

The Institute of
Materials Minerals and Mining

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2008

The Institute of Materials Minerals and Mining

TRUSTEES REPORT

for the year ended 31 December 2008

INTRODUCTION

The Institute is a professional body seeking to promote all aspects of materials science, engineering and technology through its members for the benefit of mankind. The trustees, who are duly elected members of Council, are pleased to present their annual report together with the financial statements of the Institute for the year ended 31 December 2008.

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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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.

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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 a more effective team.
- Operate profitably with sufficient reserves to meet at least one year's activities.

Our plans for 2008

Council has committed its efforts to the resourcing and delivery of the corporate aims. Our plans for 2008 included:

- 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 concept building.
- 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.

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ANNUAL REVIEW

Achievements and performance

We are pleased to report another operating surplus during 2008 thus achieving one of our corporate aims. Although investment performance has been disappointing, it is important to remember that investment performance can fluctuate from year to year. Investments are held for the long term. Further information about our finances is shown on pages 5 and 6.

Following a substantial programme of change in the previous eighteen months, the new website was successfully re-launched in July 2008. The feedback from members has been extremely positive and the statistics from monitoring show an encouraging use of the site. Whilst the investment has transformed the virtual visibility of the Institute, further resources are required to ensure that technical content is kept up to date and the potential for generating new sources of revenue is realised.

As a result of the re-organisation of the membership and finance teams in late 2007, we have been able to increase the number of members by 10% to over 19,500 by the year-end and improve the collection of subscriptions. Whilst subscription revenue has not increased in line with numbers because of the change in mix of member grades, the growth in members augers well for the future. Streamlined application processes introduced during the year has improved efficiency. We are also pleased to report the acknowledgement by the Engineering and Science Councils of excellent systems and organisation during our 5 year re-accreditation audit. We were granted a licence by the Society of the Environment to award Chartered Environmentalist (CEnv) during 2008.

Member participation in conferences and similar events increased substantially during the year. It will be more difficult to maintain this progress in 2009 as we will be holding three major international events attracting many delegates from overseas and other societies.

The Institute has maintained its involvement with government projects and continued to build on its reputation. During the year, the government's Technology Strategy Board (TSB) carried out a review of Knowledge Transfer Networks (KTN) including the Materials KTN in which the Institute is involved. In view of this exercise, TSB agreed to extend the existing contracts to 30 April 2009. The Institute has been invited to put forward proposals for the next three years.

Progress towards the development of the new Grantham centre received a substantial boost through donations of material from a number of UK based materials suppliers. Nevertheless, progress towards final completion of this project was held back through additional structural work to the building. These delays led to a higher than expected capital expenditure on the project of £1.5m. The minerals and mining archive has been successfully transferred to the new centre and local staff transferred from serviced offices to the new site at the end of the year. The building is due to be officially opened in July but a substantial number of committees and boards have already used the facility. The size of the centre adds substantially to the capabilities available to members, and a major marketing campaign to raise awareness of the site is in progress.

Our education activities continued to develop and it was pleasing to achieve the targets originally set for mid 2009 by the year end. We are on target to recruit 500 schools to the schools affiliate programme. In addition to our work on the schools curriculum, the accreditation of college and university courses both in the UK and overseas took a step forward in 2008. Planning ahead, the resources required for education and accreditation have been aligned with our training activity based at Grantham, and this has led to a change in balance of activity based in the Doncaster office. We have re-organised to establish a new strong marketing team based at the Doncaster site.

Activities and support to regional groups increased in 2008 and a new "Local Society of the Year" award has been launched by the Local Affairs Board. The first winners will be confirmed in 2009.

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ANNUAL REVIEW continued

The development of a federal structure to provide additional visibility for our technology communities was a central aim within the corporate plan. A number of the divisional groups re-branded to develop a society structure and this has been helpful to support the growing relevance of Institute activity to our members. Linked to this structural development, additional funds were set aside to progress new ideas generated from the technical communities.

In addition, the Young Persons' World Lecture Competition was successfully held at the University of Florida, USA. We have been encouraged by the growth in interest from international members, and going forward it is the Institute's aim to establish sustainable local groups to overseas regions. These future plans will require better coordination of overseas links and broader representation within the governance structure. On this particular point, an executive working group is reviewing the present governance structure and will make recommendations in 2009 to improve strategy development and remove duplication of activity.

Looking forward to 2009

In 2009, the Institute will take the organisational lead for three major conferences to be held in the UK. The largest event, Euromat 2009, to be staged in Glasgow, places the UK at the focal point for European materials work. The flagship event, coordinated by the Federation of European Materials Societies (FEMS), was last organised in the UK some eighteen years ago. It is timely that this conference returns to the UK since IOM3 maintains its position as the largest members' organisation in our field in Europe. Clearly, both this and the other larger 2009 conferences should transform conference performance during the year; however we are aware that with the present manufacturing recession, the involvement of industry delegates will be reduced.

The reshaped corporate plan for 2009 provides for continued growth in membership but with a changed emphasis towards increased professional members. Additionally, the current discussion regarding a potential merger with the Institute of Wood Science would, if the merger is agreed, increase our individual and company based memberships. Membership growth is important to re-energise Institute activity, and to offset the gradual retirement of professional members from the industry. It is encouraging that such members retain their links to the Institute into retirement, and many at this point provide increasing volunteer effort into Institute activity.

Our plans into 2009 will embrace the further development of web content and functionality and the Institute will need to engage with new social media tools to address the needs of young people. Networking will continue to play a primary delivery role for the Institute and our involvement to support government innovation initiatives will remain important. Links with the product design community has proven very effective in addressing societal challenges and the Institute's support of the Materials Knowledge Transfer Network on behalf of the Technology Strategy Board will continue.

