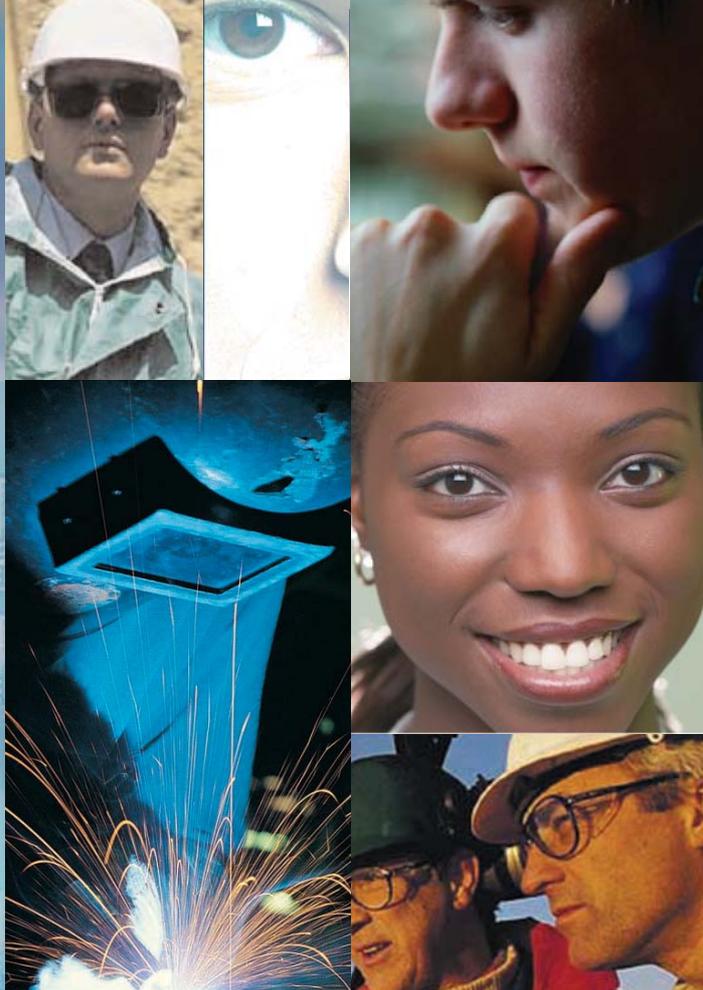




The Institute of Materials, Minerals & Mining



Annual Review 2004

At its meeting on 17 March 2005, Council approved the 2004 annual report and financial statements for consideration by members at the AGM to be held on 15 June 2005. The complete document, which contains a wealth of information about the Institute, will be available on the members' website from mid-May. This review contains extracts from the annual report and financial statements. The Chief Executive and Finance Director also address the matters raised at the 2004 AGM. The formal notice of and registration form for the AGM, together with a proxy form for those who cannot attend are on pages 49, 52 and 53.

Review of activities and future developments

The plan for 2004 was to consolidate elements of both financial and service activities and much was achieved. The Institute started the year in a strong financial position with net assets of £8.1M and having achieved an operating surplus in 2003. The review of financial results for the year set out on page 50 shows an overall surplus of £472,000 with an increase in net assets to nearly £8.6M by the year-end.

During the latter part of the year, the Institute began merger negotiations with the Institute of Packaging that were successfully concluded and approved in January 2005. The merger will strengthen the Institute's packaging division, bring in new skills/income generating activities and introduce new economies of scale.

As part of its meeting programme during the year, Council visited the Josiah Wedgwood factory at Barlaston, Staffordshire and the Corus Steel Works in Scunthorpe. Both meetings were combined with local society surgeries and meetings with local businessmen. The final Council meeting of 2004 was held in London. In addition to reviewing operational plans, budgets and activities, Council monitored the work being carried out by its working group on developing a strategy for all aspects of communication with members. Council also set up working groups to consider strategies for generating new sources of income, expanding membership, mergers, and the development of activities in China. Final reports are expected from all of these groups in 2005. During the year,

the President visited Hong Kong to meet with the enthusiastic local branch and agree support for its activities. The mutual recognition agreement with the HKIE in respect of geotechnical engineers was renewed. The President also visited mainland China and, recognising the opportunities open to the Institute, established a working group as noted above.

