

# **IoM Communications Limited**

COMPANY REGISTRATION No: 3285009

CHARITY REGISTRATION No: 1059475

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## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2017



**IoM Communications Limited**

**Year ended 31 December 2017**

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# **IoM Communications Limited**

**Year ended 31 December 2017**

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## **GENERAL INFORMATION**

<b>Directors</b>	Mr J C H Lewis Dr B A Rickinson Dr A T Cole Dr M J May Mr K Shankland Prof L Greer Dr S Garwood Dr A Tinker	Chairman Chief Executive
<b>Company secretary</b>	Ms J Bugajeva	
<b>Registered office</b>	297 Euston Road London NW1 3AD	
<b>Charity registration number</b>	1059475	
<b>Company registration number</b>	3285009 (England and Wales)	
<b>Bankers</b>	Santander UK plc 4 <sup>th</sup> Floor 100 Ludgate Hill London EC4M 7RE	
<b>Solicitors</b>	Allen & Overy 1 Bishop's Square London E1 6AD	
<b>Auditors</b>	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB	

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**DIRECTORS' REPORT AND TRUSTEES' REPORT**

**INTRODUCTION**

The Trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 December 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

This report contains the following information:

- Reference and administrative details of the charity, its trustees and advisers
- Structure, governance and management
- Public benefit, objectives and activities
- Achievements and performance
- Financial review
- Plans for future periods
- Auditors
- Disclosure of information to auditors

IOM Communications Limited is a charitable trading company limited by shares. Names of the directors who served throughout the year are stated on page 1. The directors of the company are also charity trustees for the purpose of Charity Law.

According to the register maintained as required under the Companies Act 2006, none of the directors had any interest in the share capital of the company.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The company was incorporated on 22 November 1996 and commenced trading on 1 January 1999. It operates in accordance with its memorandum and articles of association and is a wholly owned subsidiary of the Institute of Materials, Minerals and Mining.

The governance of the company is vested in the directors who are also trustees. The directors are appointed by either the Council of the Institute of Materials, Minerals and Mining or the current directors of the company. Not more than three of the eight directors can be members of the Council or members of the Institute's staff. The day to day management of the company is delegated to staff employed by the Institute who report to the chief executive.

Induction meetings are held for new directors to ensure that they understand their responsibilities as trustees of the charity. The induction process provides trustees with information about the role of the board, the organisational structure of the company and its relationship with the Institute. The objects of the company 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 made available to trustees in relation to the individual responsibilities undertaken by them.

The board meets at least three times during the year to review strategy and approve operating plans and budgets. In addition, the directors have ad hoc meetings to deal with other matters as they arise. During 2017, the board met four times.

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**DIRECTORS' REPORT AND TRUSTEES' REPORT (continued)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors have overall responsibility for ensuring that the company has appropriate systems of control, financial and otherwise. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors have 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 company faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the directors review the adequacy of the company's current internal controls. 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 the directors;
- regular consideration by the directors of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- delegation of authority and segregation of duties.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources of the charity for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue to operate.

The directors are responsible for:

- preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom accounting standards (FRS 102);
- for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that annual financial statements comply with the Companies Act 2006;
- The maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**PUBLIC BENEFIT, OBJECTIVES AND ACTIVITIES**

Materials form an integral and important part of all our lives. The materials cycle covers the exploration and extraction of raw materials from the earth, processing them into industrial/engineered materials, application of these materials, recycling of waste and the ultimate disposal of waste in an environmentally friendly way. It is more important than ever that the scientists, engineers and technologists involved in the materials cycle are qualified and experienced to make the best use of materials in terms of economics, efficiency and sustainability for the benefit of the public. The charitable company makes a major contribution to this through its objectives and activities.

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**DIRECTORS' REPORT AND TRUSTEES' REPORT (continued)**

The Institute has referred to the guidance contained in the Charity Commission's guidance on public benefit when reviewing its aims and objectives and in planning future activities. In particular the directors consider how planned activities will contribute to the aims and objectives it has set.

The objectives of the company are to:-

- Promote and develop all aspects of the "materials cycle".
- Generate funds to enable the company's parent organisation to carry out its objects, which are of a similar nature to those of the company.

These objectives are achieved by the following activities that provide information and generate income:-

- The publication of learned journals and books through an outsourcing arrangement. Income is generated from royalties based on any sales revenue received from publishing on paper and electronically.
- The publication of various magazines for members of the Institute. Income is generated from subscriptions, advertising revenue and a contribution from the Institute for supplying copies to its members.
- The organisation of conferences on behalf of the Institute, exhibitions, training services and technology award competitions. Income is generated from registration fees and sponsorship.
- The provision of information, library and consulting services, through the Materials Information Service (MIS), on a wide range of materials, minerals and mining activities. Income is generated from subscriptions, consultancy work and project income from a number of government agencies.

