



**The Institute of Materials, Minerals & Mining**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

for the year ended

31 December 2006

# The Institute of Materials Minerals and Mining

Annual report and financial statements

for the year ended

31 December 2006

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# The Institute of Materials Minerals and Mining

## TRUSTEES REPORT

for the year ended 31 December 2006

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### INTRODUCTION

The trustees (duly elected members of Council) are pleased to present their report together with the financial statements of the Institute for the year ended 31 December 2006. The provisions of 'Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)' have been adopted in preparing the annual report and financial statements of the Institute.

This report contains the following information:

- Reference and administrative details of the charity, its trustees and advisers
- Structure, governance and management
- Objectives and activities
- Achievements and performance
- Financial review
- Plans for future periods
- Honours and awards
- Medals and prizes
- Appointment of auditors

### REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS

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.

Details of officers and council members are as follows:

<i>President</i>	Dr R E Dolby
<i>Senior Vice-President</i>	Mr B D Lye
<i>Honorary Treasurer</i>	Mr C T Massey
<i>Vice President</i>	Dr B C Suddell
<i>Chairman of Managing Board and Past President</i>	Mr A J Smith
<i>Past President</i>	Professor C J Humphreys
<i>Chairman of Professional Policy Board</i>	Mr P L Huxtable
<i>Chairman of Industry and Technology Policy Board</i>	Dr M J Pettifor
<i>Chairman of the Local Affairs Board</i>	Mr R Watmore (to January 2007) Dr P Bischler (from January 2007)
<i>Chairman of Younger Members Group</i>	Dr S Matthews
<i>Honorary Overseas Secretary</i>	Mr B D Lye

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### *Council members representing corporate members from the regions:*

Scotland	Mr C Graham Smith
North East	Mr N E Riley
North West	Dr A F Thomas (from 16 March 2006)
Midlands	Mr D R Evetts
South East	Mr J C H Lewis
Wales & South West	Dr P J Foster

### *Council members representing all corporate members of the Institute:*

Honorary Fellow and Fellows	Mr C Husselbury
Professional Members & Members	Mr D J Mallett Dr R J Holliday (to 16 March 2006) Dr R G Wellman (to 16 March 2006) Dr M B Barker (from 16 March 2006) Dr J Aubrey-Robson (from 16 March 2006)
Associate Members	Mr S J Wood Mr M B Jones (to 16 March 2006) Dr C M Anderson (from 16 March 2006)
Technician Members	Mr S Bellaby

### *Council members representing the following disciplines:*

Metals	Dr K A Ridal
Ceramics	Mr C Hallas
Plastics & Rubber	Mr M D Haffenden (to 16 March 2006) Mr K L Forsdyke (from 16 March 2006)
Minerals & Mining	Eur Ing R G Siddall

### *Divisional board chairmen:*

Applied Earth Science	Professor G Riddler (to January 2007)
Automotive Applications	Dr G F Smith
Biomedical Applications	Professor W Bonfield (to January 2006) Dr S Best (from January 2006)
Castings	Dr P Withey
Ceramic and Building Materials	Mr B D Lye (to July 2006) Professor D Thompson
Composites	Professor P J Hogg
Electronic Applications	Professor R W Whatmore
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
IOP – The Packaging Society	Ms H Kendle
Petroleum & Drilling Engineering	Mr R Colmer (to July 2006)
Polymer	Dr A Tinker (to January 2007) Mr S G Patrick (from January 2007)
Iron and Steel Society	Dr M J Pettifor (to January 2007) Dr K D Walker (from January 2007)
Surface Engineering	Professor T Bell

Co-opted Council Members

Professor P Hing

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Dr J Morton  
Mr J Bence  
Mr M Driver (from 16 March 2006)

The chief executive of the Institute is Dr B A Rickinson

The board of the Institute's subsidiary company, IOM Communications Ltd is made up as follows:-

Chairman	Dr E B Farmer
Directors/trustees	Dr A J Brown
	Mr R L Savory
	Mr N E Riley
	Mr C T Massey
Chief executive and trustee	Dr B A Rickinson

The board of the Institute's subsidiary company, the Institute of Packaging, is made up as follows:-

Chairman	Mr J D Bence
Directors/trustees	D T M Smalley
	K V H Barnes
	N J Farmer
	H Kendle
	A C Streeter

### **Professional advisers:**

<i>Bankers</i>	Lloyds Bank plc 39 Threadneedle Street, London EC2R 8AU 8-10 Waterloo Place, London SW1Y 4BE
<i>Solicitors</i>	Allen & Overy One New Change, London EC4M 9QQ
<i>Auditors</i>	Baker Tilly UK Audit LLP 12 Gleneagles Court, Brighton Road, Crawley, Sussex RH10 6AD
<i>Investment Managers</i>	Blackrock Investment Management (UK) Ltd (formerly Merrill Lynch Investment Managers Ltd) 33 King Williams Street, London EC4R 9AS
<i>Actuaries</i>	firstactuarial First House, Kingsclere Road, Basingstoke, Hampshire RG21 6UG
<i>Pension Advisers</i>	Keith Tudor Financial Services Yorke House, Furlong Lane, Burslem, Stoke-on-Trent, Staffordshire ST6 3LF

STRUCTURE, GOVERNANCE AND MANAGEMENT

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# The Institute of Materials Minerals and Mining

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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 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 bylaws 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;

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## TRUSTEES REPORT

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- 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 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. The members of the committee are Mr Peter Haslehurst (chairman) and Dr D Elliott, Mr B J Breen and Mr C J Hallas. 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. Matters associated with the merger programme have been addressed. Attention has been given to the scope and development of risk management plans and to highlight those internal controls to mitigate the impact of risks. Questions raised by members at the annual general meeting have been reviewed. The key points of a forward strategic plan for the Institute have also been brought to the attention of the committee. 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 bylaws.
- **Remuneration Committee**  
The committee agrees the remuneration package for all executive directors and the overall levels of compensation for other staff.
- **Industry and Technology Policy Board**  
The board is responsible for the co-ordination of sixteen technical divisions. In turn, the role of the divisions is to further the networking and professional development of its members. The board consists of the divisional chairmen who are elected by the technical community they represent.
- **Professional Policy Board**  
The board is responsible for membership, education, accreditation, professional development, technician activities and external affairs.
- **Local Affairs Board**  
The board is responsible for the promotion of the interests of regional members, communication between Council and regional members and the establishment of links with affiliated local societies.
- **Younger Members Group**  
The younger members play a vital and active role in the development of the Institute and their activities are co-ordinated by the Younger Members Group.

# The Institute of Materials Minerals and Mining

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- The Institute of Packaging  
Following the agreement to merge in 2005, the trustees of the Institute of Packaging have continued in office to oversee the transfer of activities to the Institute of Materials, Minerals & Mining. With the exception of one contract which expires in 2007, all other activities and all assets were transferred to the Institute by 31 December 2006. The Institute of Packaging Services, a subsidiary of the Institute of Packaging did not trade in 2006.
- 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.

### 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.

Our vision is to be recognised as the global leader for professionals involved with the materials cycle. Through our activities we aim to provide:

- A wide range of member services including professional recognition and networking opportunities through 16 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.

Our plans for 2006 included the development of a new strategic plan, with increased activities and focus for external projects, links to the design community, and enhanced content within the IOM3 web presence.

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

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

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

The Institute has an active education programme to attract young people into a career in the materials, minerals and mining science, engineering and technology community. A schools affiliate scheme has been set up to provide help, advice and teaching materials to schools. The education team regularly attends schools and careers fairs. The Institute accredits a number of university, college and industry courses in the UK and



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overseas. We also provide a special membership package for undergraduates. The Institute has a thriving younger members group organising special events for their peers.

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

Through its subsidiary, IOM Communications Ltd, the Institute publishes technical books, learned journals and a members' magazine and organises conferences on materials, minerals and mining related subjects. The publishing of technical books and learned journals has been outsourced to Maney Publishing. In-house teams publish the members' magazine 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.

In addition to normal day to day interaction, a regular programme of staff meetings at both local and 'national' level has been developed to ensure that employees are fully involved in the progress and direction of the Institute. Employees are consulted on issues of concern to them and kept fully informed on specific matters directly by the senior management team. The Institute has developed a procedure for upward feedback for senior management and the trustees including carrying out exit interviews for all staff leaving the organisation. 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.

### ACHIEVEMENTS AND PERFORMANCE

Our achievements in 2006 include:-

- Integration of activities and members from the Institutes of Packaging and Clay Technology.
- Development of a significant critical mass of members within the materials cycle.
- An excellent financial result with this the fourth year of surplus.
- Agreement of a five year strategic plan (2006-2011) against six corporate aims and individual performance measures.
- Development of a pivotal role in both a national Materials Knowledge Transfer Network and Materials UK, a company formed to enable the United Kingdom to benefit from opportunities for materials in the global economy.
- Extension of the facilities of the Institute with the development of factory office in Grantham.
- Increasing support to the Design community through a major three year programme involving the Design Council, Royal College of Art, EEF and Institute of Engineering Designers.
- Development of greater visibility for technical communities within the Institute, both by a Society model and the evolution of the web portal.
- Generation of two new journal titles, and the provision of resource for the production of new conferences.
- Extensive feasibility testing for a new web site to be launched in 2007.

Our disappointments in 2006 include:-

- Progress towards the development of ISO approval for membership processing has been slower than anticipated, recognising the increasing level of project activity for Institute staff. We hope to increase this activity in 2007.

# The Institute of Materials Minerals and Mining

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- Membership numbers remained strong both in the professional and younger bands of the grade structure, but we saw higher losses in the general affiliate groups.

### FINANCIAL REVIEW

We are pleased to report an operating surplus on general funds of £728k for the year. After deducting funds received on merger from the Institute of Packaging and the Institute of Clay Technology of £343k, there was an underlying operating surplus in 2006 of £385k (2005 - £393k). The overall surplus of £2.4M on all funds was made up as follows:

	Total 2006 £'000	Funds received on merger £'000	Ongoing activities 2006 £'000	Total 2005 £'000
Operating surplus on general fund	728	343	385	393
Net expenditure on designated funds	(24)	50	(74)	(197)
Net income on restricted funds	32	9	23	14
Net incoming resources	<u>736</u>	<u>402</u>	<u>334</u>	<u>210</u>
Gains on investment assets	562	-	562	816
Actuarial gains / (losses) on defined benefit pension scheme (see note 21.5 to the financial statements).	1,124	-	1,124	(213)
Overall surplus (net movement in funds)	<u>2,422</u>	<u>402</u>	<u>2,020</u>	<u>813</u>

The financial statements incorporate the results of The Institute of Packaging and The Institute of Clay Technology with effect from 1 January 2006. The comparative figures for 2005 do not include the results of these two institutes.

Underlying total income on general funds increased by £1.1M and there was a corresponding increase in total costs. Most of this increase was due to higher charitable trading income through the introduction of activities from the Institute of Packaging and an increase in project work carried out by the Materials Information Service for the DTI. There was only a marginal increase in the trading surplus because there is no margin on the DTI work and there was a loss on the technology improvement awards following contractual difficulties. These have now been resolved and performance should improve in the future.

Spending on membership and related activities through the general fund can be summarised as follows:

	2006 £'000	2005 £'000
Direct costs		
Membership	420	339
Education	107	86
Awarding Body	28	-
Divisions	53	71
Regional support	93	73
Carried forward	<u>701</u>	<u>569</u>
Direct costs brought forward	701	569
Other regional costs	27	23
Website & communication of services	50	26
Prizes & awards	24	17
Support costs	1,035	1,021

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1,837

1,656

Support costs consist of employment, establishment and administration costs. In total, support costs increased from £2,231k in 2005 to £2,674k in 2006, partly as a result of increased permanent and temporary staff numbers and partly because of the inclusion of the Institute of Packaging results from 2006 onwards. Pension scheme costs increased by £41k partly as a result of the FRS17 valuation and partly because of increased staff including staff from the Institute of Packaging.

Movements in designated funds are shown in note 18 to the financial statements. Net expenditure on Hallam Court amounted to £75k compared to £70k in 2005. Movements in restricted funds are shown in notes 16 and 17 to the financial statements.

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

Total returns from investments (income and gains) amounted to £977k in 2006 compared to £1,175k in 2005. During 2006, there was a return of 13% (2005 – 18%) compared to the benchmark return of 12% (2005 – 19%).

The overall surplus for the year of £2.4M has increased net assets from £8.1M at the start of the year to £10.5M at the year-end. As shown above, a substantial part of the increase resulted from actuarial gains on the defined benefit pension scheme and the introduction of funds on merger with other societies. The actuarial gains arise from the valuation required by Financial Reporting Standard 17 (FRS17) and are detailed in note 21.5. The FRS17 calculation is made for accounting purposes only and does not drive the amount of contributions to be paid or the timing of payments. Scheme assets are valued at current market value and liability calculations are based on the yield on AA rated corporate bonds at the balance sheet date. As the scheme assets are not totally invested in corporate bonds there can be great volatility between annual valuations. The introduction of net assets from the Institutes of Packaging and Clay Technology has increased both debtors and creditors. However, the major increase in debtors and creditors resulted from the increased project work carried for the DTI during the year.

The balance sheet continues to show a healthy financial position.

Council has reviewed the Institute's reserves and it has decided that designated funds are adequate and no transfers are necessary in 2006.

Council's policy on reserves is to:

- Set aside sufficient reserves to fund the net book value of all tangible fixed assets and the cost of future capital expenditure requirements. These amounts are held in the asset development fund and total £1.9m at 31 December 2006.
- 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 £140k at 31 December 2006.
- Set aside reserves to cover the potential costs of the Hallam Court lease until the end of the lease. The balance of the reserve at 31 December 2006 amounts to £125k, which is considered adequate to cover future costs.
- Retain reserves to cover the future costs of up to one year of charitable costs and expenditure, publicity, management and administration expenditure. The level of reserve is considered appropriate to allow the Institute to be managed efficiently, to provide a buffer for uninterrupted services and to achieve the long-term objectives of the Institute. At the year-end, unrestricted reserves amounted to £6.4M

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representing 130% of total budgeted expenditure in 2007. The reduction in the deficit on the FRS17 pension valuation increased reserves by £1.3M during the year. With this volatility in mind, Council considers the increased reserves to be appropriate to the Institute's future requirements.

### PLANS FOR FUTURE PERIODS

Council has committed its efforts to the resourcing and delivery of the strategic plan. The plan is wide ranging and new appointments and investments will be required to deliver the defined actions.

- A significant expenditure is planned for web developments both to aid the visibility of technical communities, and to fully utilise the quality content from Institute activities.
- New communication mechanisms will be developed to reduce meeting costs and to improve the dissemination of events.
- Further magazine developments are expected using our magazine and design groups.
- Increased resources for educational and accreditation activities will be put in place.
- Special emphasis will be placed on the development of overseas groups.

### 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** Professor W J Feast

Dr B Jones

Professor J Wood

**OBE** Mr R Pearce

Professor C J Peel

**MBE** Mr D E Highley

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

Mr J J Dunkley

Dr J W Hancock

Dr W I Milne

Professor C J Peel

Dr K E Tanner

Dr R J Young

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

Lord Browne of Madingley

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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	Professor H Bhadeshia
IoM Gold Medal	Dynamic Ceramic
Platinum Medal	Professor G D S Smith
IoM Silver Medal	Dr S McArthur
Chapman Medal	Professor B Tighe
Griffith Medal & Prize	Dr P S Bate
Sir Andrew Bryan	Professor J Harris
Futers Gold Medal	Dr D S Flett
Medal for Excellence	Dr J Groom
Prince Philip Award for Polymers in the Service of Mankind	Vascutec Ltd
Swinburne Award	Professor M Gilbert

#### Personal achievement awards

Colclough Medal & Prize	Mr F Faries
Frank Fitzgerald Medal & Travel Award	S J Kinsey
Sir Robert Hadfield Medal & Prize	Dr R Alderdice
Hancock Medal	Mr R P Brown
Holland Award	Mr N Andrew
Holliday Prize	Dr G Sims
Hume-Rothery Prize	Professor A L Greer
Ivor Jenkins	Professor P Beiss
Kroll Medal & Prize	Professor J Evans
T B Marsden Award	Mr C Rhodes
Rosenhain Medal & Prize	Professor A Long
Rowbotham Medal	Dr T A Turner
Stokowicz Medal & Prize	Dr P C Morgan
Thomas Medal & Prize	Mr V Ludlow
Verulam Medal & Prize	Professor D Thompson

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### Publication awards

Guy Benbough Award	N Sridhar, A Anderko, L T Yang, S L Grise, B J Saldanha, M H Dorsey
Billiton Gold Medal	Zhancheng Guo, Xueping Song, Daguang Wang, Zhihong Xu
Cook Ablett Award	P D Lee, A Kermanpur, S Tin, M McLean
Alan Glanvill Award	L K Hendrichsen, A J McHugh, S S Cherukupalli, A A Ogale
Douglas Hay Award	F Ouchterlony
Pfeil Award	J Nowotny, T Bak, C C Sorrell, M Nowotny, S J L Kang, C Prince
James A Walker Award	G Menary, A Tshai, A Tan, R McCool
Wardell Armstrong Prize	Professor J Plant, Dr S Reeder, Professor B Smith, Dr N Voulvoulis, Dr A Korre
Williams Award	Dr G Fourlaris, Mr N D Beynon, Mr S Oliver, Mr T B Jones

### Other awards

Royal Charter Prize	M Artstall
R H Craven	R Ambury
A T Green Award	J Minshull
Technician of the Year	G Brown, J Beaumont
National Lecture Competition Prize	A Tarpey
Young Persons' World Lecture Competition	A Tarpey

### Joint awards

Beilby Medal and Prize	Dr M Kraft
Vanadium Award	P Maugis, M Goune

### AUDITORS

The Institute's auditors, Baker Tilly ceased to practice on 31 March 2007 and it was resolved that Baker Tilly UK Audit LLP be appointed successor auditors on 1 April 2007. A resolution proposing that Baker Tilly UK Audit LLP be re-appointed as auditors of the Institute will be put to the annual general meeting.

This report was approved by Council on 18 May 2007.

Dr R E Dolby  
President

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

We have audited the financial statements on pages 14 to 34.

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 2006 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  
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18 May 2007

The Institute of Materials Minerals and Mining  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
for the year ended 31 December 2006

	Notes	Unrestricted funds General £'000	Designated £'000	Restricted funds £'000	Permanent endowment £'000	Total funds 2006 £'000	Total funds 2005 £'000
<b>INCOMING RESOURCES</b>							
<b>Incoming resources from charitable activities</b>							
Membership and related activities		1,294	-	-	-	1,294	1,180
Charitable trading activities	1	3,293	-	-	-	3,293	2,360
		<u>4,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,587</u>	<u>3,540</u>
<b>Incoming resources from generated funds</b>							
Voluntary income	2	343	50	14	-	407	200
Activities for generating funds	3	449	7	-	-	456	430
Investment income	4	352	2	61	-	415	350
		<u>5,731</u>	<u>59</u>	<u>75</u>	<u>-</u>	<u>5,865</u>	<u>4,360</u>
<b>RESOURCES EXPENDED</b>							
<b>Charitable activities</b>							
Membership and related activities		1,837	83	40	-	1,960	1,910
Charitable trading activities	1	2,528	-	-	-	2,528	1,620
		<u>4,365</u>	<u>83</u>	<u>40</u>	<u>-</u>	<u>4,488</u>	<u>3,530</u>
<b>Cost of generating funds</b>							
Activities for generating funds	3	448	-	-	-	448	440
Investment management costs		37	-	-	-	37	20
<b>Governance costs</b>							
		153	-	3	-	156	150
		<u>5,003</u>	<u>83</u>	<u>43</u>	<u>-</u>	<u>5,129</u>	<u>4,150</u>
<b>Net outgoing/(incoming) resources before transfers</b>							
		728	(24)	32	-	736	210
<b>Transfers</b>							
Gross transfers between funds	6	-	-	-	-	-	-
		<u>728</u>	<u>(24)</u>	<u>32</u>	<u>-</u>	<u>736</u>	<u>210</u>
<b>Net incoming resources before other recognised gains and losses</b>							
<b>Other recognised gains/(losses)</b>							
Gains on investment assets		501	5	56	-	562	810
Actuarial gains/(losses) on defined benefit pension scheme	21.5	1,124	-	-	-	1,124	(210)
		<u>2,353</u>	<u>(19)</u>	<u>88</u>	<u>-</u>	<u>2,422</u>	<u>810</u>
<b>NET MOVEMENT IN FUNDS</b>							
<b>Reconciliation of funds</b>							
Total funds brought forward		4,078	2,368	1,642	33	8,121	7,300
<b>TOTAL FUNDS CARRIED FORWARD</b>							
		<u>6,431</u>	<u>2,349</u>	<u>1,730</u>	<u>33</u>	<u>10,543</u>	<u>8,120</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 2006

	Notes	Group		Institute	
		2006 £'000	2005 £'000	2006 £'000	2005 £'000
<b>FIXED ASSETS</b>					
Tangible assets	8	1,324	1,406	1,324	1,406
Investments	9	8,491	7,888	7,966	7,400
		<u>9,815</u>	<u>9,294</u>	<u>9,290</u>	<u>8,806</u>
<b>CURRENT ASSETS</b>					
Stock and work in progress	11	56	22	2	1
Debtors	12	1,192	492	548	155
Bank balances		885	521	836	445
		<u>2,133</u>	<u>1,035</u>	<u>1,386</u>	<u>601</u>
CREDITORS: Amounts falling due within one year	13	1,235	758	823	651
NET CURRENT ASSETS/(LIABILITIES)		<u>898</u>	<u>277</u>	<u>563</u>	<u>(50)</u>
NET ASSETS BEFORE PENSION LIABILITY		<u>10,713</u>	<u>9,571</u>	<u>9,853</u>	<u>8,756</u>
Defined benefit pension scheme liability	21.2	(170)	(1,450)	(170)	(1,450)
NET ASSETS AFTER PENSION LIABILITY	14	<u>10,543</u>	<u>8,121</u>	<u>9,683</u>	<u>7,306</u>
PERMANENT ENDOWMENT FUND	15	33	33	33	33
<b>RESTRICTED FUNDS</b>					
Subsidiary trust funds	16	545	502	-	-
Other restricted funds	17	1,185	1,140	1,185	1,140
<b>UNRESTRICTED FUNDS</b>					
Designated funds	18	2,349	2,368	2,349	2,368
General fund		6,431	4,078	6,116	3,765
TOTAL FUNDS		<u>10,543</u>	<u>8,121</u>	<u>9,683</u>	<u>7,306</u>

The financial statements on pages 14 to 34 were approved and authorised for issue by the trustees on 18 May 2007 and signed on their behalf by

DR R E DOLBY - President

MR C T MASSEY – Treasurer

The Institute of Materials Minerals and Mining  
CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2006

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	<i>Notes</i>	2006 £'000	2005 £'000
<b>Reconciliation of the net incoming resources to net cash flow from operating activities</b>			
Net incoming resources		736	210
Depreciation and amortisation (including profits/losses on sale of fixed assets)		157	138
Interest and dividends receivable	22.1	(415)	(359)
(Increase)/decrease in stocks		(34)	22
(Increase) in debtors		(700)	(96)
Increase in creditors		320	180
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<u>64</u>	<u>95</u>
<b>CASHFLOW STATEMENT</b>			
<b>Net cash flow from operating activities</b>		64	95
Returns on investments and servicing of finance	22.1	415	359
Capital receipts less expenditure	22.2	(115)	(93)
<b>INCREASE IN CASH</b>		<u>364</u>	<u>361</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
<b>INCREASE IN CASH IN THE YEAR</b>		364	361
Net funds at 1 January 2006		521	160
<b>NET FUNDS AT 31 DECEMBER 2006</b>	22.3	<u>885</u>	<u>521</u>

# The Institute of Materials Minerals and Mining

## ACCOUNTING POLICIES

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### BASIS OF FINANCIAL STATEMENTS

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

### GROUP FINANCIAL STATEMENTS

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

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

### RELATED PARTY TRANSACTIONS

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

### INCOME RECOGNITION

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

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

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

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

### RESOURCE EXPENDITURE

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

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

### DEPRECIATION AND AMORTISATION

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

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

### INVESTMENTS AND INVESTMENT INCOME

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

# The Institute of Materials Minerals and Mining

## ACCOUNTING POLICIES

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### SUPPORT COSTS

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

### GOVERNANCE COSTS

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

### STOCKS AND WORK IN PROGRESS

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

### FOREIGN CURRENCIES

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

### OPERATING LEASES

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

### IRRECOVERABLE VAT

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

### PENSION COSTS

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

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

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

### DEFINED BENEFIT PENSION SCHEME

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

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

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

# The Institute of Materials Minerals and Mining

## ACCOUNTING POLICIES

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### INSTITUTE FUNDS AND RESERVES POLICY

Funds held by the Institute are:-

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

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

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

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

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

1	CHARITABLE TRADING ACTIVITIES	2006 £'000	2005 £'000
	TURNOVER		
	Publishing	1,304	1,132
	Conferences and exhibitions	608	819
	Information services	985	409
	Technology improvement awards	167	-
	Training services	229	-
	INCOMING RESOURCES	<u>3,293</u>	<u>2,360</u>
	COST OF CHARITABLE TRADING ACTIVITIES		
	Publishing	640	534
	Conferences and exhibitions	486	658
	Information services	969	429
	Technology improvement awards	247	-
	Training services	186	-
		<u>2,528</u>	<u>1,621</u>
	NET CONTRIBUTION FROM CHARITABLE TRADING ACTIVITIES		
	Publishing	664	598
	Conferences and exhibitions	122	161
	Information services	16	(20)
	Technology improvement awards	(80)	-
	Training services	43	-
		<u>765</u>	<u>739</u>
2	VOLUNTARY INCOME	2006 £	2005 £
	Legacies	-	10
	Donations for medal funds	5	13
	Receipt of funds from the Institute of Packaging	364	-
	Receipt of funds from the Institute of Clay Technology	38	-
		<u>407</u>	<u>23</u>

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

### 3 ACTIVITIES FOR GENERATING INCOME

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 2006

4	INVESTMENT INCOME	2006		2005	
		Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000
	Listed securities				
	Fixed interest	109	33	85	33
	UK equities	187	21	177	20
	Overseas equities	5	-	5	-
	Cash and cash equivalents	53	7	32	7
		<u>354</u>	<u>61</u>	<u>299</u>	<u>60</u>
		=====	=====	=====	=====
5	TOTAL RESOURCES EXPENDED				
		2006	2006	2005	2005
		£'000	£'000	£'000	£'000
	SUMMARY				
	Direct charitable costs		2,455		1,922
	Employment costs				
	Salaries	1,400		1,138	
	Social security costs	135		108	
	Pension costs	176		135	
	Temporary and other staff costs	95		65	
	Redundancy costs	2		38	
		<u>          </u>	1,808	<u>          </u>	1,484
	Establishment costs				
	Property costs	319		288	
	Information technology	99		75	
	Depreciation	157		138	
		<u>          </u>	575	<u>          </u>	501
	Administration costs				
	Travel, meeting and committee expenses	85		60	
	Postage and telecommunications	66		64	
	Printing and stationery	22		15	
	Finance costs	46		50	
	Professional fees	58		50	
	Office and other costs	14		7	
		<u>          </u>	291	<u>          </u>	246
			<u>5,129</u>		<u>4,153</u>
			=====		=====

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

### 5 TOTAL RESOURCES EXPENDED (continued)

#### BREAKDOWN OF COSTS OF ACTIVITIES

	Direct costs £'000	Support costs £'000	2006 Total £'000	2005 Total £'000
Charitable activities				
Membership and related services	925	1,035	1,960	1,911
Charitable trading activities	1,441	1,087	2,528	1,621
	<u>2,366</u>	<u>2,122</u>	<u>4,488</u>	<u>3,532</u>
Costs of generating funds				
Activities for generating funds	52	396	448	442
Investment management costs	37	-	37	28
Governance costs	-	156	156	151
	<u>2,455</u>	<u>2,674</u>	<u>5,129</u>	<u>4,153</u>

#### SUPPORT COST BREAKDOWN BY ACTIVITY

	Employment costs £'000	Establishment costs £'000	Administration costs £'000	2006 Total £'000	2005 Total £'000
Membership and related services	725	190	120	1,035	1,093
Charitable trading activities	831	173	83	1,087	643
Activities for generating funds	181	197	18	396	344
Governance costs	71	15	70	156	151
	<u>1,808</u>	<u>575</u>	<u>291</u>	<u>2,674</u>	<u>2,231</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

	2006 No.	2005 No.
The average number of full time equivalent employees during the year was	<u>48</u>	<u>41</u>
The number of employees who earned more than £60,000 per annum including benefits was:		
£60,001 - £70,000	1	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-



# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

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### 5 TOTAL RESOURCES EXPENDED (continued)

	2006 £'000	2005 £'000
TOTAL EXPENDITURE INCLUDES:		
Auditors' remuneration		
Audit fee – current year	24	24
Audit fee – underprovision in previous year	8	-
Accountancy, taxation and other services	6	6
Operating lease rentals		
Land and buildings – leases expiring after five years	180	180
Travel expenses paid to 32 (2005: 31) Council Members for attending Council and other meetings	22	17
	<u>          </u>	<u>          </u>

### TRANSACTIONS WITH TRUSTEES

No members of the Council have directly or indirectly received any remuneration during the years ended 31 December 2005 and 2006.

### 6 TRANSFERS BETWEEN FUNDS

Transfer from general funds to designated funds:

To increase the reserve for Hallam Court costs to the break clause in the lease	-	190
To develop and improve the quality of services	-	105
	<u>          </u>	<u>          </u>
	-	295
	<u>          </u>	<u>          </u>

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

Total incoming resources	3,101	2,712
	<u>          </u>	<u>          </u>
Net movement in funds	2,378	751
	<u>          </u>	<u>          </u>

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

### 8 TANGIBLE FIXED ASSETS

<b>Group</b>	Freehold property £'000	Short leasehold property £'000	Furniture, fittings & equipment £'000	Total £'000
<b>Cost</b>				
1 January 2006	405	1,113	1,262	2,780
Introduced on merger	-	-	125	125
Additions in the year	-	-	29	29
Disposals in the year	-	-	(673)	(673)
31 December 2006	405	1,113	743	2,261
<b>Depreciation</b>				
1 January 2006	55	238	1,081	1,374
Introduced on merger	-	-	78	78
Provided during the year	9	20	128	157
Disposals in the year	-	-	(672)	(672)
31 December 2006	64	258	615	937
Net book value 31 December 2006	341	855	128	1,324
31 December 2005	350	875	181	1,406
<b>Parent</b>				
<b>Cost</b>				
1 January 2006	405	1,113	1,262	2,780
Additions in the year	-	-	38	38
Disposals in the year	-	-	(673)	(673)
31 December 2006	405	1,113	627	2,145
<b>Depreciation</b>				
1 January 2006	55	238	1,081	1,374
Provided during the year	9	20	90	119
Disposals in the year	-	-	(672)	(672)
31 December 2006	64	258	499	821
Net book value 31 December 2006	341	855	128	1,324
31 December 2005	350	875	181	1,406

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

9 INVESTMENTS	Group		Institute	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
<b>Analysis of movements in the year</b>				
Market value at 1 January 2006	7,888	7,029	7,400	6,590
Additions at cost	518	277	248	277
Disposals at opening market value	(470)	(219)	(200)	(219)
Revaluations	555	801	518	752
Market value at 31 December 2006	<u>8,491</u>	<u>7,888</u>	<u>7,966</u>	<u>7,400</u>
<b>At the balance sheet date, the portfolio was invested as follows</b>				
<i>Listed investments</i>				
Fixed interest	2,208	2,164	2,075	2,023
UK equities	5,680	5,228	5,288	4,881
Overseas equities	331	313	331	313
<i>Unlisted investments</i>				
Cash and cash equivalents	272	183	272	183
Subsidiary undertakings (note 10)	-	-	-	-
Market value at 31 December 2006	<u>8,491</u>	<u>7,888</u>	<u>7,966</u>	<u>7,400</u>
<b>At the balance sheet date, the following investments represent more than 5% of the portfolio by market value</b>				
Charinco (UK fixed interest common investment fund)	2,125	2,081	1,992	1,941
Charishare (UK equities common investment fund)	5,662	5,214	5,269	4,866
Historical cost at 31 December 2006	<u>6,704</u>	<u>6,605</u>	<u>6,293</u>	<u>6,194</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 audited accounts with the Registrar of Companies. IOM Communications Limited, Materials Institute Services Limited and The Institute of Packaging Services Ltd are wholly owned subsidiaries. The Institute holds 100 shares of £1 each in both IOM Communications Limited and the Institute of Packaging Services Ltd plus 2 shares of £1 each in Materials Institute Services Limited. No premium was paid on acquisition.

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

### 10 SUBSIDIARY UNDERTAKINGS (continued)

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

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

A summary of the 2006 results and balance sheets of IOM Communications Limited and the Institute of Packaging together with comparative figures for 2005 of IOM Communications Ltd is shown below:

<b>Results</b>	IOM Communications £'000	Institute of Packaging £'000	2006 Total £'000	2005 Total £'000
Membership and related activities	-	40	40	-
Charitable trading activities	2,974	342	3,316	2,360
Investment income	-	21	21	-
<b>TOTAL INCOMING RESOURCES</b>	<b>2,974</b>	<b>403</b>	<b>3,377</b>	<b>2,360</b>
Membership and related activities	-	225	225	-
Charitable trading activities	2,272	204	2,476	1,621
Donation to the Institute of Materials, Minerals and Mining	700	294	994	725
Cost of generating funds	-	4	4	-
Governance	-	26	26	1
<b>TOTAL OUTGOING RESOURCES</b>	<b>2,972</b>	<b>753</b>	<b>3,725</b>	<b>2,347</b>
<b>NET INCOMING/(OUTGOING) RESOURCES</b>	<b>2</b>	<b>(350)</b>	<b>(348)</b>	<b>13</b>
Losses on investment assets	-	(14)	(14)	-
Balances brought forward	309	364	673	296
<b>Balances carried forward</b>	<b>311</b>	<b>-</b>	<b>311</b>	<b>309</b>
<b>Balance sheets at 31 December</b>				
Current assets	864	-	864	527
Creditors: Amounts falling due within one year	553	-	553	(218)
<b>NET CURRENT ASSETS</b>	<b>311</b>	<b>-</b>	<b>311</b>	<b>309</b>
<b>SHAREHOLDERS FUNDS</b>	<b>311</b>	<b>-</b>	<b>311</b>	<b>309</b>

The net assets of Materials Institute Services Limited at 31 December 2005 and 2006 were £3,447.

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

11 STOCK AND WORK IN PROGRESS	Consolidated		Institute		
	2006 £'000	2005 £'000	2006 £'000	2005 £'000	
Work in progress	54	21	-	-	
Sundry stocks	2	1	2	1	
	<u>56</u>	<u>22</u>	<u>2</u>	<u>1</u>	
	<u><u>56</u></u>	<u><u>22</u></u>	<u><u>2</u></u>	<u><u>1</u></u>	
12 DEBTORS					
Trade debtors	449	146	246	42	
Other debtors	618	264	60	31	
Prepayments and accrued income	125	82	125	82	
Amounts due from subsidiary companies	-	-	117	-	
	<u>1,192</u>	<u>492</u>	<u>548</u>	<u>155</u>	
	<u><u>1,192</u></u>	<u><u>492</u></u>	<u><u>548</u></u>	<u><u>155</u></u>	
13 CREDITORS: Amounts falling due within one year					
Trade creditors	256	175	131	57	
Taxes and social security costs	153	123	111	82	
Subscriptions and orders paid in advance	280	236	90	178	
Other creditors and accruals	546	224	464	219	
Amounts due to subsidiary companies	-	-	27	115	
	<u>1,235</u>	<u>758</u>	<u>823</u>	<u>651</u>	
	<u><u>1,235</u></u>	<u><u>758</u></u>	<u><u>823</u></u>	<u><u>651</u></u>	
14 ANALYSIS OF NET ASSETS BETWEEN FUNDS					
	Unrestricted funds		Restricted funds	Permanent funds	Total funds
	General	Designated	funds	funds	funds
	£'000	£'000	£'000	£'000	£'000
<b>Group</b>					
Tangible fixed assets	-	1,324	-	-	1,324
Investments	5,918	1,025	1,515	33	8,491
Current assets	1,918	-	215	-	2,133
Current liabilities	(1,235)	-	-	-	(1,235)
	<u>6,601</u>	<u>2,349</u>	<u>1,730</u>	<u>33</u>	<u>10,713</u>
Net assets before pension liability	6,601	2,349	1,730	33	10,713
Pension liability	(170)	-	-	-	(170)
	<u>6,431</u>	<u>2,349</u>	<u>1,730</u>	<u>33</u>	<u>10,543</u>
	<u><u>6,431</u></u>	<u><u>2,349</u></u>	<u><u>1,730</u></u>	<u><u>33</u></u>	<u><u>10,543</u></u>

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

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

	Unrestricted funds		Restricted funds £'000	Permanent funds £'000	Total funds £'000
	General £'000	Designated £'000			
<b>Institute</b>					
Tangible fixed assets	-	1,324	-	-	1,324
Investments	5,918	1,025	990	33	7,966
Current assets	1,191	-	195	-	1,386
Current liabilities	(823)	-	-	-	(823)
Net assets before pension liability	6,286	2,349	1,185	33	9,853
Pension liability	(170)	-	-	-	(170)
<b>Total net assets</b>	<b>6,116</b>	<b>2,349</b>	<b>1,185</b>	<b>33</b>	<b>9,683</b>

### 15 PERMANENT ENDOWMENT FUND

	Balance at 1 January 2006 £'000	Incoming Resources £'000	Resources expended £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 December 2006 £'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 2006 £'000	Incoming resources £'000	Resources expended £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 December 2006 £'000
Andrew Carnegie Trust Fund	418	15	(10)	33	-	456
Metals & Metallurgy Trust Fund	84	3	(2)	4	-	89
	<u>502</u>	<u>18</u>	<u>(12)</u>	<u>37</u>	<u>-</u>	<u>545</u>

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

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

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

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

### 17 OTHER RESTRICTED FUNDS

	Balance at 1 January 2006 £'000	Incoming resources £'000	Resources expended £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 December 2006 £'000
AG Charleton Fund	2	-	-	-	-	2
Bosworth Smith Trust	184	6	(3)	16	-	203
G Vernon Hobson Bequest	46	1	(1)	4	-	50
Edgar Pam Fellowship	71	2	-	6	-	79
Stanley Elmore Fellowship	599	27	(26)	(23)	-	577
Frank Fitzgerald Medal	10	-	-	-	-	10
Mining Club income	8	1	-	-	-	9
Tom Seaman Travelling Scholarship	174	6	-	16	-	196
Centenary Student Scholarship	2	-	-	-	-	2
R T Holland Fund	6	-	(1)	-	-	5
Dennis Chapman Medal Award	10	-	-	-	-	10
Dixie Dean Bursary Fund	-	9	-	-	-	9
Prize funds	28	5	-	-	-	33
	<u>1,140</u>	<u>57</u>	<u>(31)</u>	<u>19</u>	<u>-</u>	<u>1,185</u>

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

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

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

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

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

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

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

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

### 18 DESIGNATED FUNDS

	Balance at 1 January 2006 £'000	Incoming resources £'000	Resources expended £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 December 2006 £'000
Services development fund	140	-	-	-	-	140
Asset development fund	1,900	-	-	-	-	1,900
Hallam Court fund	200	7	(82)	-	-	125
Materials education	24	-	-	-	-	24
Packaging education fund	-	50	-	-	-	50
Sir Julius Wernher Memorial Fund	87	2	(1)	5	-	93
Robert A Moore Fund	17	-	-	-	-	17
	<u>2,368</u>	<u>59</u>	<u>(83)</u>	<u>5</u>	<u>-</u>	<u>2,349</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	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
General fund	1,556	1,114	1,556	1,114
Designated funds	8	3	8	3
	<u>1,564</u>	<u>1,117</u>	<u>1,564</u>	<u>1,117</u>
Restricted funds	223	166	109	89
	<u>1,787</u>	<u>1,283</u>	<u>1,673</u>	<u>1,206</u>



# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

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### 20 CAPITAL COMMITMENTS

The Institute had capital commitments of £122k at the year end.

### 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.

On retirement, members of the Institute of Materials Pension & Life Assurance Scheme are provided with an annuity to fund their pension. As such, the scheme has no further financial responsibility for retired members. At the year end, the scheme had 21 current staff members and 120 deferred members.

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

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

Arrangements have been made for the deficit shown by the actuarial (ongoing) valuation at 1 January 2004 to be funded by flat rate annual payments of £70k over the average working life of the scheme (13 years). Changes to the rules of the scheme, introduced on 1 October 2004, have been agreed with all parties to fund the increased cost of providing pensions for future service in an attempt to avoid future deficits building up.

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

A valuation of the pension scheme assets and liabilities at 31 December 2006 has been carried out by a qualified independent actuary. The projected unit valuation method has been used. The major financial assumptions used by the actuary were:

	At 31.12.06 %	At 31.12.05 %
Rate of increase in salaries	4.50	4.50
Rate of increase of deferred pensions	2.90	3.00
Discount rate	5.20	4.75
Inflation assumption	3.00	3.00

Employer's contributions during the accounting period amounted to £337k including a one-off payment of £150k. The agreed employer contribution rate for the coming year is 16.1% of pensionable payroll plus an annual flat rate payment of £70k payable in monthly instalments.

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

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

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

	Long-term rate of return expected at 31.12.06 %	Value at 31.12.06 £'000	Long-term rate of return expected at 31.12.05 %	Value at 31.12.05 £'000
Equities	8.00	3,925	6.60	3,222
Government bonds	4.60	-	4.40	434
Corporate bonds	5.10	403	4.40	-
Property	7.85	252	5.00	221
Cash	5.00	453	4.00	374
Total market value of assets	7.50	<u>5,033</u>	6.10	<u>4,251</u>
Present value of scheme liabilities		5,203		5,701
Net pension (liability)		<u>(170)</u>		<u>(1,450)</u>

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

Current service cost	150	122
Past service cost	-	-
Gains and losses on any settlement and curtailments	-	-
Total operating charge	<u>150</u>	<u>122</u>

### 21.4 ANALYSIS OF AMOUNT CHARGED TO INCOMING RESOURCES

Expected return on pension scheme assets	247	231
Interest on pension scheme liabilities	(278)	(274)
Net return	<u>(31)</u>	<u>(43)</u>

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

Actual return less expected return on pension scheme assets	228	485
Experience gains and losses arising on the scheme liabilities	55	(15)
Changes in financial assumptions underlying the scheme liabilities	841	(683)
Actuarial gain/(loss) recognised in statement of financial activities	<u>1,124</u>	<u>(213)</u>

The major changes in financial assumptions included an increase in the yield on corporate bonds (£700k improvement), an allowance for members to commute pensions for tax-free cash (£400k improvement) and a more prudent assumption for mortality (£240k additional cost).

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

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

	Value at 31.12.06 £'000	Value at 31.12.05
(Deficit) in scheme at beginning of year	(1,450)	(1,264)
Movement in year:		
Current service cost	(150)	(122)
Contributions	337	192
Past service costs	-	-
Other finance income	(31)	(43)
Actuarial gain/(loss)	1,124	(213)
	<u>(170)</u>	<u>(1,450)</u>

### 21.7 HISTORY OF EXPERIENCE GAINS AND LOSSES

	2006	2005	2004	2003	2002
Difference between the expected and actual return on scheme assets:					
Amount (£'000)	228	485	215	702	(757)
Percentage of scheme assets	4.5%	11.4%	5.2%	17%	(17%)
Experience gains and losses on scheme liabilities:					
Amount (£'000)	55	(15)	185	221	(345)
Percentage of the present value of the scheme liabilities	(1.1%)	(0.3%)	3.4%	4.2%	(6.0%)
Total amount recognised in statement of financial activities:					
Amount (£'000)	1,124	(213)	(95)	352	(1,162)
Percentage of the present value of the scheme liabilities	21.6%	(3.7%)	1.8%	6.7%	(20.0%)

### 21.8 OUTSTANDING PENSION CONTRIBUTIONS AT THE YEAR END

	2006 £'000	2005 £'000
Defined benefit scheme	20	20
Defined contribution scheme	2	1
	<u>22</u>	<u>21</u>

# The Institute of Materials Minerals and Mining

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

22	GROSS CASH FLOWS	2006		2005	
		£'000	£'000	£'000	£'000
22.1	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
	Interest received	60		39	
	Dividend income	355		320	
		<u>          </u>	415	<u>          </u>	359
			<u>          </u>		<u>          </u>
22.2	CAPITAL EXPENDITURE				
	Payments to acquire tangible fixed assets	(76)		(50)	
	Receipts for the sale of investments	1		-	
	Purchase of investments	(518)		(277)	
	Receipts for sale of investments	478		234	
		<u>          </u>	(115)	<u>          </u>	(93)
			<u>          </u>		<u>          </u>
22.3	ANALYSIS OF CHANGES IN NET FUNDS				
		At	Cash flows	Other	At
		01.01.06		changes	31.12.06
		£'000	£'000	£'000	£'000
	Cash at bank and in hand	521	364	-	885
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>