The Professional Policy Board is pleased to announce that we are able to grant recognised and highly relevant qualifications to our scientist members as well as our engineering and technician members. The Science Council has granted the Institute a licence to award Chartered Scientist status to our members. Furthermore, EC UK has granted the Institute a renewed five-year licence to award Chartered Engineer, Engineering

Technician and Incorporated Engineer status to appropriately qualified members. The membership team has been able to reduce the average time taken to process membership and other applications by 30%.

The project to launch web access to allow members to view and amend contact details online made slow but sure progress. Members can now create their own *Member Profile* that enables the Institute to provide them with information tailored for their specific interests through *My Materials World*. We are taking every opportunity to encourage members to record their profile so that they can take advantage of this valuable service.

Figure 1 shows the analysis of members by grade at the start and end of the year. As with many engineering membership organisations, the Institute is seeing a slow decline in baseline membership numbers. About 75% of our members are based in the UK; with 70% in industry and 21% less than 35 years old. We have a very extensive local group structure in the UK and, although 25% of members are based overseas with some very active local groups, there is often a perception that the Institute is very much a UK society. Council is developing a strategy to deal with this challenge and other issues such as the decline in UK manufacturing, an ageing membership and the retention of students after graduation.

Valuable progress has been made on the initiative to develop a materials 'A' level, but the project suffered a setback as a result of uncertainty created by the Tomlinson Report. National awarding bodies were unwilling to devote significant resources to develop new 'A' levels until recommendations from the report had been ratified by government. Although government ministers recently announced that 'A' levels would remain in place, the white paper for 14-19 education reform indicated that a further review might not be concluded before 2008. In the circumstances and in view of the paralysis of decision-making in the

awarding body structure, the project to develop an A level has been put on hold. Our principal financial sponsor has also concluded that further expenditure at this time would not be appropriate. Accordingly, our remaining financial resources, particularly those provided by fellows, will be utilised to improve and develop new classroom resources to help teachers with the current science and design and technology curriculum. So, despite this setback, our significant activities in support of the Schools Affiliates Scheme remain in place and these will continue to develop in 2005.

The Incorporated Engineers and Technicians Committee held two events in the year, the Technician of the Year Competition and the Vocational Symposium. In addition, they have set up a vocational education working group. An objective has been agreed to expand the accreditation of courses to levels other than the Honours degree including, in particular, industry based courses

Younger members play a vital and active role in the development of the Institute. Their activities are led and coordinated by the Younger Members Committee (YMC). During 2004, Dr Brett Suddell was elected as a Vice President of the Institute, and Dr Siobhan Matthews was appointed to take his place as the chair of YMC. Both Brett and Siobhan sit on Council and represent the interests of younger members. The YMC was strengthened during the year as members of the mining and minerals community joined the group. A campaign was initiated to visit UK materials, minerals and mining university departments to promote the Institute to current and potential new members. New members have already joined the Institute as a result of the initiative. The YMC has forged links with UK, European and other overseas engineers through the Young Engineers Forum, the European Young Engineers and their development of the Institute's World Lecture Competition. All of these activities together with the organisation of the 4th Materials

Figure 1

| Grade | 31/12/04 | 31/12/03 |
|------------------------|---------------|---------------|
| | No. | No. |
| Fellows | 3,667 | 3,780 |
| Members | 7,626 | 8,032 |
| Affiliates | 1,480 | 1,985 |
| Incorporated engineers | 564 | 613 |
| Associates | 2,020 | 2,455 |
| Graduates | 742 | 835 |
| Postgraduates | 651 | 496 |
| Students | 1,707 | 1,792 |
| Technicians | 158 | 179 |
| Total | 18,615 | 20,167 |

Conference (an event specifically aimed at helping young researchers to improve their presentational skills), will be developed in 2005.

The Industry and Technology Policy Board has achieved most of the objectives it set for itself in 2004. Divisions now have visibility on the Institute's home page and scope statements are on the website. A service improvement log has been established and financial statements for events are now provided to divisional chairs and organisers. Interaction between the technical divisions and local societies has been established. Progress in identifying members' technical interests and on setting up a sustainable development group has been slower than hoped for. Both of these objectives will be actively pursued in 2005. Other new objectives include the production of regular reports on website statistics for technical divisions, the creation of division speaker lists for local societies, the expansion of the events programme by 50% over two years, and completion of planning for the 2006 Materials Congress.