**Strategic plan**

In the company's strategic plan are listed the vision, mission and corporate aims.

**Vision**

To be recognised as the global information provider for everyone involved in the materials cycle.

**Mission**

To continue to be a major income provider to the Institute of Materials, Minerals and Mining (IOM3) by:

- Maintaining and developing existing revenue streams.
- Developing new revenue streams consistent with the aims and mission of IOM3.

**Corporate aims**

- Create the necessary internal organisation to manage, develop and increase income from government funded projects.
- Generate income from new areas of the materials cycle.
- Improve profitability through the use of e-deliverables.
- Develop more creative approaches to commercial sponsorship.
- Improve performance of existing activities.

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**DIRECTORS' REPORT AND TRUSTEES' REPORT (continued)**

**ACHIEVEMENTS AND PERFORMANCE, INCORPORATING FINANCIAL REVIEW**

The directors are pleased to report an operating surplus before donations of £593k for the year compared to £328k in 2016. This enabled the company to donate £593k (2016 - £327k) to the Institute of Materials Minerals & Mining. The plans for the year were to develop new activities, look at new digital journal and magazine opportunities, review conference strategy and maximise advertising opportunities outside magazines' advertising.

2017 has been a successful year for the company with income generated from some activities exceeding 2016 levels, primarily due to a successful conference programme.

Publishing activities again performed well, achieving both a small increase in income and a small decrease in running costs. These activities continue to contribute the greatest proportion of the operating surplus before donations. In 2017 publishing activities generated a surplus of £842k (2016 - £803k) or a 4.9% increase on prior year. Continuing decrease in the magazine advertising revenue was balanced off by the increase in royalties payable on the publication of the company's learning journals. Additionally, supplier contracts were reviewed and negotiated, resulting in greater efficiencies and reduced running costs.

2017 conference programme was rather strong, containing the company's largest three-yearly conference and resulting in the overall net surplus of £88k (2016 – loss of £134k). The schedule of events is being continuously reviewed to ensure there is a viable rolling line-up going forward and the cyclical nature of conferences is avoided.

There was a decrease in corporate membership of the Industrial Affiliate Scheme in the year, and the Information Services team also saw decrease in revenue from consultancy work compared with 2016 as a number of UK and EU Government funded projects came to an end. The cost reduction programme implemented at the end of 2016 reduced the Information Services activity deficit from £332k in 2016 to £305k in 2017.

Training courses generated income comparable to 2016 level and with a continuing cost reduction programme achieved a surplus of £18k (2016 – deficit £8k). New courses are being introduced in 2018, which the Training Academy hope will provide additional income in future.

Organisation of the technology improvement awards (Starpack) was transferred to the conference team in 2016, with the aim of achieving greater efficiency and generating a surplus. 2017 Industry Starpack awards were however postponed to 2018 and as a result the activity generated a loss of £49k.

As reported above, the operating surplus before donations amounted to £593k, which was an improvement on 2016, although the company still hopes to make further improvements across its activities in future periods. The company faces a number of challenges if it is to maintain or increase donations to the Institute and the board has identified the following risks:

- Inability to mitigate the loss of Government funded projects.
- The cyclical timing of conference events causing fluctuating annual results;
- The impact of the economy on industry and the consequent attendance at conferences, training courses and other events;
- Advertising revenue from traditional sources will not recover, and
- The impact of activities carried out a loss.

**DIRECTORS' REPORT AND TRUSTEES' REPORT (continued)**

The board's policy is to retain sufficient reserves to cover the working capital requirements of the company and develop new income generating opportunities when they arise. Surplus funds are distributed to the Institute of Materials, Minerals and Mining (IOM3). After donating £593k (2016 - £327k) to IOM3, less than £1k was added to reserves and the company ended the financial year with net assets of £342k (2016 - £341k).

Having reviewed the company's operating plans and budgets, the directors consider the reserves at 31 December 2017 of £342k (2016 - £341k) to be adequate for the forthcoming year.

**PLANS FOR FUTURE PERIODS**

The plans of our operational teams over the next year are:

- The information services group will be looking to expand the Industrial Affiliate Scheme and assist the conference team in production of specialist events.
- The publishing group will be looking at new digital journal and magazine opportunities.
- The marketing group will focus on maximising opportunities outside of magazine advertising.
- The conference group will be reviewing their strategy to ensure viable rolling programmes for the future, increasing the number of smaller events and reviewing the organisation of Starpack events.
- The IOM3 Academy team will be launching a number of new courses.

