallurgy Trust Fund – to support the award or grants, scholarships and prizes in the field of metals and metallurgy.

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

### 17 OTHER RESTRICTED FUNDS

|  | Balance at<br>1 January<br>2007<br>£'000 | Incoming<br>resources<br>£'000 | Resources<br>expended<br>£'000 | Investment<br>gains/<br>(losses)<br>£'000 | Transfers<br>between<br>funds<br>£'000 | Balance at<br>31 December<br>2007<br>£'000 |
|--|--|--------------------------------|--------------------------------|---|--|--|
| AG Charleton Fund                                    | 2  | -                              | -                              | -   | -                                      | 2  |
| Bosworth Smith Trust                                 | 203                                      | 6                              | (3)                            | 7   | -                                      | 213  |
| G Vernon Hobson<br>Bequest                           | 50                                       | 2                              | -                              | 1   | -                                      | 53   |
| Edgar Pam Fellowship<br>Stanley Elmore<br>Fellowship | 79                                       | 2                              | (2)                            | 2   | -                                      | 81   |
| Frank Fitzgerald Medal                               | 577                                      | 28                             | (9)                            | (8)                                       | -                                      | 588  |
| Mining Club income                                   | 10                                       | 1                              | -                              | -   | -                                      | 11   |
| Tom Seaman Travelling<br>Scholarship                 | 9  | 2                              | (1)                            | -   | -                                      | 10   |
| Centenary Student<br>Scholarship                     | 196                                      | 6                              | (4)                            | 7   | -                                      | 205  |
| R T Holland Fund                                     | 2  | -                              | -                              | -   | -                                      | 2  |
| Dennis Chapman Medal<br>Award                        | 5  | 2                              | -                              | -   | -                                      | 7  |
| Dixie Dean Bursary<br>Fund                           | 10                                       | -                              | -                              | -   | -                                      | 10   |
| Prize funds  | 9  | -                              | -                              | -   | -                                      | 9  |
|  | 33                                       | -                              | -                              | -   | -                                      | 33   |
|  | <u>1,185</u>                             | <u>49</u>                      | <u>(19)</u>                    | <u>9</u>                                  | <u>-</u>                               | <u>1,224</u>                               |

The income of these restricted funds are to be used for the following purposes:

A G Charleton Fund – to award prizes to deserving students at the Imperial College of Science Technology and Medicine.

Bosworth Smith Trust, G Vernon Hobson Bequest, Edgar Pam Fellowship and Stanley Elmore Fellowship, - to provide grants to assist post-graduate research, together with the unexpended balance of Mining Club income.

Tom Seaman Travelling Scholarship Fund is for the purpose of awarding scholarships to persons who are engaged in or associated with the coal mining industry.

Centenary Student Sponsorship Fund – to provide membership benefits of the Institute to students.

Dixie Dean Bursary Fund –to provide bursaries for foreign students associated with the packaging industry.

R T Holland Fund, Dennis Chapman Medal Award, Frank Fitzgerald Medal and various prize funds have been set up for the award of medals or money to appropriate recipients.

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

### 18 DESIGNATED FUNDS

|                                  | Balance at<br>1 January<br>2007<br>£'000 | Incoming<br>resources<br>£'000 | Resources<br>expended<br>£'000 | Investment<br>gains/<br>(losses)<br>£'000 | Transfers<br>between<br>funds<br>£'000 | Balance at<br>31 December<br>2007<br>£'000 |
|----------------------------------|--|--------------------------------|--------------------------------|---|--|--|
| Services development fund        | 140                                      | -                              | (14)                           | -   | -                                      | 126  |
| Asset development fund           | 1,900                                    | -                              | -                              | -   | -                                      | 1,900                                      |
| Hallam Court fund                | 125                                      | 33                             | (68)                           | -   | -                                      | 90   |
| Materials education              | 24                                       | -                              | -                              | -   | -                                      | 24   |
| Packaging education fund         | 50                                       | -                              | -                              | -   | -                                      | 50   |
| Sir Julius Wernher Memorial Fund | 93                                       | 3                              | -                              | 3   | -                                      | 99   |
| Robert A Moore Fund              | 17                                       | -                              | -                              | -   | -                                      | 17   |
|                                  | <u>2,349</u>                             | <u>36</u>                      | <u>(82)</u>                    | <u>3</u>                                  | <u>-</u>                               | <u>2,306</u>                               |

The designated funds have been set up for the following purposes:

Services development fund – representing amounts designated by Council to develop and improve the quality of services provided by the Institute.

Asset development fund – representing the total amount (at cost or market value less depreciation) invested in freehold and leasehold properties, furniture, equipment and computers used for the functional purposes of the Institute and amounts set aside to meet future capital requirements.

Hallam Court fund – representing the amount set aside to pay for the costs of the office until the end of the lease obligation.

Materials education fund – representing income generated for and costs relating to the promotion of materials education in schools.

Packaging education fund – representing amounts set aside to promote and develop packaging education.

Sir Julius Wernher Memorial Fund – representing amounts designated to provide for memorial lectures.