The broadly based corporate plan has been invaluable in providing focus for volunteers and staff and new challenges are in place for 2009. Use of the Grantham centre will be a key element of broadening activity and will aim to support a diverse range of new events of value to all in our community.

The Institute has operated at a surplus for many years but there is no doubt that the current economic situation will present a strong challenge to maintain this record in 2009.

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FINANCIAL REVIEW

The operating surplus for the year was overshadowed by the substantial unrealised losses on investments as shown in the table below.

	2008 £'000	2007 £'000
Operating surplus/(deficit)		
General fund	117	327
Designated funds	(94)	(46)
Restricted funds	154	30
Net incoming resources	<u>177</u>	<u>311</u>
(Losses)/gains on investment assets	(2,168)	255
Actuarial gains / (losses) on defined benefit pension.	8	(134)
Overall (deficit)/surplus (Net movement in funds)	<u>(1,983)</u>	<u>432</u>

Operating activities are carried out through the general fund where there was a surplus of £117k made up as follows:

	2008 £'000	2007 £'000
Membership income	1,244	1,206
Publishing	611	643
Investment income	414	452
Information services	113	56
Other income	67	50
Awarding body	53	31
Training services	42	(11)
Facilities	-	12
Conferences & exhibitions	(66)	9
Technology improvement awards	(97)	(46)
Net income before governance costs	<u>2,381</u>	<u>2,402</u>
Governance costs	142	129
Available income	<u>2,239</u>	<u>2,273</u>
Membership and related costs	2,122	1,946
Operating surplus	<u>117</u>	<u>327</u>

Available income fell slightly during 2008.

Lower advertising revenue from the members' magazine and the cost of developing new journals pushed down the contribution from publishing. It

was also a difficult year for conferences and technology improvement awards where continued action is being taken to eliminate deficits.

On the other hand, there were good performances from information, training and membership services.

Spending on membership and related activities increased from £1.9m to £2.1m as follows:

	2008 £'000	2007 £'000
Direct costs		
Membership	513	505
Education	126	108
Regional support	86	95
Other regional costs	24	20
Divisions	83	52
Awarding body	44	32
Website & communication of services	34	37
Prizes & awards	18	19
Allocated support costs	<u>1,194</u>	<u>1,078</u>
	<u>2,122</u>	<u>1,946</u>

Support costs consist of employment, establishment and administration costs. The increase in costs allocated to membership activities represents additional resources applied to the website and communication of services. Total support costs increased by 6% to £3.1m in 2008 and details are shown in note 5 to the financial statements. Employment costs have risen by 8% in support of the corporate strategy. Establishment costs include the cost of moving part of the library to Grantham and the cost of temporary accommodation during building work. Administration costs fell slightly.

Other funds

Movements in designated funds are shown in note 18 to the financial statements. Expenditure made from the Hallam Court fund includes both the running costs to the end of the lease in June 2008 and the estimated termination costs.

The Institute received donations of materials used in the development of the leasehold premises and the estimated value of £120k has been credited to restricted funds. Movements in restricted funds are shown in notes 16 and 17 to the financial statements.

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FINANCIAL REVIEW continued

Capital expenditure

Capital expenditure totalling £1.7m was incurred during the year and included £1.5m in developing the Institute's new premises at Grantham.

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.

Worldwide market conditions were extremely bad in 2008 following the credit crunch and this has reflected in our investment results. The total deficit from investments (income and gains less losses) excluding pension scheme assets amounted to £1,744k in 2008 compared to a total gain of £697k in 2007. During 2008, there was a net deficit of 21% (2007 – positive return of 8%) compared to the benchmark return of 20% (2007 – positive return of 6%).

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. 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.

Major risks faced by the Institute

Council has identified the following major risks facing the Institute:

- Loss of members through reduction in market.
- Major reduction in investment values
- Maintaining income in the short term
- Continuing pension regulation costs

The Institute has introduced measures to protect income sources considered to be at risk, particularly

member subscriptions and conference income. The Institute continues to take appropriate professional advice to mitigate the impact of investment losses and pension regulation costs.

Net assets

The overall deficit for the year of £2m has reduced net assets from £11m at the start of the year to nearly £9m at the year-end.

Despite the investment losses arising in the year, the balance sheet continues to show a healthy financial position.

Reserves

Council has reviewed the Institute's reserves and decided that the sum of £870k should be transferred from the general fund together with £120k from restricted funds to the asset development fund in view of capital expenditure during 2008. No other transfers are considered necessary.

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 £2.89m at 31 December 2008.

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 £106k at 31 December 2008.

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 2008 amounts to £14k, 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. Following the unrealised investment losses and capital expenditure during 2008, unrestricted reserves fell to £4.2m at the year-end. The unrestricted reserves represent 69% of total budgeted expenditure in 2008.

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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

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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 seventeen 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 Committee**
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 Committee.
- **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 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

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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.