**AUDITOR**

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the directors who were in office on the date of approval of these financial statements are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**SMALL COMPANY PROVISIONS**

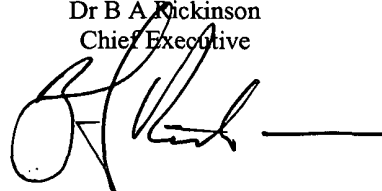
This report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies' exemption.

This report was approved by the board on 25 May 2018.

Mr J C H Lewis  
Director



Dr B A Rickinson  
Chief Executive



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IOM COMMUNICATIONS LIMITED**

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**Opinion on financial statements**

We have audited the financial statements of IoM Communications Limited (the 'charitable company') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

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- the financial statements are not in agreement with the accounting records and returns; or
  - certain disclosures of trustees' remuneration specified by law are not made; or
  - we have not received all the information and explanations we require for our audit; or
  - the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report and Trustees' Report.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 3, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

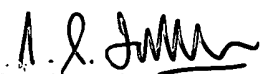
**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



NICHOLAS SLADDEN (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date

6 June 2018

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

		<b>Unrestricted Funds</b>	
	<b>Notes</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Income</b>			
Charitable trading activities	3	2,595,891	2,171,908
<b>Total income</b>		<u>2,595,891</u>	<u>2,171,908</u>
<b>Expenditure</b>			
Charitable activities	3	2,002,436	1,844,020
Donation to The Institute of Materials, Minerals and Mining		593,000	327,000
<b>Total expenditure</b>	4	<u>2,595,436</u>	<u>2,171,020</u>
<b>Net income and net movement in funds for the year</b>	8	455	888
<b>Reconciliation of funds</b>			
Total funds brought forward		341,438	340,550
<b>Total funds carried forward</b>		<u>341,893</u>	<u>341,438</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

**IoM Communications Limited**

**Year ended 31 December 2017**

**BALANCE SHEET**

Company number 03285009

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	9	16,256	16,437
Investments		2	2
<b>Total fixed assets</b>		<u>16,258</u>	<u>16,439</u>
<b>Current assets</b>			
Work in progress	11	65,306	47,708
Debtors	12	656,446	561,518
Cash at bank and in hand		115,834	374,353
<b>Total current assets</b>		<u>837,586</u>	<u>983,579</u>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	13	(511,851)	(658,480)
<b>Net current assets</b>		<u>325,735</u>	<u>325,099</u>
<b>Total net assets</b>		<u>341,993</u>	<u>341,538</u>
<b>The funds of the charity</b>			
Called up share capital	15	100	100
Unrestricted revenue reserves		341,893	341,438
<b>Total charity funds</b>	16	<u>341,993</u>	<u>341,538</u>

The Trustees have prepared accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

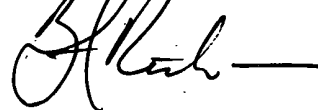
The notes at pages 12 to 18 form part of these accounts.

Approved by the Trustees on 31/05 2018 and signed on behalf of the Trustees

Mr J C H Lewis  
Director



Dr B A Rickinson  
Chief Executive



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**STATEMENT OF CASHFLOWS**

	<b>Notes</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Cash flows (used in)/ from operating activities</b>	<b>18</b>	<b>(255,519)</b>	<b>132,490</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(3,000)	-
Purchase of investment in subsidiary		-	(2)
<b>Cash used in investing activities</b>		<b>(3,000)</b>	<b>(2)</b>
(Decrease)/increase in cash and cash equivalents in the year		<b>(258,519)</b>	<b>132,488</b>
Cash and cash equivalents at the beginning of the year		374,353	241,865
<b>Total cash and cash equivalents at the end of the year</b>		<b>115,834</b>	<b>374,353</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Status**

IoM Communications Limited is a charitable trading company limited by shares (Registered Charity number 1059475, Company Registration number 3285009). The company's registered office is 297 Euston Road, London. NW1 3AD.

**2. Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

**a) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

IoM Communications Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

**b) Reduced disclosures**

In accordance with FRS102, the charity has taken advantage of the exemptions from the following disclosure exemptions:-

Section 11 "Basic Financial Instruments" & Section 12 "Other Financial Instrument Issues" - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

Section 33 "Related Party Disclosures" - Compensation for key management personnel.