The Local Affairs Board (LAB) has been set up to promote the interests of regional members, to provide a method of communication between Council and regional members and establish links with the Institute's affiliated local societies. Members of the Board consist of councillors representing corporate members from the regions and local chairmen. The Local Societies Forum has been set up to enable representatives from all affiliated local societies to meet on a regular basis. During 2004, the board established its terms of reference, agreed the grants payable to local societies/groups and provided general support to the

2004 Highlights

- Sound financial position maintained
- *My Materials World* introduced
- Better support for local societies
- Chartered Scientist introduced
- Younger member successes
- Merger negotiated
- Improved *Materials World* coverage

Younger members – are you getting the most out of your Institute?

Contact Siobhan Matthews by e-mail: s.matthews@iom3.org or visit www.iom3.org/ymc to see what we can do for you and what you can do for us.

National Lecture Competition. In 2005, the LAB will further develop the relationships with the Local Societies Forum and the technical divisions as well as promoting local society involvement in the 2006 Materials Congress.

Our publishers, Maney Publishing, took action in 2004 to improve the impact factor of our portfolio of learned journals. Two journals were re-launched with more appropriate titles for the worldwide market and two other journals were consolidated into one volume to improve viability. Journals in the mining and minerals field were expanded following improvements in the editorial structure and more extensive promotion. In 2005, one of our journals will move from being published in print to being published online. The move reflects the popularity of the journal with the receipt of increasing numbers of papers and the need for rapid publication. This is a significant innovation for the company and results will be monitored carefully. Book sales continued at a low level and this activity is being reviewed to see whether it can be expanded to generate more titles and income.

Materials World had a change of editor in June 2004 and other team appointments were made. The magazine continues its mission to report on matters that are relevant, newsworthy and interesting to its readers, while proportionally reflecting the scope of disciplines encompassed by Institute membership. Recent articles have ranged from a report on the surface engineering techniques used to model the Diana memorial fountain to a rough guide to listing a mining company on the Alternative Investment Market. A marked increase in the number of requests for copies of articles from non-members indicates *Materials World's* broader influence. Feedback from members during the past six months has been positive. Increased coverage of minerals and mining areas has been well received.

There was a much reduced conference programme in 2004. The main event was the Materials Congress held in March at Carlton House Terrace. Materials Congress

is a multi-disciplinary conference held every two years over a three-day period with low registration fees to attract as many delegates as possible. Whilst the event was very successful and well received by delegates, sponsors and exhibitors, total income was insufficient to cover all direct costs and overheads. A number of smaller events were cancelled during the year and a number of others failed to achieve break-even delegate numbers. With the return of senior staff from maternity leave and a much stronger programme in 2005, conferences are expected to return to break-even in the forthcoming year.

The Materials Information Service (MIS) continued to carry out a number of government projects and supported the Institute's industrial members and divisional structure. The new programme launched early in the year to provide better support to spin-out and start-up companies was successfully completed. New work on other projects was slow in coming forward, and income suffered as a result. However, in the closing months of the year, a number of new projects were won by the MIS team and this augurs well for 2005. Efforts to find other partnering arrangements to provide cost-effective information resources for the minerals library and information service were not successful, so other alternatives to balance income and costs are being pursued.

Use of the Institute's London building for events and meetings continued to grow in 2004, and this activity provided a positive contribution to overhead recovery. There has been a continuing reduction in overheads, with a significant saving of IT costs following the introduction of new systems and support arrangements. Unfortunately, it has not been possible to transfer the lease of the Hallam Court premises and the search for a new tenant continues.

In conclusion, the Institute enjoyed a very productive and challenging year, embracing change and developing new ventures. Members of Council, the audit committee and each of the operating boards recorded their appreciation for the tremendous efforts that staff had applied during the year to achieve this range of individual successes.

The first priority for 2005 is to integrate the Institute of Packaging into the Institute and ensure that the benefits of the merger are achieved. Other priorities include the

development of strategies for all aspects of communication with members, the generation of new sources of income, expanding membership, mergers and the development of activities in China.

Review of the financial results

We are pleased to report an operating surplus of £136,000 (2003: £210,000) on the general funds with an overall surplus of £472,000 on all funds. Analysis of the overall surplus is shown in figure 2.

The operating surplus on general funds was achieved despite a reduction of 10% in income compared to 2003 and the budget set for 2004. The largest fall in income, related to conferences, was partly expected. However, the resulting deficit of £37,000 was disappointing after operating for two years at a small surplus. Conference income is expected to increase in 2005 as three large industry based events are planned.

Income from information services fell by £50,000 as incoming work slowed down, and with costs lower by £27,000, the operating deficit rose by £23,000. The outlook for 2005 is brighter as new projects negotiated in 2004 come on-line.

Materials World advertising revenue continued to fall as display advertising weakened and classified advertising improved. Display advertising is now being linked to a web-based market place to help sales. Costs are being controlled in relation to income levels.

The merger of the Institute with the Institute of Packaging in early 2005 should bring economies of scale later in the year.

In addition to lower direct costs, overheads costs were reduced to mitigate the impact of reduced income. The changes required to the pension scheme to fund both the accumulated deficit and the increased cost of providing pensions for future service were agreed and implemented on 1 October 2004.

Council has recognised the challenge of declining income and is developing a strategy to generate more income.

Designated fund expenditure included Hallam Court costs (£78,000), proposed merger costs (£58,000), rationalisation costs (£23,000) and the costs of the materials 'A' level project (£82,000). Income of £91,000 was received in respect of the materials 'A' level project.

Total returns from investments (income and gains) amounted to £774,000 in 2004 compared to £903,000 in 2003.

Council has reviewed the Institute's reserves and has decided to transfer the sum of £480,000 from the general fund to various designated funds. In view of the pension scheme deficit, a further £400,000 has been transferred to the designated fund for future pension costs, increasing the balance to £900,000. The fund set aside for Hallam Court costs has been increased to £80,000 (roughly equivalent to one year's expenditure) by a transfer of £59,000. As part of the merger aims to improve member services, £6,000 has been transferred to the service development fund to increase the balance to £100,000. The sum of £15,000 has been transferred to the materials 'A' level

Figure 2

| | 2004 | 2003 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Operating surplus on general fund | 136 | 210 |
| Net expenditure on designated funds | (144) | (142) |
| Net income on restricted funds | 10 | 10 |
| | ----- | ----- |
| Net incoming resources | 2 | 78 |
| | ----- | ----- |
| Net investment gains | 470 | 578 |
| | ----- | ----- |
| Overall surplus (net movement in funds) | 472 | 656 |
| | ----- | ----- |

fund to cover the net expenditure in the year not matched by income received.

At the year-end, the balance sheet shows a healthy financial position with net assets of £8.6M (2003: £8.1M)

Registration form for attendance at The Institute of Materials, Minerals and Mining Annual General Meeting

15 June 2005, The Institute of Materials, Minerals and Mining,

1 Carlton House Terrace, London, SW1Y 5DB, UK

Please return this form no later than 20 May 2005 to: **Natasha Redhead, The Institute of Materials, Minerals and Mining, 1 Carlton House Terrace, London, SW1Y 5DB, UK. Fax: +44 (0)20 7451 7405.**

(Please use block letters throughout)

Surname: _____ Title (Sir, Lady, Prof, Dr, Mr, Mrs, etc): _____

First Name(s): _____ Membership No: _____

Full name(s) of accompanying person(s): _____

Address: _____

_____ Post Code: _____

Tel: _____ Fax: _____ E-mail: _____

I would like to attend:

| | | | | | |
|--|----------------|-----|--------------------------|----|--------------------------|
| LUNCH | 12.30pm | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| THE MEMBER'S BENEVOLENT TRUST AGM | 1.30pm | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| INSTITUTE OF MATERIALS, MINERALS AND MINING AGM | 2.00pm | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| TEA | 3.30pm | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

Signature: _____ Date: _____

This form is also available on the Institute website at www.iom3.org/news/review2004.htm.

Summarised financial statements

Statement of Financial Activities

| | 2004 £000 | 2003 £000 |
|--------------------------------------|--------------|--------------|
| Incoming resources | | |
| Donations | 91 | 107 |
| Membership subscriptions | 1,082 | 1,107 |
| Information and other services | 656 | 701 |
| Charitable trading activities | 1,157 | 1,379 |
| Investment income | 304 | 325 |
| Total incoming resources | 3,290 | 3,619 |
| Resources expended | | |
| Cost of generating funds | 28 | 71 |
| Membership & related services | 2,519 | 2,557 |
| Charitable trading activities | 581 | 762 |
| Management & administration | 160 | 151 |
| Total resources expended | 3,288 | 3,541 |
| Net outgoing resources | 2 | 78 |
| Gains/(losses) on investments | | |
| Realised | 1 | 379 |
| Unrealised | 469 | 199 |
| Net movement in funds | 472 | 656 |
| Balances brought forward | 8,100 | 7,444 |
| Balances carried forward | 8,572 | 8,100 |
| Balance sheet | | |
| Fixed assets | 1,494 | 1,485 |
| Investments at market value | 7,029 | 6,565 |
| Net current liabilities | 49 | 50 |
| Net assets | 8,572 | 8,100 |
| Restricted funds | 1,557 | 1,485 |
| Unrestricted funds | | |
| Designated funds | 3,162 | 2,821 |
| General funds | 3,853 | 3,794 |
| Total funds | 8,572 | 8,100 |
| Cash flow statement | | |
| Cash outflow from operations | (199) | (331) |
| Interest and dividends received | 304 | 325 |
| Sale of investments | 340 | 2,541 |
| Purchase of investments | (334) | (2,522) |
| Capital expenditure | (141) | (76) |
| Net cash outflow | (30) | (63) |

Notes

| | 2004 £000 | 2003 £000 |
|--|--------------|--------------|
| Information & other services | | |
| Information services | 222 | 272 |
| Income from facilities | 391 | 371 |
| Branches & sections | 4 | 10 |
| Other services | 39 | 48 |
| | 656 | 701 |
| Charitable trading activities | | |
| <i>Turnover</i> | | |
| Publishing | 889 | 948 |
| Conferences | 268 | 431 |
| | 1,157 | 1,379 |
| <i>Direct costs & overhead</i> | | |
| Publishing | 276 | 342 |
| Conferences | 305 | 420 |
| | 581 | 762 |
| <i>Net surplus</i> | | |
| Publishing | 613 | 606 |
| Conferences | (37) | 11 |
| | 576 | 617 |
| Membership & related services | | |
| Membership, education and programmes | 1,866 | 1,902 |
| Information & other services | 404 | 431 |
| Website & communication of services | 104 | 114 |
| Branches & sections | - | 59 |
| Prizes & awards | 64 | 51 |
| Proposed merger costs | 58 | - |
| Rationalisation costs | 23 | - |
| | 2,519 | 2,557 |
| Total resources expended | | |
| Staff costs | 1,363 | 1,326 |
| Direct costs | 1,143 | 1,283 |
| Support costs | 650 | 786 |
| Depreciation | 132 | 146 |
| | 3,288 | 3,541 |
| Fixed assets | | |
| Freehold & leasehold property | 1,254 | 1,282 |
| Furniture, equipment & cars | 240 | 203 |
| | 1,494 | 1,485 |
| Net current liabilities | | |
| Stocks | 44 | 48 |
| Debtors | 566 | 535 |
| Cash | 159 | 189 |
| Current assets | 769 | 772 |
| Creditors | (571) | (568) |
| Advance receipts | (149) | (154) |
| | 49 | 50 |

Council adopted the full accounts of the Institute of Materials, Minerals and Mining on 17 March 2005.

This summary may not contain sufficient information to allow for a full understanding of the financial affairs of the Institute. For further information, the full annual report can be obtained by e-mail from Dallas.Dinsmore@iom3.org, by telephoning Dallas on +44 (0) 20 7451 7364 or faxing her on +44 (0) 20 7839 1702. The full document will also be available on the members' website at <http://wam.iom3.org>. Copies will also be distributed to those members attending the AGM to be held on 15 June 2005.

Independent Auditors' statement to the trustees of the Institute of Materials, Minerals and Mining

We have examined the summarised financial statements set out on this page.

Respective responsibilities of trustees and auditors

The trustees are responsible for preparing the summarised financial statements in accordance with the recommendations of the charities SORP. Our responsibility is to report to you our opinion on the consistency of the summarised financial statements with the full financial statements, on which we reported to you on 17 March 2005 and annual report. We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summarised financial statements.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the summarised financial statements are consistent with the full financial statements and the annual report of the Institute of Materials, Minerals and Mining for the year ended 31 December 2004.

Baker Tilly London
Chartered Accountants
and Registered Auditor
17 March 2005

Matters raised at the 2004 AGM

Annual report and financial statements

Overview

The vast majority of members attending the AGM welcomed the range of good news in the annual report and offered congratulations on the success of the merger between the Institute of Materials and the Institution of Mining and Metallurgy.

Membership statistics

Details of membership numbers by grade, age and technical division were requested.

The annual review will provide details of members both by grade and number. Importantly the Institute was growing in attractiveness to younger members with well over 20% aged under than 35. 50% of members were in the age range 35-55, and about 12% were retired. It was important that Council and Boards reflected this age representation.

It was more difficult to break the details down to technical divisions since in many cases a member had more than one interest area. The Institute has introduced a means by which members can access their records via a web service to develop a customized technical profile. This facility underpins the new *My Materials World* e-mail member service, which can also be used to inform members of local society news. We are taking every opportunity to encourage members to complete these profiles.

Charity Commission

Did the Charity Commission frown upon spending more on membership and related services than raised by subscription income?

We have received no criticism or comment from the Charity Commission. Normally, the Commission is concerned that the charity does not hoard its income but spends it on promoting its objects. Our members play a fundamental role in promoting the objects of the Institute. They do far more than pay subscriptions. Many are customers for our services and many are involved in the production of services such as conferences and publi-

cations. All of the benefits provided to members are consistent with our aims. Naturally, we hope that our membership benefits will attract more members because that will increase our public recognition and promote our objects.

Local societies

The establishment of the Local Affairs Board and the Local Societies Forum to improve communications with Council and enhance the importance of local societies was welcomed. The importance of publicising the local societies' programmes was highlighted.

The importance of local societies and their programmes were confirmed. The Council had recently met in Stoke and held a surgery with the local society. This would be repeated at the next meeting which was planned for Scunthorpe. Arrangements would be made to publicise local society events in *Materials World*.

Materials World

Materials World was considered to be the best of all professional magazines. It was suggested that people read the magazine for jobs and there were few currently being published.

A recent survey showed that the majority of members read the magazine to keep up to date. Job adverts are obviously important to members and they are an important source of income for the magazine. The lower volume of current adverts was more an indication of the jobs market than a move to reduce the number of adverts.

Chartered Scientist

Concern was expressed at the introduction of the Chartered Scientist qualification when there are specialist bodies offering professional qualifications in their specialist area.

A significant proportion of our members are scientists and, until the introduction of the Chartered Scientist (CSci), it was not always as easy for them to obtain a professional qualifica-

tion through their Institute in contrast to the engineer members. It is important that the Institute remains relevant to all its members and the provision of CSci is helpful in this regard.

Schools Affiliate Scheme

Are these all secondary schools or are some of them primary? When will the Institute introduce minerals and mining input to the scheme?

All the current members are secondary schools; however initial visits have been made to primary schools and it is hoped that this can be developed when further resources are available. Minerals and mining input has already been introduced into the scheme and used in classroom presentations.

Livery companies

What interaction does the Institute have with livery companies?

The Institute works with a number of livery companies to promote common interests. One specific example concerns the leading role that the Institute has taken in establishing a six monthly education forum bringing together all worshipping companies relevant to our sector.

Code of conduct

It is important that members recognise responsibilities under the Institute's code of conduct.

This view is fully endorsed and the revised code of conduct is with regulatory bodies for final comment before approval by Council.

Can't find a vital reference or publication?

The Institute's Library Service provides a comprehensive resource for literature searches, publication loans and abstract services. Contact Hilda Kaune on tel: +44 (0)207 451 7360

Need information or advice about the use of materials?

Contact the Institute's Materials Information Service Helpline without obligation, to find out how we can help you and your business. Tel: +44 (0)20 7451 7360.