Robert A Moore Fund – representing amounts designated to promote the aims of the Institute in the name of Robert A Moore.

| 19 UNREALISED GAINS/(LOSSES) | Consolidated  |               | Institute     |               |
|------------------------------|---------------|---------------|---------------|---------------|
|                              | 2007<br>£'000 | 2006<br>£'000 | 2007<br>£'000 | 2006<br>£'000 |
| General fund                 | 1,789         | 1,556         | 1,789         | 1,556         |
| Designated funds             | 10            | 8             | 10            | 8             |
|                              | <u>1,799</u>  | <u>1,564</u>  | <u>1,799</u>  | <u>1,564</u>  |
| Restricted funds             | 243           | 223           | 117           | 109           |
|                              | <u>2,042</u>  | <u>1,787</u>  | <u>1,916</u>  | <u>1,673</u>  |

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

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### 20 CAPITAL COMMITMENTS

The Institute had capital commitments of £42k at the year end. Capital expenditure authorised but not committed amounted to £150k.

### 21 PENSION SCHEMES

#### 21.1 INTRODUCTION

The Institute operates a funded defined benefit occupational pension scheme. The assets of the scheme are held separately from those of the Institute and are invested in an insured fund administered by the Prudential Assurance Company Limited and the Newton Exempt Fund administered by Mellon Fund Managers Limited. Under the terms of the Trust Deeds, the scheme is administered by the Trustees who delegate routine administration to Keith Tudor Financial Services.

The scheme was closed to new members during 2002 and new employees are given the opportunity to join the group personal pension arrangements with Scottish Life. The group personal pension plan is a defined contribution benefit scheme and complies with the stakeholder legislation.

At the year end, the scheme had 20 current staff members and 120 deferred members.

Results of the most recent triennial actuarial valuations, at 1 January 2001, 2004 and 2007, showed the following results.

|  | 2001<br>£'000 | 2004<br>£'000 | 2007<br>£'000 |
|--|---------------|---------------|---------------|
| Market value of the scheme's assets      | 5,314         | 4,364         | 5,065         |
| Liability for projected accrued benefits | (4,787)       | (5,235)       | (5,311)       |
| (Deficit)/surplus                        | <u>527</u>    | <u>(871)</u>  | <u>(246)</u>  |

Arrangements have been made for the deficit shown by the actuarial (ongoing) valuation at 1 January 2007 to be funded at the rate of £54k p.a. payable in equal monthly instalments from 1 March 2008 to 1 February 2012.

#### 21.2 VALUATION IN ACCORDANCE WITH FINANCIAL REPORTING STANDARD 17

A valuation of the pension scheme assets and liabilities at 31 December 2007 has been carried out by a qualified independent actuary. The projected unit valuation method has been used. The major financial assumptions used by the actuary were:

|   | At 31.12.07<br>% | At 31.12.06<br>% |
|---|------------------|------------------|
| Rate of increase in salaries            | 4.90             | 4.50             |
| Rate of increase of pensions in payment | 3.30             | 2.90             |
| Rate of increase of deferred pensions   | 3.40             | 2.90             |
| Discount rate                           | 5.80             | 5.20             |
| Inflation assumption                    | 3.40             | 3.00             |

Employer's contributions during the accounting period amounted to £191k.  
The agreed employer contribution rate for the coming year is

Up to 29 February 2008: 16.1% of pensionable salaries plus a monthly payment at the rate of £70k p.a.  
From 1 March 2008: 9% of pensionable salaries plus a monthly payment at the rate of £54k p.a. and all expenses of the scheme including fees, levies and life assurance premiums.

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

### 21.2 VALUATION IN ACCORDANCE WITH FINANCIAL REPORTING STANDARD 17 continued

The assets in the scheme and the expected rates of return were:

|                                     | Long-term<br>rate of return<br>expected at<br>31.12.07<br>% | Value at<br>31.12.07<br>£'000 | Long-term<br>rate of return<br>expected at<br>31.12.06<br>% | Value at<br>31.12.06<br>£'000 |
|-------------------------------------|---|-------------------------------|---|-------------------------------|
| Equities                            | 8.00  | 4,450                         | 8.00  | 3,925                         |
| Corporate bonds                     | 5.80  | 449                           | 5.10  | 403                           |
| Property                            | 7.80  | 217                           | 7.85  | 252                           |
| Cash                                | 5.50  | 679                           | 5.00  | 453                           |
| Total market value of assets        |   | <u>5,795</u>                  | 7.50  | <u>5,033</u>                  |
| Present value of scheme liabilities |   | 5,973                         |   | 5,203                         |
| Net pension (liability)             |   | <u>(178)</u>                  |   | <u>(170)</u>                  |

### 21.3 ANALYSIS OF AMOUNT CHARGED TO NET OUTGOING RESOURCES

|   |            |            |
|---|------------|------------|
| Current service cost                                | 176        | 150        |
| Past service cost                                   | -          | -          |
| Gains and losses on any settlement and curtailments | -          | -          |
| Total operating charge                              | <u>176</u> | <u>150</u> |