**c) Going concern**

The charity has significant financial resources including cash at bank. As a consequence the directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

**d) Income**

Income is recognised when the charity has entitlements to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from conferences represents the amount receivable 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. Income from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Subscription income from magazines, industrial affiliates and information services represents the amount receivable 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.

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

- e) **Expenditure**  
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.
- All expenditure is accounted for on accruals basis and has been classified under headings that aggregate all costs to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.
- f) **Allocation of support costs**  
Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and governance costs which support IOM Communications Ltd activities. These costs have been allocated to the expenditure on charitable activities. The basis on which support costs are allocated is set out in note 5.
- The charity does not directly employ any staff. All personnel working on the company's activities are employed by The Institute of Materials, Minerals and Mining and their salaries are recharged to the charity at cost. The company operates from premises owned by the Institute and reimburses the Institute for the use of the premises, services and fixed assets at cost.
- g) **Intangible fixed assets**  
Intangible fixed assets, including purchased goodwill and patents, are amortised at rates calculated to write off the assets on a straight line basis over their estimated useful economic lives. Where it is not possible to make a reliable estimate of the useful life of an intangible asset, the life shall not exceed five years. Impairment of intangible assets is only reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable.
- h) **Work in progress**  
Work in progress is valued at cost and includes labour and overhead costs.
- i) **Debtors**  
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.
- j) **Cash at bank and in hand**  
Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
- k) **Creditors and provisions**  
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.
- l) **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 income and expenditure account.
- m) **Reserves policy**  
The board's policy is to retain sufficient reserves to cover the working capital requirements of the company and develop new income generating opportunities when they arise. Surplus funds are distributed to the Institute of Materials, Minerals and Mining.
- n) **Financial instruments**  
The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

*Basic financial assets*

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

*Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

*Basic financial liabilities*

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**o) Judgements and key sources of estimation uncertainty**

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

<b>3.</b>	<b>Income from charitable trading activities</b>			<b>2017</b>	<b>2016</b>
				<b>£</b>	<b>£</b>
	Publishing			1,506,443	1,485,033
	Conferences			652,703	212,152
	Information services			111,446	142,224
	Technology improvement awards			39,312	48,173
	Training services			285,987	284,326
				<u>2,595,891</u>	<u>2,171,908</u>
	<b>Cost of charitable trading activities</b>				
	Publishing			664,474	682,304
	Conferences			564,888	346,354
	Information services			416,941	473,779
	Technology improvement awards			88,146	49,265
	Training services			267,987	292,318
				<u>2,002,436</u>	<u>1,844,020</u>
	<b>Net contribution from trading activities</b>				
	Publishing			841,969	802,729
	Conferences			87,815	(134,202)
	Information services			(305,495)	(331,555)
	Technology improvement awards			(48,834)	(1,092)
	Training services			18,000	(7,992)
				<u>593,455</u>	<u>327,888</u>
<b>4</b>	<b>Breakdown of costs of activities</b>				
		<b>Direct costs</b>	<b>Selling &amp; distribution</b>	<b>Support costs</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>2017</b>
	<b>Charitable activities</b>				<b>2016</b>
	Publishing	193,451	-	471,023	664,474
	Conferences	394,997	-	169,891	564,888
	Information services	89,014	4,650	323,277	416,941
	Technology improvement awards	40,626	1,124	46,396	88,146
	Training services	117,022	-	150,965	267,987
	Donation to the Institute	593,000	-	-	593,000
		<u>1,428,110</u>	<u>5,774</u>	<u>1,161,552</u>	<u>2,595,436</u>
					<u>2,171,020</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

5	Support cost breakdown by activity	Labour costs £	Establishment costs £	Administration costs £	Total 2017 £	Total 2016 £
	Publishing	337,646	95,529	37,848	471,023	519,824
	Conferences	121,784	34,455	13,652	169,891	219,722
	Information services	231,736	65,564	25,977	323,277	377,852
	Technology improvement awards	33,258	9,410	3,728	46,396	-
	Training services	108,217	30,617	12,131	150,965	205,106
		<u>832,641</u>	<u>235,575</u>	<u>93,336</u>	<u>1,161,552</u>	<u>1,322,503</u>

Labour 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 labour costs. All employees are employed by the parent charity, the Institute of Materials, Minerals & Mining. Audit fees are borne by the parent charity, the Institute of Materials, Minerals & Mining.

## 6. Directors' remuneration

During the year 4 trustees were reimbursed £5,021 for travel, meeting and related expenditure (2016 – 3 trustees – £4,822).

