

Institute of Corrosion

(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS for the year ended 30 June 2011

Charity No: 275206
Company No: 1240103

Institute of Corrosion
TRUSTEES' REPORT

The Trustees, who also act as Directors for the purpose of the Companies Act 2006, present their Report and Unaudited Accounts for the year ended 30 June 2011, prepared in accordance with the Statement of Recommended Practice (SORP 2005) Accounting for Charities.

Reference and Administrative Information

Charity Name: Institute of Corrosion
Charity Registration Number: 275206
Company Registration Number: 1240103

Registered Office/Operational Address:

The Newton Building,
St George's Avenue,
Northampton,
NN2 6JB

Trustees/Directors

Dr R Crundwell	President
Prof P Lambert	Immediate Past President
Mr T Osborne (appointed 11 November 2010)	Vice President
Dr L J Galvin (nee Buckley - resigned 7 July 2010)	Honorary Secretary
Dr J Lomas (appointed 11 November 2010)	Honorary Secretary
Dr A J Collins	Honorary Treasurer
Dr G Hinds	Assistant Honorary Treasurer
Prof S.B. Lyons (resigned 11 November 2010)	Chair Correx
Mr B S Wyatt (resigned 11 November 2010)	Chair PDTC
Mr J Fletcher (appointed 11 November 2010)	Chair PDTC
Dr N Stevens (resigned 11 November 2010)	Chair CSD
Dr N Smart (resigned 11 November 2010)	Chair CED

Accountants

Hickeson Boyce, Chartered Certified Accountants
68A High Street
Stony Stratford
Milton Keynes, MK11 1AQ

Bankers

National Westminster Bank
27 High Street,
Leighton Buzzard
Bedfordshire, LU7 1DX

Structure, Governance and Management

Governing Documents

The Institute of Corrosion ("The Institute") is a charitable company, limited by guarantee, incorporated on 12 January 1976 as The Institution of Corrosion Science and Technology and registered as a charity on 15 March 1978. The company was established under a Memorandum of Association, which delineates the objects and powers of the charitable company, and is governed under its Articles of Association, most recently amended on 14 November 2002. In the event of the company being wound up, every Trustee undertakes to contribute to the assets of the company an amount not exceeding £5 to meet the debts and liabilities of the company.

Organisational Structure

The President, who acts as the Chief Executive of The Institute, reports to the Trustees, who form the Management Committee. In turn, the Trustees report to Council, who are the ultimate governing body of The Institute and who meet at intervals not exceeding 7 months. Membership of Council comprises the Trustees and nominated representatives from the standing committees, branches and divisions of The Institute.

Recruitment and Appointment of Trustees

The Directors of The Institute are also Trustees for the purposes of charity law and, under the Articles of Association, act as the Executive Management Committee. The President is elected for a 2 year term at an Annual General Meeting (AGM); normally the Vice-President shall be a candidate for election as President while the retiring President is the candidate for Past-President. Other Trustees are elected annually at the AGM and existing (non-Presidential) Trustees may stand for re-election.

Trustees, as members of the Management Committee, are required to have a broad skills base and suitable persons are drawn from industry, private consultancy and academia. Trustee vacancies are generally filled by approaching individuals who are thought to offer particular skills and/or who are able to maintain the balance of skills available to the Management Committee. Vacancies for all positions are also sought generally from the membership through a notice in The Institute's publication "Corrosion Management" at the same time that the notice for the AGM is promulgated.

Trustee Induction and Training

Most Trustees will already be familiar with the operation of The Institute from prior service in a local or regional branch, division or committee. However, after appointment new Trustees are given a brief familiarisation session by the President that is intended to cover:

- Obligations on Trustees in Law and as members of the Management Committee.
- Memorandum and Articles of The Institute.
- The current financial position as set out in the latest published accounts.
- Future plans and objectives of The Institute.

Risk Management

The Trustees have conducted a review of the major risks to which The Institute is exposed. A risk register has been established and is updated at least annually. Where appropriate, systems or procedures have been established to mitigate such risks. External risks to funding have led to the development of a strategic plan which will allow for the diversification of income generation by trading activities through The Institute's subsidiary Correx Ltd. Internal control risks are minimised by the implementation of procedures for authorisation of all major transactions and projects by referral to Council.

Related Parties

The Institute manages co-ordination of the UK activities in corrosion through the Corrosion Coordination Group (CCG), comprising The Institute of Corrosion, The Institute of Materials, Mining and Metallurgy and NACE International. The Institute is also a founder member of the European Federation of Corrosion (EFC) and the World Corrosion Organisation (WCO) and participates actively within these umbrella organisations. The Institute is an associate member of the Engineering Council and founder member and Licensed Charter Awarding Body of the Science Council.