Seventeen 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 committee 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 2008

OFFICERS AND COUNCIL MEMBERS

President **Mr B D Lye**

Senior Vice-President **Dr B C Suddell**

Honorary Treasurer **Mr C T Massey**
(to July 2008)
Dr M J May
(from July 2008)

Vice Presidents **Dr M A Hicks**
Mr J C H Lewis

Chairman of Managing Board and Past President **Dr R E Dolby**

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 J E Bischler**

Chairman of Younger Members Committee **Dr M R Clinch**
(to March 2009)

Dr S Davey
(from March 2009)

Honorary Overseas Secretary **Mr B D Lye**
(to July 2008)

Dr B C Suddell
(from July 2008)

Council members representing corporate members from the regions:

Scotland **Mr C Graham Smith**

North East **Mr C Rhodes**

North West **Dr A F Thomas**

Midlands **Mr D R Evetts**

South East **Dr A K Jadoon**

Wales & South West **Dr P J Foster**

Council members representing all corporate members of the Institute:

Honorary Fellow and Fellows **Mr C Husselbury**
Dr G E Hollox

Professional Members & Members **Mr D J Mallett**

Dr M B Barker
Dr J Aubrey-Robson
(to November 2008)

Council members representing all corporate members of the Institute(continued):

Associate Members **Mr S J Wood**

Technician Members **Mr S Bellaby**

Council members representing the following disciplines:

Metals **Dr K A Ridal**

Ceramics **Mr C Hallas**

Plastics & Rubber **Mr K L Forsdyke**

Minerals & Mining **Eur Ing R G Siddall**

Divisional board chairmen:

Applied Earth Science **Mr M D Forrest**

Automotive Applications **Mr P Selwood**
(from March 2008)

Biomedical Applications **Professor S Best**

Castings **Dr P Withey**

Ceramics Society **Professor D Thompson**
(to July 2008)

Mr C Hallas
(from July 2008)

British Composites Society **Professor P J Hogg**

Electronic Applications **Dr M Khor**

Light Metals **Mr M R Jarrett**

Materials Science & Technology **Dr D J Gooch**

Mineral Processing & Extractive Metallurgy **Professor J Monhemius**

Mining Technology **Eur Ing R G Siddall**
(to July 2008)

Professor R J Pine
(from July 2008)

The Packaging Society **Ms H Kendle**

Petroleum & Drilling Engineering **Mr S Bedford**
(from March 2008)

Polymer Society **Mr S G Patrick**

Iron and Steel Society **Dr K D Walker**

Surface Engineering **Mr K Harrison**

Co-opted Council Members **Mr M Driver**

Dr S Matthews

The Institute of Materials Minerals and Mining

TRUSTEES REPORT

for the year ended 31 December 2008

MEMBERSHIP OF SENIOR BOARDS AND PROFESSIONAL ADVISERS

MANAGING BOARD

The managing board is chaired by the immediate past president and includes the following:

The President
Senior Vice-President
Honorary Treasurer
Vice Presidents
Chairman of IOM Communications Ltd
Chairman of Professional Policy Board
Chairman of Industry and Technology Policy Board
Chairman of the Local Affairs Board
Chairman of Younger Members Committee
Chief Executive of the Institute
Deputy Chief Executive
Finance Director

BOARD OF DIRECTORS

IOM Communications Ltd

The following served as directors during the year:

Chairman	Dr E B Farmer
Directors/trustees	Dr A J Brown Mr R L Savory (to December 2008) Mr N E Riley Mr C T Massey (to July 2008) Dr A T Cole Prof J G P Binner (from February 2008) Dr M J May (from July 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
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SENIOR STAFF

Chief Executive	Dr B A Rickinson
Deputy Chief Executive	Dr G Woodrow
Finance Director	Mr R Milbank

PROFESSIONAL ADVISERS

Bankers

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

Solicitors

Allen & Overy LLP
One New Change,
London EC4M 9QQ

Howes Percival LLP
1 Bede Island Road
Bede Island Business
Park, Leicester LE2
7EA

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

AUDITOR

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

The Institute of Materials Minerals and Mining

TRUSTEES REPORT

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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 T Mukherjee
IoM Gold Medal	Mr A J Barnes
Platinum Medal	Professor G Davies
IoM Silver Medal	Ms S Heutz
Chapman Medal	Professor A Curtis
Sir Andrew Bryan	Mr R Watmore
Futers Gold Medal	Professor G Riddler
The Colin Humphreys' Education Award	Ms S Wilkinson
Medal for Excellence	Wardell Armstrong

Personal achievement awards

Colclough Medal	Mr S E Webster
Dowding Medal & Prize	Dr D C Farrugia
Frank Fitzgerald Medal & Travel Award	Mr J van Boggelen
Sir Robert Hadfield Medal & Prize	Dr R B Smith
Hancock Medal	Mr M Patel
Holland Award	Dr D Spencer
Holliday Prize	Mr K Forsdyke
Hume-Rothery Prize	Dr J Taylor
Ivor Jenkins	Professor S Blackburn
Kroll Medal & Prize	Professor I Parkin
T B Marsden Award	Mr D Dean
Rosenhain Medal & Prize	Dr S Hainsworth
Rowbotham Medal	Mr J E Sellors
Swinburne Award	Professor P Coates
Thomas Medal & Prize	Mr K Broome
Thornton Medal	Dr D A Smith
Verulam Medal & Prize	Dr J Yeomans

Publication awards

Guy Benbough Award	I T Kim & Y Itoh
Billiton Gold Medal	G B Hoang & D R Swinbourne
Composite Award	R C Easby, C Konstantis, G La Delfa, V Urso Miano, A Elmughrabi, A G Gibson, A P Mouritz & S Feil
Cook Ablett Award	R L Higginson, M A E Jepson & G D West
Alan Glanvill Award	N Chen, L Li & Q Wang
Douglas Hay Award	I S Lowndes, Z Y Yang, S W Kingham, S A Silvester & M A Tucket
Materials World Award	T Peijus, M Reece, F Inman, H Yan, R Zhang & D Hua
Pfeil Award	R Sheppard & Nowotny
James S Walker Award	R McCool, P J Martin & E Harkin Jones
Wardell Armstrong Prize	R A Bowden & R P Shaw
Williams Award	G Thewlis
Other awards	
Royal Charter Prize	Sonya Pemberton
R H Craven	Jennifer Tilley
A T Green Award	Caroline Humphrey
Technician of the Year	Christopher Morrison
	Thomas Barnes
National Lecture and Young Persons' World Lecture Competitions	Sinan Al-Bermani
Joint awards	
Charles Hatchett Award	T Urabe, Y Ono, T Fujita, Y Yamasaki & Y Hosoya
Vanadium Award	Y-M Kim, S Y Shin, H Lee, B Hwang, S Lee & N J Kim

The Institute of Materials Minerals and Mining

TRUSTEES REPORT

for the year ended 31 December 2008

HONOURS AND AWARDS

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

CBE

Graham Aubrey Honeyman

OBE

Richard Andrew Williams

Fellowship of the Royal Academy of Engineering

David John Bacon

Nigel Peter Brandon

Trevor William Clyne

Norman Andrew Fleck

Anne Glover

Michael James Goulette

Graham Aubrey Honeyman

Christoph Stefan Wiesner

This report was approved by Council on 28 May 2009.

Mr B D Lye
President

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 2008 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

The Institute of Materials Minerals and Mining
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2008

		Unrestricted funds		Restricted funds	Permanent endowment	Total funds 2008	Total funds 2007
	Notes	General £'000	Designated £'000	£'000	£'000	£'000	£'000
INCOMING RESOURCES							
Incoming resources from charitable activities							
Membership and related activities		1,364	-	-	-	1,364	1,287
Charitable trading activities	1	4,104	-	-	-	4,104	3,613
		<u>5,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,468</u>	<u>4,900</u>
Incoming resources from generated funds							
Voluntary income	2	-	-	122	-	122	4
Activities for generating funds	3	507	-	-	-	507	535
Investment income	4	448	2	64	-	514	552
		<u>6,423</u>	<u>2</u>	<u>186</u>	<u>-</u>	<u>6,611</u>	<u>5,991</u>
RESOURCES EXPENDED							
Charitable activities							
Membership and related activities		2,122	96	29	-	2,247	2,063
Charitable trading activities	1	3,501	-	-	-	3,501	2,962
		<u>5,623</u>	<u>96</u>	<u>29</u>	<u>-</u>	<u>5,748</u>	<u>5,025</u>
Cost of generating funds							
Activities for generating funds	3	507	-	-	-	507	490
Investment management costs		34	-	-	-	34	33
Governance costs		142	-	3	-	145	132
		<u>6,306</u>	<u>96</u>	<u>32</u>	<u>-</u>	<u>6,434</u>	<u>5,680</u>
Net incoming resources before transfers		117	(94)	154	-	177	311
Transfers							
Gross transfers between funds	6	(870)	990	(120)	-	-	-
		<u>(753)</u>	<u>896</u>	<u>34</u>	<u>-</u>	<u>177</u>	<u>311</u>
Net incoming resources before other recognised gains and losses		(753)	896	34	-	177	311
Other recognised gains/(losses)							
Gains/(losses) on investment assets		(1,881)	(19)	(268)	-	(2,168)	255
Actuarial gains/(losses) on defined benefit pension scheme	21.7	8	-	-	-	8	(134)
		<u>(2,626)</u>	<u>877</u>	<u>(234)</u>	<u>-</u>	<u>(1,983)</u>	<u>432</u>
NET MOVEMENT IN FUNDS							
Reconciliation of funds		6,856	2,306	1,780	33	10,975	10,543
Total funds brought forward		6,856	2,306	1,780	33	10,975	10,543
TOTAL FUNDS CARRIED FORWARD		<u>4,230</u>	<u>3,183</u>	<u>1,546</u>	<u>33</u>	<u>8,992</u>	<u>10,975</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 2008

	<i>Notes</i>	Group		Institute	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
FIXED ASSETS					
Tangible assets	8	2,890	1,281	2,890	1,281
Investments	9	6,744	9,002	6,344	8,465
		<u>9,634</u>	<u>10,283</u>	<u>9,234</u>	<u>9,746</u>
CURRENT ASSETS					
Stock and work in progress	11	194	102	15	3
Debtors	12	860	1,064	232	475
Bank balances		83	804	83	732
		<u>1,137</u>	<u>1,970</u>	<u>330</u>	<u>1,210</u>
CREDITORS: Amounts falling due within one year	13	1,741	1,100	1,282	683
NET CURRENT (LIABILITIES)/ASSETS		<u>(604)</u>	<u>870</u>	<u>(952)</u>	<u>527</u>
NET ASSETS BEFORE PENSION LIABILITY		<u>9,030</u>	<u>11,153</u>	<u>8,282</u>	<u>10,273</u>
Defined benefit pension scheme liability	21.3	(38)	(178)	(38)	(178)
NET ASSETS AFTER PENSION LIABILITY	14	<u>8,992</u>	<u>10,975</u>	<u>8,244</u>	<u>10,095</u>
PERMANENT ENDOWMENT FUND	15	33	33	33	33
RESTRICTED FUNDS					
Subsidiary trust funds	16	422	556	-	-
Other restricted funds	17	1,124	1,224	1,124	1,224
UNRESTRICTED FUNDS					
Designated funds	18	3,183	2,306	3,183	2,306
General fund		4,230	6,856	3,904	6,532
TOTAL FUNDS		<u>8,992</u>	<u>10,975</u>	<u>8,244</u>	<u>10,095</u>

The financial statements on pages 15 to 35 were approved and authorised for issue by the trustees on 28 May 2009 and signed on their behalf by

MR B D LYE - President

DR M J MAY – Honorary Treasurer

The Institute of Materials Minerals and Mining
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2008

	<i>Notes</i>	2008 £'000	2007 £'000
Reconciliation of the net incoming resources to net cash flow from operating activities			
Net incoming resources		177	311
Depreciation and amortisation (including profits/losses on sale of fixed assets)		101	126
Interest and dividends receivable		(514)	(500)
Pension contributions		(42)	(69)
(Increase) in stocks		(91)	(46)
Decrease in debtors		203	128
Increase/(decrease) in creditors		641	(135)
		<hr/>	<hr/>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		475	(185)
		<hr/> <hr/>	<hr/> <hr/>
CASHFLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		475	(185)
Returns on investments and servicing of finance	22.1	424	442
Capital receipts less expenditure	22.2	(1,620)	(338)
		<hr/>	<hr/>
(DECREASE) IN CASH		(721)	(81)
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net funds			
(DECREASE) IN CASH IN THE YEAR		(721)	(81)
Net funds at 1 January 2008		804	885
		<hr/>	<hr/>
NET FUNDS AT 31 DECEMBER 2008	22.3	83	804
		<hr/> <hr/>	<hr/> <hr/>

The Institute of Materials Minerals and Mining

ACCOUNTING POLICIES

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 wholly owned.

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.

DONATED SERVICES AND MATERIALS

Where services are provided to the Institute as a donation that would normally be purchased from suppliers, this contribution is included in the financial statements at an estimate based on the value of the contribution to the Institute. Donated services and materials are analysed in note 2.

The Institute of Materials Minerals and Mining

ACCOUNTING POLICIES

DEPRECIATION AND AMORTISATION

Individual fixed assets are capitalised where the purchase price exceeds £500.

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.

Impairment reviews are carried out where there is an indication that the recoverable amount of a fixed asset is below its net book value. Any such impairments are charged through the statement of financial activities in the year in which the impairment occurs.

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.

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 except for any amounts relating to capital expenditure which are included in the cost of fixed asset additions.

The Institute of Materials Minerals and Mining

ACCOUNTING POLICIES

PENSION COSTS

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

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 schemes, 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.

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 2008

1	CHARITABLE TRADING ACTIVITIES	2008 £'000	2007 £'000
	TURNOVER		
	Publishing	1,345	1,300
	Conferences and exhibitions	612	474
	Information services	1,740	1,556
	Technology improvement awards	168	100
	Training services	239	183
	INCOMING RESOURCES	<u>4,104</u>	<u>3,613</u>
	COST OF CHARITABLE TRADING ACTIVITIES		
	Publishing	734	657
	Conferences and exhibitions	678	465
	Information services	1,627	1,500
	Technology improvement awards	265	146
	Training services	197	194
		<u>3,501</u>	<u>2,962</u>
	NET CONTRIBUTION FROM CHARITABLE TRADING ACTIVITIES		
	Publishing	611	643
	Conferences and exhibitions	(66)	9
	Information services	113	56
	Technology improvement awards	(97)	(46)
	Training services	42	(11)
		<u>603</u>	<u>651</u>
		<u><u>603</u></u>	<u><u>651</u></u>
2	VOLUNTARY INCOME	2008 £	2007 £
	Donations for medal funds	2	4
	Donations of materials used in the improvement of leasehold premises at Grantham	120	-
		<u>122</u>	<u>4</u>
		<u><u>122</u></u>	<u><u>4</u></u>
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 2008

4	INVESTMENT INCOME	2008		2007	
		Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000
	Listed securities				
	Fixed interest	113	33	107	33
	UK equities	190	23	192	22
	Overseas equities	9	-	6	-
	Cash and cash equivalents	48	8	73	9
		<u>360</u>	<u>64</u>	<u>378</u>	<u>64</u>
	Return on pension scheme assets	90	-	110	-
		<u>450</u>	<u>64</u>	<u>488</u>	<u>64</u>
		<u><u>450</u></u>	<u><u>64</u></u>	<u><u>488</u></u>	<u><u>64</u></u>
5	TOTAL RESOURCES EXPENDED	2008	2008	2007	2007
		£'000	£'000	£'000	£'000
	SUMMARY				
	Direct charitable costs		3,299		2,680
	Employment costs				
	Salaries	1,754		1,635	
	Social security costs	171		157	
	Pension costs	163		213	
	Temporary and other staff costs	140		101	
	Redundancy costs	3		18	
		<u></u>	2,231	<u></u>	2,124
	Establishment costs				
	Property costs	437		371	
	Information technology	125		123	
	Depreciation	101		126	
		<u></u>	663	<u></u>	620
	Administration costs				
	Travel, meeting and committee expenses	94		91	
	Postage and telecommunications	77		76	
	Printing and stationery	19		12	
	Finance costs	7		11	
	Professional fees	33		56	
	Office and other costs	11		10	
		<u></u>	241	<u></u>	256
			<u>6,434</u>		<u>5,680</u>
			<u><u>6,434</u></u>		<u><u>5,680</u></u>

The Institute of Materials Minerals and Mining

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

5 TOTAL RESOURCES EXPENDED (continued)

BREAKDOWN OF COSTS OF ACTIVITIES

	Direct costs £'000	Support costs £'000	2008 Total £'000	2007 Total £'000
Charitable activities				
Membership and related services	1,053	1,194	2,247	2,063
Charitable trading activities	2,158	1,343	3,501	2,962
	<u>3,211</u>	<u>2,537</u>	<u>5,748</u>	<u>5,025</u>
Costs of generating funds				
Activities for generating funds	54	453	507	490
Investment management costs	34	-	34	33
Governance costs	-	145	145	132
	<u>3,299</u>	<u>3,135</u>	<u>6,434</u>	<u>5,680</u>

SUPPORT COST BREAKDOWN BY ACTIVITY

	Employment costs £'000	Establishment costs £'000	Administration costs £'000	2008 Total £'000	2007 Total £'000
Membership and related services	905	208	81	1,194	1,078
Charitable trading activities	1,029	226	88	1,343	1,370
Activities for generating funds	222	213	18	453	420
Governance costs	75	16	54	145	132
	<u>2,231</u>	<u>663</u>	<u>241</u>	<u>3,135</u>	<u>3,000</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

	2008 No.	2007 No.
The average number of full time equivalent employees during the year was	<u>55</u>	<u>55</u>
The number of employees who earned more than £60,000 per annum including benefits was:		
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-
£140,001 - £150,000	1	1

The Institute of Materials Minerals and Mining

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

5 TOTAL RESOURCES EXPENDED (continued)

	2008 No.	2007 No.
The number of employees who earned more than £60,000 per annum and accrued benefits in the Institute's pension scheme was:		
Defined benefit scheme	2	2
Money purchase scheme	1	1
	<u> </u>	<u> </u>
	2008	2007
	£'000	£'000

TOTAL EXPENDITURE INCLUDES:

Auditor's remuneration		
Audit fee – current year	24	25
Accountancy, taxation and other services	2	3
Operating lease rentals		
Land and buildings – leases expiring after five years	152	125
Travel expenses paid to 32 (2007: 36) Council Members for attending Council and other meetings	23	27
	<u> </u>	<u> </u>

The future annual commitment in respect of operating leases for land and building expiring after five years amounts to £152,000

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. Mr Forrest was appointed a trustee in December 2007. During 2008, fees paid to Mining Research Co. UK amounted to £15,000 (2007 - £15,000). No other members of the Council have directly or indirectly received any remuneration during the years ended 31 December 2007 and 2008.

6 TRANSFERS BETWEEN FUNDS	2008 £'000	2007 £'000
Transfer from unrestricted and restricted funds to the asset development designated fund to reflect capital expenditure in the year.	990	-
	<u> </u>	<u> </u>
7 EXTRACTS FROM THE INSTITUTE'S STATEMENT OF FINANCIAL ACTIVITIES	2008 £'000	2007 £'000
Total incoming resources	3,089	2,891
	<u> </u>	<u> </u>
Net movement in funds	1,852	411
	<u> </u>	<u> </u>

The Institute of Materials Minerals and Mining

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

8 TANGIBLE FIXED ASSETS	Freehold property £'000	Short leasehold property £'000	Furniture, fittings & equipment £'000	Total £'000
Group and parent				
Cost				
1 January 2008	405	1,113	710	2,228
Additions in the year	-	1,531	179	1,710
Disposals in the year	-	-	-	-
31 December 2008	405	2,644	889	3,938
Depreciation				
1 January 2008	72	279	596	947
Provided during the year	8	27	66	101
Disposals in the year	-	-	-	-
31 December 2008	80	306	662	1,048
Net book value				
31 December 2008	325	2,338	227	2,890
31 December 2007	333	834	114	1,281

The Institute of Materials Minerals and Mining

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

9 INVESTMENTS	Group		Institute	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Analysis of movements in the year				
Market value at 1 January 2008	9,002	8,491	8,465	7,966
Additions at cost	221	256	221	256
Disposals at opening market value	(307)	-	(328)	-
Revaluations	(2,172)	255	(2,014)	243
Market value at 31 December 2008	<u>6,744</u>	<u>9,002</u>	<u>6,344</u>	<u>8,465</u>
At the balance sheet date, the portfolio was invested as follows				
<i>Listed investments</i>				
Fixed interest	2,175	2,326	2,040	2,196
UK equities	4,068	6,057	3,803	5,650
Overseas equities	340	371	340	371
<i>Unlisted investments</i>				
Cash and cash equivalents	161	248	161	248
Subsidiary undertakings (note 10)	-	-	-	-
Market value at 31 December 2008	<u>6,744</u>	<u>9,002</u>	<u>6,344</u>	<u>8,465</u>
At the balance sheet date, the following investments represent more than 5% of the portfolio by market value				
Charinco (UK fixed interest common investment fund)	2,090	2,231	1,955	2,101
Charishare (UK equities common investment fund)	4,058	6,038	3,793	5,631
Historical cost at 31 December 2008	<u>6,863</u>	<u>6,959</u>	<u>6,452</u>	<u>6,549</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 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

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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 2007.

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. In 2007, the Institute of Packaging completed its contractual arrangements for the sponsorship of a major packaging exhibition and did not operate in 2008. Materials Institute Services Limited, the Institute of Clay Technology and the Institute of Packaging Services Ltd did not trade in 2008.

A summary of the 2008 results and balance sheets of IOM Communications Limited and the Institute of Packaging together with comparative figures for 2007 is shown below:

Results	IOM Communications £'000	Institute of Packaging £'000	2008 Total £'000	2007 Total £'000
Charitable trading activities	4,104	-	4,104	3,613
TOTAL INCOMING RESOURCES	4,104	-	4,104	3,613
Charitable trading activities	3,501	-	3,501	2,962
Donation to the Institute of Materials, Minerals and Mining	600	-	600	641
Governance	-	-	-	1
TOTAL OUTGOING RESOURCES	4,101	-	4,101	3,604
NET INCOMING/(OUTGOING) RESOURCES	3	-	3	9
Balances brought forward	320	-	320	311
Balances carried forward	323	-	323	320
Balance sheets at 31 December				
Current assets	818	-	818	849
Creditors: Amounts falling due within one year	495	-	495	529
NET CURRENT ASSETS	323	-	323	320
SHAREHOLDERS' FUNDS	323	-	323	320

The net assets of Materials Institute Services Limited at 31 December 2007 and 2008 were £3,447.

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11 STOCK AND WORK IN PROGRESS	Consolidated		Institute		
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	
Work in progress	179	99	13	1	
Sundry stocks	15	3	2	2	
	<u>194</u>	<u>102</u>	<u>15</u>	<u>3</u>	
	<u><u>194</u></u>	<u><u>102</u></u>	<u><u>15</u></u>	<u><u>3</u></u>	
12 DEBTORS					
Trade debtors	168	290	78	60	
Other debtors	576	481	38	34	
Prepayments and accrued income	116	293	116	292	
Amounts due from subsidiary companies	-	-	-	89	
	<u>860</u>	<u>1,064</u>	<u>232</u>	<u>475</u>	
	<u><u>860</u></u>	<u><u>1,064</u></u>	<u><u>232</u></u>	<u><u>475</u></u>	
13 CREDITORS: Amounts falling due within one year					
Trade creditors	726	374	486	227	
Taxes and social security costs	68	79	68	79	
Subscriptions and orders paid in advance	522	260	332	93	
Other creditors and accruals	425	387	357	259	
Amounts due to subsidiary companies	-	-	39	25	
	<u>1,741</u>	<u>1,100</u>	<u>1,282</u>	<u>683</u>	
	<u><u>1,741</u></u>	<u><u>1,100</u></u>	<u><u>1,282</u></u>	<u><u>683</u></u>	
14 ANALYSIS OF NET ASSETS BETWEEN FUNDS					
	Unrestricted funds		Restricted funds £'000	Permanent funds £'000	Total funds £'000
	General £'000	Designated £'000			
Group					
Tangible fixed assets	-	2,890	-	-	2,890
Investments	5,019	293	1,399	33	6,744
Current assets	990	-	147	-	1,137
Current liabilities	(1,741)	-	-	-	(1,741)
	<u>4,268</u>	<u>3,183</u>	<u>1,546</u>	<u>33</u>	<u>9,030</u>
Net assets before pension liability	4,268	3,183	1,546	33	9,030
Pension liability	(38)	-	-	-	(38)
	<u>4,230</u>	<u>3,183</u>	<u>1,546</u>	<u>33</u>	<u>8,992</u>
	<u><u>4,230</u></u>	<u><u>3,183</u></u>	<u><u>1,546</u></u>	<u><u>33</u></u>	<u><u>8,992</u></u>

The Institute of Materials Minerals and Mining

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for the year ended 31 December 2008

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

Institute	Unrestricted funds		Restricted funds £'000	Permanent funds £'000	Total funds £'000
	General £'000	Designated £'000			
Tangible fixed assets	-	2,890	-	-	2,890
Investments	5,150	293	868	33	6,344
Current assets	74	-	256	-	330
Current liabilities	(1,282)	-	-	-	(1,282)
Net assets before pension liability	3,942	3,183	1,124	33	8,282
Pension liability	(38)	-	-	-	(38)
Total net assets	3,904	3,183	1,124	33	8,244

15 PERMANENT ENDOWMENT FUND

	Balance at 1 January 2008 £'000	Incoming Resources £'000	Resources expended £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 December 2008 £'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 1 January 2008 £'000	Incoming resources £'000	Resources expended £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 December 2008 £'000
Andrew Carnegie Trust Fund	467	16	(12)	(121)	-	350
Metals & Metallurgy Trust Fund	89	3	(4)	(16)	-	72
	556	19	(16)	(137)	-	422

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

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for the year ended 31 December 2008

17 OTHER RESTRICTED FUNDS

	Balance at 1 January 2008 £'000	Incoming resources £'000	Resources expended £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 December 2008 £'000
AG Charleton Fund	2	-	-	-	-	2
Bosworth Smith Trust	213	6	(6)	(56)	-	157
G Vernon Hobson Bequest	53	2	(1)	(15)	-	39
Edgar Pam Fellowship Stanley Elmore Fellowship	81	2	-	(19)	-	64
Frank Fitzgerald Medal	588	27	-	15	-	630
Mining Club income	11	2	-	-	-	13
Tom Seaman Travelling Scholarship	10	2	(2)	-	-	10
Centenary Student Scholarship	205	6	(5)	(56)	-	150
R T Holland Fund	2	-	-	-	-	2
Dennis Chapman Medal Award	7	-	(2)	-	-	5
Dixie Dean Bursary Fund	10	-	-	-	-	10
Prize funds	9	-	-	-	-	9
Donation of materials per note 2	33	-	-	-	-	33
	-	120	-	-	(120)	-
	<u>1,224</u>	<u>167</u>	<u>(16)</u>	<u>(131)</u>	<u>(120)</u>	<u>1,124</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.

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18 DESIGNATED FUNDS

	Balance at 1 January 2008 £'000	Incoming resources £'000	Resources expended £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 December 2008 £'000
Services development fund	126	-	(20)	-	-	106
Asset development fund	1,900	-	-	-	990	2,890
Hallam Court fund	90	-	(76)	-	-	14
Materials education	24	-	-	-	-	24
Packaging education fund	50	-	-	-	-	50
Sir Julius Wernher Memorial Fund	99	2	-	(19)	-	82
Robert A Moore Fund	17	-	-	-	-	17
	<u>2,306</u>	<u>2</u>	<u>(96)</u>	<u>(19)</u>	<u>990</u>	<u>3,183</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	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
General fund	(86)	1,789	(85)	1,789
Designated funds	(9)	10	(9)	10
	<u>(95)</u>	<u>1,799</u>	<u>(94)</u>	<u>1,799</u>
Restricted funds	(24)	243	(14)	117
	<u>(119)</u>	<u>2,042</u>	<u>(108)</u>	<u>1,916</u>

The Institute of Materials Minerals and Mining

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for the year ended 31 December 2008

20 CAPITAL COMMITMENTS

The Institute had no capital commitments at the year end. However, work on the improvement of leasehold premises at Grantham was incomplete at the year end and the estimated cost to complete those works and supporting equipment amounts to £ 500k.

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 18 current staff members and 115 deferred members.

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

	2001 £'000	2004 £'000	2007 £'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 2008 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 Principal actuarial assumptions

A valuation of the defined benefit pension scheme assets and liabilities at 31 December 2008 under FRS17 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:

	2008 %	2007 %
Discount rate at 31 December	6.00	5.80
Expected return on scheme assets at 31 December	6.40	7.50
Future salary increases	4.60	4.90
Future pension increases	3.00	3.30
Future increase of deferred pensions	3.10	3.40

The Institute of Materials Minerals and Mining

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for the year ended 31 December 2008

21 PENSION SCHEMES (continued)

The overall expected return on assets assumption of 6.4% at 31 December 2008 has been derived by calculating the weighted average of the expected return for each asset class. The following approach has been used to determine the expected rate of return for each asset class:

- Fixed interest securities: Current market yields
- Equities: Allowance for an additional return of 3.45% above that available for UK government securities
- Property: Allowance for an additional return of 2.45% above that available for UK government securities

21.3 Amounts recognised in the balance sheet for defined benefit scheme

	2008 £'000	2007 £'000
Present value of funded obligations	(5,539)	(5,973)
Fair value of scheme assets	5,501	5,795
Deficit	<u>(38)</u>	<u>(178)</u>

21.4 Changes in the present value of funded obligations

Opening defined benefit obligations	(5,973)	(5,203)
Service cost	(91)	(176)
Interest cost	(345)	(276)
Member contributions	(53)	(53)
Benefits paid	182	-
Actuarial gains/(losses)	741	(265)
Closing defined benefit obligations	<u>(5,539)</u>	<u>(5,973)</u>

21.5 Changes in the fair value of scheme assets

Opening scheme assets	5,795	5,033
Expected return	435	386
Actuarial gains/(losses)	(733)	131
Employer contributions	133	192
Member contributions	53	53
Benefits paid	(182)	-
Closing scheme assets	<u>5,501</u>	<u>5,795</u>

21.6 Major categories of scheme assets

	%	%
Equities	71	76
Corporate bonds	7	8
Government bonds	9	-
Properties	4	4
Cash	5	12
Other assets	4	-
Total scheme assets	<u>100</u>	<u>100</u>

The Institute of Materials Minerals and Mining

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

21 PENSION SCHEMES (continued)

21.7 Amounts recognised in the statement of financial activities

	£'000	£'000
Amounts recognised in net incoming resources are as follows:		
Current service cost	91	176
Interest on obligations	(345)	(276)
Expected return on scheme assets	435	386
Total	<u>181</u>	<u>286</u>

The actual deficit on scheme assets was £297k (2007 - return of £517k).

The Institute expects to contribute £123k to its defined benefit pension scheme in 2009. This is in addition to paying all the expenses of the scheme including fees, levies and life assurance premiums.

The actuarial gains recognised in the statement of financial activities for 2008 were £8k and the cumulative losses recognised from 2002 to 2008 amounted to £153k.

21.8 History of scheme assets, funding obligations, experience gains and losses

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Defined benefit obligation	(5,539)	(5,973)	(5,203)	(5,940)	(5,420)
Scheme assets	5,501	5,795	5,033	4,251	4,156
Deficit	<u>(38)</u>	<u>(178)</u>	<u>(170)</u>	<u>(1,689)</u>	<u>(1,264)</u>
Experience adjustments on scheme obligations	149	(57)	55	(238)	185
Change of basis adjustments to scheme obligations	592	2	841	(699)	(495)
Experience adjustments on scheme assets	<u>(733)</u>	<u>131</u>	<u>228</u>	<u>485</u>	<u>215</u>

21.9 Outstanding pension contributions at the year end

There were no outstanding contributions for the defined benefit scheme at the start or end of the year. Contributions for the defined contributions schemes amounting to £4k (2007 - £2k) were outstanding at the year-end.

The Institute of Materials Minerals and Mining

NOTES TO THE FINANCIAL STATEMENTS

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22	GROSS CASH FLOWS	2008		2007	
	£'000	£'000	£'000	£'000	£'000
22.1	Returns on investments and servicing of finance				
	Interest received	56		82	
	Dividend income	368		360	
		<u>424</u>		<u>442</u>	
		<u><u>424</u></u>		<u><u>442</u></u>	
22.2	Capital expenditure				
	Payments to acquire tangible fixed assets	(1,710)		(83)	
	Purchase of investments	(221)		(255)	
	Receipts for sale of investments	311		-	
		<u>(1,620)</u>		<u>(338)</u>	
		<u><u>(1,620)</u></u>		<u><u>(338)</u></u>	
22.3	Analysis of changes in net funds				
		At	Cash flows	Other	At
		01.01.08		changes	31.12.08
		£'000	£'000	£'000	£'000
	Cash at bank and in hand	804	(721)	-	83
		<u><u>804</u></u>	<u><u>(721)</u></u>	<u><u>-</u></u>	<u><u>83</u></u>