The company's parent, The Institute of Materials, Minerals and Mining, paid £360 (2016 - £1,310) on behalf of the trustees for attending directors and other meetings.

No trustees have received any remuneration during the years ended 31 December 2017 and 2016.

Dr B A Rickinson and Ms J Bugajeva are employed by the company's parent, The Institute of Materials, Minerals and Mining.

## 7. Related party transactions

Dr A T Cole is a director and shareholder of Inspiritech 2000 Ltd, a company that has provided web related services to the Institute and its group companies over a number of years prior to his appointment as a director of IoM Communications Ltd. During the year, Inspiritech carried out services for the company to the value of £10,728 (2016 – £7,046) including VAT.

8.	Operating surplus	2017 £	2016 £
	Publishing	841,969	802,729
	Conferences	87,815	(134,202)
	Information services	(305,495)	(331,555)
	Technology improvement awards	(48,834)	(1,092)
	Training services	18,000	(7,992)
	Other	(593,000)	(327,000)
		<u>455</u>	<u>888</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

<b>9. Intangible fixed assets</b>	<b>Patent and software costs £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 January 2017	22,799	22,799
Additions in the year	3,000	3,000
At 31 December 2017	<u>25,799</u>	<u>25,799</u>
<b>Amortisation</b>		
At 1 January 2017	6,362	6,362
Charge for the year	3,181	3,181
At 31 December 2017	<u>9,543</u>	<u>9,543</u>
<b>Net book value</b>		
31 December 2017	<u>16,256</u>	<u>16,256</u>
31 December 2016	<u>16,437</u>	<u>16,437</u>
The directors reviewed intangible fixed assets for impairment and consider that no impairment provision is required.		
<b>10. Investment in subsidiary</b>		
IoM Communications Ltd has one wholly owned subsidiary organisation: Materials Institute Services Ltd (company number 2882544), a company limited by shares. IoM Communications Ltd holds 2 shares of £1 each in Materials Institute Services Ltd, which were transferred from the Institute of Materials, Minerals & Mining in the prior year. No premium was paid on acquisition.		
<b>11. Work in progress</b>	<b>2017 £</b>	<b>2016 £</b>
Publishing	1,549	12,097
Conferences	63,096	34,905
Training services	661	706
	<u>65,306</u>	<u>47,708</u>
<b>12. Debtors</b>		
Trade debtors	94,125	345,617
The Institute of Materials, Minerals and Mining	499,763	172,194
VAT recoverable	705	-
Prepayments and other accrued income	<u>61,853</u>	<u>43,707</u>
	<u>656,446</u>	<u>561,518</u>
<b>13. Creditors</b>		
Trade creditors	34,389	35,369
Subscriptions and orders paid in advance	334,770	521,865
Other creditors and accruals	<u>142,692</u>	<u>101,246</u>
	<u>511,851</u>	<u>658,480</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

<b>Subscriptions and orders paid in advance</b>	<b>2017 £</b>	<b>2016 £</b>
At 1 January	521,865	279,043
Recognised in a year	(405,692)	(174,255)
Provided for in a year	218,597	417,077
At 31 December	<u>334,770</u>	<u>521,865</u>

**14. Corporation taxation**

The company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

**15. Share capital**

	<b>Number</b>	<b>Nominal value £</b>
Authorised, allotted, issued and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The company's issued share capital is wholly owned by the Institute of Materials, Minerals and Mining.

<b>16. Reconciliation of movements in shareholders' funds</b>	<b>2017 £</b>	<b>2016 £</b>
As at 1 January 2017	341,538	340,650
Surplus for the financial year	455	888
As at 31 December 2017	<u>341,993</u>	<u>341,538</u>

**17. Ultimate controlling party**

The Institute of Materials, Minerals and Mining (charity registration number 269275), a charity registered in England, is the ultimate controlling party. The Institute's registered office address is 297 Euston Road, London. NW1 3AD. Consolidated financial statements for the group, which include the subsidiary charity's accounts and list the principal activities and purposes of the Institute, are publicly available via the Institute's website [www.iom3.org](http://www.iom3.org),

<b>18. Reconciliation of net movement in funds to net cash flow from operating activities</b>	<b>2017 £</b>	<b>2016 £</b>
Net movement in funds	455	888
Add back amortisation charge	3,181	3,181
(Increase)/decrease in stock	(17,598)	(33,254)
(Increase)/decrease in debtors	(94,928)	(67,571)
(Decrease)/increase in creditors	(146,629)	229,246
<b>Net cash (used in)/from operating activities</b>	<u><b>(255,519)</b></u>	<u><b>132,490</b></u>