### 21.4 ANALYSIS OF AMOUNT CHARGED TO INCOMING RESOURCES

|  |            |             |
|--|------------|-------------|
| Expected return on pension scheme assets | 386        | 247         |
| Interest on pension scheme liabilities   | (276)      | (278)       |
| Net return                               | <u>110</u> | <u>(31)</u> |

### 21.5 ANALYSIS OF AMOUNT RECOGNISED IN STATEMENT OF FINANCIAL ACTIVITIES

|   |              |              |
|---|--------------|--------------|
| Actual return less expected return on pension scheme assets           | 131          | 228          |
| Experience gains and losses arising on the scheme liabilities         | (267)        | 55           |
| Changes in financial assumptions underlying the scheme liabilities    | 2            | 841          |
| Actuarial gain/(loss) recognised in statement of financial activities | <u>(134)</u> | <u>1,124</u> |

The actuary's FRS17 report highlights that the 2005 and 2006 valuations did not include the liabilities for one `tranche of deferred members. This has added around £300k to the liabilities at 31 December 2007. The actuary has recalculated the figures for 2005 and 2006 to include the liabilities for that tranche. The effect on the financial statements would be to increase the pension scheme liabilities at 31 December 2005 and 2006 by £239k and £250k

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

respectively. If this adjustment were to be processed through the prior year results, the actuarial loss in the financial statements of £134k would become a gain of £129k. This has not been shown as a prior year adjustment because the amount is not material to the view presented in the financial statements.

### 21.6 MOVEMENTS IN (DEFICIT) DURING THE YEAR

|  | Value at<br>31.12.07<br>£'000 | Value at<br>31.12.06 |
|--|-------------------------------|----------------------|
| (Deficit) in scheme at beginning of year | (170)                         | (1,450)              |
| Movement in year:                        |                               |                      |
| Current service cost                     | (176)                         | (150)                |
| Contributions                            | 192                           | 337                  |
| Past service costs                       | -                             | -                    |
| Other finance income                     | 110                           | (31)                 |
| Actuarial gain/(loss)                    | (134)                         | 1,124                |
|  | <u>(178)</u>                  | <u>(170)</u>         |

### 21.7 HISTORY OF EXPERIENCE GAINS AND LOSSES

|   | 2007  | 2006  | 2005  | 2004 | 2003 |
|---|-------|-------|-------|------|------|
| Difference between the expected and actual return on scheme assets: |       |       |       |      |      |
| Amount (£'000)  | 131   | 228   | 485   | 215  | 702  |
| Percentage of scheme assets   | 5%    | 5%    | 11%   | 5%   | 17%  |
| Experience gains and losses on scheme liabilities:                  |       |       |       |      |      |
| Amount (£'000)  | (267) | 55    | (15)  | 185  | 221  |
| Percentage of the present value of the scheme liabilities           | (4%)  | (1%)  | 0%    | 3%   | 4%   |
| Total amount recognised in statement of financial activities:       |       |       |       |      |      |
| Amount (£'000)  | (134) | 1,124 | (213) | (95) | 352  |
| Percentage of the present value of the scheme liabilities           | 2%    | 22%   | (4%)  | 2%   | 7%   |

### 21.8 OUTSTANDING PENSION CONTRIBUTIONS AT THE YEAR END

|                             | 2007<br>£'000 | 2006<br>£'000 |
|-----------------------------|---------------|---------------|
| Defined benefit scheme      | -             | 20            |
| Defined contribution scheme | 2             | 2             |
|                             | <u>2</u>      | <u>22</u>     |

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

| 22   | GROSS CASH FLOWS                                   | 2007              |                   | 2006              |                   |
|------|--|-------------------|-------------------|-------------------|-------------------|
|      |  | £'000             | £'000             | £'000             | £'000             |
| 22.1 | RETURNS ON INVESTMENTS AND<br>SERVICING OF FINANCE |                   |                   |                   |                   |
|      | Interest received                                  | 82                |                   | 60                |                   |
|      | Dividend income                                    | 360               |                   | 355               |                   |
|      |  | <u>          </u> | 442               | <u>          </u> | 415               |
|      |  |                   | <u>          </u> |                   | <u>          </u> |
| 22.2 | CAPITAL EXPENDITURE                                |                   |                   |                   |                   |
|      | Payments to acquire tangible fixed<br>assets       | (83)              |                   | (76)              |                   |
|      | Purchase of investments                            | (256)             |                   | (517)             |                   |
|      | Receipts for sale of investments                   | -                 |                   | 478               |                   |
|      |  | <u>          </u> | (339)             | <u>          </u> | (115)             |
|      |  |                   | <u>          </u> |                   | <u>          </u> |
| 22.3 | ANALYSIS OF CHANGES IN NET<br>FUNDS                |                   |                   |                   |                   |
|      |  | At                | Cash flows        | Other             | At                |
|      |  | 01.01.07          |                   | changes           | 31.12.07          |
|      |  | £'000             | £'000             | £'000             | £'000             |
|      | Cash at bank and in hand                           | 885               | (81)              | -                 | 804               |
|      |  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |