

A composite background image. On the left, a man in a dark tank top is shown in profile, looking thoughtful with his hand to his chin. On the right, a large, detailed stopwatch is shown, its face clearly visible with numbers from 0 to 60. The overall color palette is a mix of blue, purple, and red tones.

# Annual Review of 2003

At its meeting on 25 March 2004, Council approved the 2003 annual report and financial statements for consideration and approval by members at the AGM to be held on 15 June 2004. The complete document, which shows 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 summarised financial statements. The Chief Executive and Finance Director also address some of the questions commonly asked at the AGM. The formal notice of the AGM, together with a Proxy form are on pages 50 and 51.

## Objectives of the Institute and how they are achieved

The objectives of the Institute are to promote and develop all aspects of materials, minerals and mining science, engineering and technology and this is achieved by providing information and related services, and influencing key opinion formers in government, industry, academia, the public and professions.

### Does your membership standing reflect your experience and status?

Have you got what it takes to become a Chartered Engineer, an Incorporated Engineer or an Engineering Technician? Contact Adele Wilbraham (tel: +44 (0)1782 221702, e-mail: [adele.wilbraham@iom3.org](mailto:adele.wilbraham@iom3.org)) to find out how easy it is to upgrade.

Members play a prime role in promoting the objectives 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 three UK offices and associated regional groups. Systems have been developed to recognise career progression/member-

ship upgrade and the Institute is licensed to deal with applications for Chartered Engineer, Incorporated Engineer and Engineering Technician status. The Institute collaborates with many like-minded societies in the UK and overseas.

Sixteen 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 full programme of events to promote and develop its discipline. Proposals and support for conferences generally come from the Institute's divisional structure.

The Institute has an active programme to attract young people into a career in the materials, minerals and mining science, engineering and technology com-

munity. A Schools Affiliate Scheme has been set up to provide help, advice and teaching materials to schools. This is being further developed by the promotion and creation of a materials A-level (or similar qualification). The education team regularly attends schools and careers fairs. The Institute accredits a number of university courses and provides a special membership package for undergraduates. The Institute has a thriving Younger Members' Committee organising special events for their peers and operating the National Lecture Competition.

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, which is now seen as a first port of call in our area of expertise. The Institute operates an Industrial Affiliate Scheme to provide small and medium sized enterprises with access to its services.

Through its subsidiary, IOM Communications Ltd, the Institute publishes technical books, learned journals and a members' magazine, and organises conferences on materials 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.

### Review of activities and future developments

Building upon the modified organisational structure developed through the merger of the Institute of Materials and the Institution of Mining and Metallurgy, significant and positive strides have been made to generate an operating surplus for the Institute in 2003. Such a change was seen

### Analysis of membership



as a fundamental benefit of the merger process and through determined staff effort and improved systems, the benefits of the merger are now self evident. The financial result is all the more impressive, as benefits to members have continued to expand. It is equally pleasing to note that as confidence recovered in the stock market, our asset base has grown steadily from £7.4 million to £8.1 million and, without recourse to draw down from our investments to cover operational losses, the Institute has built on its strong financial base to move forward.

The newly elected Council met three times during the year and reviewed not only operational activity but also the range and appropriateness of benefits for all categories of members. The importance of communication to members was seen as vital to develop further and a Council working group will help to progress activity in this area. During the year, the Managing Board reviewed ongoing IT provision for the Institute and, in the expectation that greater customisation of electronic com-

**The Institute's local affiliated societies provide excellent networking opportunities and cost effective technical events.**

Visit [www.iom3.org/regions](http://www.iom3.org/regions) to find out what is going on in your local area.

munication would be needed, agreed the development of a membership IT structure that would expand present capabilities but at reduced operating and support cost. The implementation of this change commenced in the latter part of 2003 and is due for completion in spring 2004. In parallel with this change, additional electronic benefits for members are being launched.

Two new benefits that add to the existing provision of the Careers Development Service (CDS) and the IOM Academy, include the development of 'My Materials World' and an e-partner scheme with TMS in the USA. 'My Materials World' will provide a fortnightly customised news service linking members to their precise technical interests, in addition to the monthly round-up of news and features in *Materials World*. The e-partner scheme, pioneered with TMS, allows members of both organisations to share non-duplicating e-service benefits. For Institute members, access to TMS information and library resources and its electronic member magazine is available through this 'opt in' benefit.

### 2003 Highlights

- Benefits of merger seen
- Operating surplus
- Stronger financial position
- Innovative member services introduced
- Growth in younger members
- Improved technical coverage
- Successful year for conference team
- Excellent foundation for further development



**Members of Council at their last meeting at the Wedgwood Factory, Stoke on Trent**

In conjunction with our publications outsourcing partner, Maney Publishing, negotiations have been concluded to enable members to gain electronic access to all the Institute's 14 peer reviewed technical journals. This particular benefit was viewed by Council as one of the most important new arrangements for all disciplines, which would provide an important 'first' for our members. Discussions are in-hand with a number of other overseas societies to establish partnerships and it is our expectation that our e-links with TMS will further develop in time.

Membership of the Institute has remained relatively stable during the year, at least as far as the professionally qualified grades, however, there has been continued growth of our younger membership to offset the effects of member retirements from the sector. We are continuing to develop the hub of our membership activity from the Stoke on Trent office and this group will take responsibility for the implementation of the Engineering Council's new UK SPEC procedures based on competence assessment. The Institute has been actively involved in the forward development of policy for ECUK and fully endorses the position that through competence assessment the Institute can provide valuable support to industry in our sector. The Institute's professional engineering membership is the sixth largest of the UK-based engineering societies. Initial interest from our members to the new award of Chartered Scientist, co-ordinated by the Science Council, has been high.

Publishing activities of the Institute continued to benefit from the outsourcing arrangement with Maney. Year-on-year royalties increased and the three separate transaction volumes from the former IMM were successfully integrated into the publishing contract. The transactions will maintain their strong links with AusIMM and, with full support from each of the editorial boards, the number of issues of each section will increase in 2004. *Materials World*, the members' magazine, was affected by the worldwide decline in advertising revenues and steps were taken both to reduce production costs and to reorganise the editorial team. A new editor was appointed and this has brought a fresh approach to the magazine, its content and links to the divisions. The end of year financial contribution from *Materials World* was close to budget and opportunities are being sought to widen the use of the *Materials World* brand.

The conference team ran a very successful but smaller series of events and continued its progress towards the development of a high quality technical programme on a balanced financial budget. Professional societies often assess the financial success of a conference group with and without overhead and staff costs. The Institute team, operating with reduced turnover by comparison to 2002, recorded a small operating surplus inclusive of all operational, staff and overhead costs – a significant achievement for such a small group. The programme of events for 2004 is again small, other than for our Materials Congress event in April, which

was jointly co-ordinated with the Institute of Physics and the Royal Society of Chemistry (see Congress report p52).

The Industry and Technology Policy Board set up four new divisions during the year, to cover the interests of former IMM members. These are: Applied Earth Science, Mining Technology, Petroleum Engineering and Mineral Extraction and Processing. The technical divisions now total 16, and apart from their responsibility of developing a conference/seminar programme to match community interests, all divisions are active in Technology Foresight and many have links with government bodies, eg research councils, Department of Trade and Industry, and with related European societies. More than 30 technical events were set up or badged in the Institute's name in 2003. Most divisions have informative pages on the Institute's website, which now includes annual reports of divisional activities and forthcoming events. Discussions have started on setting up a Sustainable Development Group within the Institute.

Tasked by Council, a small working group reviewed the activities of the Professional Policy Board. The group recommended concentrating the board's activities on strictly professional matters and setting up the Younger Members Committee and the Local Affairs Board on the same structural level as the Professional Policy Board and the Industry and Technology Board. The recommendations were endorsed by Council and the new structure is now in place. It has been an important year for membership processes as the drawing together of the two previous strands was completed. The board contributed to the Institute's response to the draft documentation of the UK SPEC and found itself in general agreement with points raised by other

**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.

**Visiting London?**

Why not drop in to our Members' Business Centre where you can relax with a cup of coffee, and make use of computer and meeting facilities.

institutions. The Incorporated Engineers and Technicians Committee has seen a new lease of life and is being proactive in identifying those courses from which the Institute could benefit by recruitment.

Our education activities continued to make significant strides in 2003. Our school affiliate member programme increased to register 340 member schools, and a major initiative to develop and launch a Materials AS and A-Level in the National Curriculum received substantial endorsement from members, school teachers and from financial sponsors. A successful fund raising appeal was made to all Institute Fellows, together with provision of financial support from university course providers. This positive response was augmented by the confirmation of sponsorship for a Materials in Schools programme from the Gatsby Educational Trust. Industry has been quick to see the value and importance of these courses, and financial support from a number of companies for these educational initiatives was under active consideration during 2003.

The Materials Information Service (MIS) continued to support our industrial members, a number of government projects and the Institute's divisional structure. MIS as a whole, but particularly the minerals library and information service, had a tough year and, with the falling number of members securing information from traditional libraries, we are looking at other partnering arrangements to provide cost effective information resources. At the end of the year the MIS team was successful in securing pump-priming funds to develop a novel membership activity to provide better support to spin-out and start-up companies. This new programme was launched early in 2004.

Use of the Institute's London building for events and meetings took a further surge forward in 2003 and this activity provided a positive contribution to overhead recovery. The members' business centre saw increasing use through the year and further development of these resources will be evaluated during 2004. By way of contrast, the transfer of lease associated with the vacant Hallam Court premises has been much more difficult to achieve and the search for a new tenant to these premises continues. The Institute has actively continued to co-

ordinate the Materials Foresight activities and a series of six new reports embracing subjects including biomaterials, smart materials, fuel cells and functional materials was launched at the Institute's successful international nanomaterials conference in December.

In conclusion, the Institute enjoyed a very productive and challenging year, embracing change and developing new ventures. Members of Council, the newly formed 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. Primarily, 2004 will be a year of consolidation with budgeted income on a par with 2003 and some further cost savings due to efficiencies introduced last year. We will remain vigilant for opportunities that will improve services to members without increasing the cost base.

#### Review of financial results

We are pleased to report an operating surplus of £210,000 for 2003 on the general fund in this first full financial year of the merged body. The improvement of £630,000 over 2002 was achieved mainly through cost savings introduced on the merger between the Institute of Materials and the Institution of Mining and Metallurgy in June 2002. This was a particularly good result in the light of reduced turnover from some activities, such as advertising in the members' magazine and conferences, caused by the general economic situation.

Turning to designated funds, the generation of current and future income for the materials A level project has been very successful. During the first year of the project, costs did exceed income by £34,000 but future income and costs are expected to break-even. Costs on the vacant Hallam Court property amounted to £61,000, leaving £99,000 in the designated fund for future costs. Funds belonging to branches are dealt with through a designated fund and their net expenditure amounted to £49,000 during the year. The former IMM branches took control of their own finances from the start of 2003 and the net expenditure of £49,000 reflects the transfer of assets to the branches.

Restricted funds generated a net surplus before investment gains of £10,000 during the year.

#### Can't find a vital reference or publication?

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

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

Contact Peter Davies (tel: +44 (0)1302 380909, e-mail: peter.davies@iom3.org) to see what we can do for you and what you can do for us.

After several years of substantial investment losses due to poor market conditions, it was good to see a turn around in the market and the generation of investment gains totalling £578,000 in 2003. In a successful year, total returns from investments amounted to £0.9 million compared to a deficit of £1.1 million. Following the merger in 2002, a thorough review of the Institute's investment policies and advisers was carried out. It was decided to appoint Merrill Lynch as sole investment adviser and to place all investments in common investment funds. These changes took place during 2003. Previously, a substantial part of the portfolio had been invested in individual shares and securities. Council will review its policy on the treatment of investment gains and losses in 2004.

Council has reviewed the Institute's reserves and it has been decided to transfer the sum of £693,000 from the general fund to various designated funds. In recognition that there is likely to be a deficit on the pension scheme when the results of the actuarial valuation due at 1 January 2004 are known, it has been decided to transfer £500,000 to a designated fund for future pension costs. As part of the merger aims to improve member services, £100,000 has been transferred to the service development fund. The sum of £34,000 has been transferred to the materials A-level fund to cover the net expenditure for the year referred to above. Finally, £59,000 has been transferred to designated funds in connection with branch funds not previously allocated out of general funds.

At the year-end, the balance sheet shows a healthy financial position with net assets of £8.1 million (2002 – £7.4 million). Unrestricted (free) reserves amounted to £3.8 million representing 115% of total budgeted expenditure in 2004.

# Summarised financial statements

## Statement of financial activities

	2003 £000	2002 £000
<b>Incoming resources</b>		
Donations	107	14
Membership subscriptions	1,107	1,129
Information & other services	628	615
Charitable trading activities	1,379	1,964
Investment income	325	304
<b>Total incoming resources</b>	<b>3,546</b>	<b>4,026</b>
<b>Resources expended</b>		
Cost of generating funds	71	45
Membership & related services	2,484	2,616
Charitable trading activities	762	1,629
Management & administration	151	186
Merger costs	-	710
<b>Total resources expended</b>	<b>3,468</b>	<b>5,186</b>
<b>Net outgoing resources</b>	<b>78</b>	<b>(1,160)</b>
<b>Gains/(losses) on investments</b>		
Realised	379	(39)
Unrealised	199	(1,395)
<b>Net movement in funds</b>	<b>656</b>	<b>(2,594)</b>
<b>Balances brought forward</b>	<b>7,444</b>	<b>10,038</b>
<b>Balances carried forward</b>	<b>8,100</b>	<b>7,444</b>
<b>Balance sheet</b>		
Fixed assets	1,485	1,555
Investments at market value	6,565	6,006
Net current assets (liabilities)	50	(117)
<b>Net assets</b>	<b>8,100</b>	<b>7,444</b>
<b>Restricted funds</b>	1,485	1,413
<b>Unrestricted funds</b>		
Designated funds	2,821	2,264
General funds	3,794	3,767
<b>Total funds</b>	<b>8,100</b>	<b>7,444</b>
<b>Cash flow statement</b>		
Cash outflow from operations	(331)	(1,011)
Interest & dividends received	325	304
Sale of investments	2,541	1,646
Purchase of investments	(2,522)	(242)
Capital expenditure	(76)	(113)
<b>Net cash inflow/(outflow)</b>	<b>(63)</b>	<b>584</b>

## Notes

	2003 £000	2002 £000
<b>Information &amp; other services income</b>		
Information services	272	269
Income from facilities	298	246
Branches & sections	10	65
Other services	48	35
	<u>628</u>	<u>615</u>
<b>Charitable trading activities</b>		
<i>Turnover</i>		
Publishing	948	1,094
Conferences	431	870
	<u>1,379</u>	<u>1,964</u>
<i>Direct costs &amp; overhead</i>		
Publishing	342	755
Conferences	420	874
	<u>762</u>	<u>1,629</u>
<i>Net surplus</i>		
Publishing	606	339
Conferences	11	(4)
	<u>611</u>	<u>335</u>
<b>Membership &amp; related services</b>		
Membership, education and programmes	1,829	1,619
Information & other services	431	583
Website and communication of services	114	184
Branches & sections	59	117
Prizes and awards	51	69
Development costs	-	44
	<u>2,484</u>	<u>2,616</u>
<b>Total resources expended</b>		
Staff costs	1,326	1,941
Direct costs	1,210	1,902
Support costs	786	828
Depreciation	146	515
	<u>3,468</u>	<u>5,186</u>
<b>Fixed assets</b>		
Freehold & leasehold property	1,282	1,311
Furniture & equipment	203	244
	<u>1,485</u>	<u>1,555</u>
<b>Net current assets (liabilities)</b>		
Stocks	48	79
Debtors	535	397
Cash	189	252
Current assets	<u>772</u>	<u>728</u>
Creditors	(568)	(626)
Advance receipts	(154)	(219)
	<u>50</u>	<u>(117)</u>

Council adopted the full accounts of the Institute of Materials, Minerals and Mining on 25 March 2004.

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. Copies will also be distributed to those members attending the AGM to be held on 15 June 2004.

## 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 25 March 2004 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 2003.

Baker Tilly London  
Chartered Accountants  
and Registered Auditor  
25 March 2004

## Questions and issues commonly raised at the Institute's AGM

### Member Services:

**Are we in touch with members' needs? Do members value what they get from the Institute?**

Council has reflected our members' needs as well as the Professional and Industry Board. New member services are being developed each year which are valued as a package by members.

### Local Societies:

**These would benefit from improved publicity to members about local events and evening meetings. More timely information and better use of *Materials World* are desirable.**

We have attempted to widen our interaction with local societies through a full time staff member. We will be publicising all local society events through 'My Materials World', the web site and regional programmes.

### Committee Support:

**Can further support be provided for Institute divisions, committees and regional groups?**

Staff support is provided to Divisional Boards and main policy boards, the Awards Committee, Nominations Committee, Membership Committee, Regional Affairs Committee, Younger Members Committee, Legislation Committee, Accreditation Committee, Education Committee and a limited number of other working groups. Full time staff support is provided to Regional Societies and the Regional Forum.

### Materials World:

**It would be useful to see further pages devoted to professional development, Institute events and the regions.**

The new Editor of *Materials World* is reshaping the magazine to include more from divisions and events in the regions. The electronic 'My Materials World' will also be useful to widen the communication capability.

### Educational Resources:

**It is important to catalogue what is available as classroom resources before launching any A-level materials.** This is identified as part of our Gatsby proposal. We have already had feedback

from our A-level feasibility study as to what classroom resources teachers wish us to provide.

### Educational Equipment:

**Could this be provided as mobile equipment and demonstrations to avoid fixed capital costs?**

Mobile demonstration equipment would be part of the training equipment to be utilised.

### Educational Resource Funding:

**Funding for state schools is rarely greater than £10 per pupil per year. For the Salter Horners programme a grant of £150 per school was given. In the independent/private sector the scale of resources is much higher, typically £50 per pupil per year and £500 per course.**

We are aware of funding to schools and in the sponsorship cash we will certainly be covering supply cover costs during any training phase. We understand that beyond the pilot stage 2005-2007, schools wishing to follow through on the course will use their existing budgets to buy books etc.

### Charter Objectives:

**Is the Institute performing in accordance with the objectives?**

The Institute is meeting the obligation of the Charter objects.

### Subscription Collection:

**It is important to ensure better accuracy of information about members.**

The developments embedded in our Concept database will enable members and their interests to be more precisely identified. Additionally any arrears or subscription details will be more precisely configured.

### Industrial Relationships:

**Are these sufficiently well developed? Are we in touch with industry's needs?**

We can always do more, but our involvement with industry in divisions, conference workshops, in Foresight, our Affiliate programme, the Materials and Minerals information services, with DTI programmes and in conjunction with other institutes and trade bodies suggests that we are in touch with industry and its needs, and go to some lengths to satisfy these.

### Information:

**There is a need for more information to be provided to members about the Institute and its activities.**

A Communications Working Group has been set up and will review the strategy and means to provide improved communication to members.

### Design and Polymers:

**Some members are unhappy about the demise of the Design Committee. Isn't design important to the Institute?**

Design is important to the Institute and in a wider sense than just polymers. Our interest is to fully support the Plastics Design Competition, but we are also looking to engage a wider cross section of materials designers across as many materials as possible. We are also putting out links to work more closely with other societies involved in design.

### Code of Conduct/Ethics:

**A further draft of this document needs to be developed in line with Engineering Council and Royal Academy proposals.**

Agreement has been reached across all of the major institutions to embrace a single Code of Conduct and this is being developed with the help of ECUK and the Royal Academy.

### Members of Council:

**There is some concern about the nomination process, in particular the acknowledgement of nominations to avoid any confusion. Overseas Secretaries need to be appointed.**

The appointment process will be governed by the Nominations Committee which is now active. Applications for elections will be acknowledged in the future. The Overseas Secretary has been nominated agreed and appointed.

The Institute's AGM will be held at 2pm on 15 June 2004 at 1 Carlton House Terrace, London SW1. Members who wish to attend should complete the form printed on p65 of the April issue of *Materials World*, which is also available via the Institute website at [www.iom3.org](http://www.iom3.org). Members unable to attend may vote by Proxy (see p51).