Aims and Objectives

The Institute of Corrosion, as a Learned Society, has been serving the corrosion science, technology and engineering management and economic needs of individuals, academe and industry in various guises for over 45 years. Corrosion and materials degradation, which costs the UK around 3-4% of GNP per annum, is recognised nationally and internationally as a major economic and environmental cost. The Institute was formed with the objectives of serving the needs of stakeholders connected with Corrosion Engineering, Science or Technology and to advance the understanding and practice of Corrosion Protection and Corrosion Control. The principal aim of The Institute, in support of these objectives, is to advance the understanding of the science technology and engineering practice of corrosion control, and to facilitate the exchange of information and ideas thereon for the public benefit.

Achievements and Performance

In January 2011 the Institute moved its offices and the Registered Office from High Street Mews Leighton Buzzard to serviced offices in the Newton Building, St George's Avenue, Northampton. A Grade 11 listed former Girls School this building has been acquired and refurbished to a high standard by Northampton University who have made space available to a small number of bodies with similar objectives as the Institute. At the same time the management contract with Steel Protection Consultancy was terminated and the staff transferred to the Institute as employer under Transfer of Undertakings (Protection of Employment) Regulations.

With the Institute now in its 52nd year, there have been moves to enhance the benefits of membership. Corrosion Management and the website have continued to provide both improved content for members and increased revenue from advertising allowing further development of membership services. In addition the Institute has offered access to Chartered Scientist status to Fellows at no cost.

The various branches allow our many members from the regions to play a fuller role in the Institute's activities. There have been a number of very successful evening meetings and events jointly with other Institutions.

There continues to be considerable overseas interest with collaborations being developed with other corrosion organisations in South Africa and South Korea. Our existing relationship with NACE continues with collaboration being pursued both in the UK and overseas. We have also continued to develop our relationship and potential for collaboration with BINDT.

Our membership has been able to benefit from the continuing activity of the Corrosion Science Division and the 52nd Corrosion Science Symposium held at Bath University was a great success and saw Prof. Gerald Frankel presented with the U R Evans Award. The Corrosion Engineering Division was equally active this year, holding well attended and well received events and continues to grow from strength to strength.

In the coming year, we will be looking to increase awareness in the opportunities our members have to pursue both Chartered Scientist and Chartered Engineer status. Together with our continuing success with the ICATS scheme and recent moves to formalise the training of cathodic protection practitioners in line with EU requirements, the Institute strives to provide the widest range of support to all current and future members.

Management Structure

Council are responsible for the management of the Institute and appointing the Trustees who are responsible for the financial control of the Institute to comply with the Charities Commission Rules and are personally legally responsible as directors under Companies Act 2006.

Correx Ltd is the commercial arm of the organisation.

Membership and Membership Services

Professional Membership applications and review are carried out by the Professional Assessment Committee (PAC) of The Institute. We encourage existing individual members to consider upgrading from Ordinary Membership to the Professional grades of Member and Fellow and from the Professional grades to Chartered Scientist. Membership continues to decline slowly, but this is offset by the increase in sustaining member companies.

Training Courses

The Institutes training partners Argyll and Ruane Ltd. continue to provide the highly successful Coatings Inspector training courses which are continuing to attract more students particularly in the far East. Courses have now been established for Cathodic Protection Personnel to comply with the new European Standard. The Industrial Coatings Applicator Training Scheme is now well established with its Train the Trainer Courses and ICATS Appreciation courses for employers. A new training partner, Corrodere, has been established and they are offering distance learning for the Institute's courses for coatings inspectors (marine & offshore).

Correx Ltd.

The primary activities of Correx Ltd are: (i) to promote and operate conference activities in the corrosion control sector and (ii) to manage and operate the Industrial Coatings Applicator Training Scheme (ICATS). Correx Ltd. has had a healthy trading year and has been able to support the Institute by paying some administration costs and rental of office space.

Future Strategy

The Institute has a strategic vision to enter into partnerships with fellow Institutes and other stakeholders in the corrosion control industry in order to maximise the impact of our objectives and activities while minimising our costs in achieving them.

Principal Funding Sources

The primary source of funds for The Institute is subscription income from Individual Professional and Company Sustaining Members. Additional income arises due to surpluses on branch membership activities, which generally take the form of seminar and meeting programmes for local memberships. Other significant streams include license fees from Training and Certification Courses operated by The Institute's course providers Argyll-Ruane Ltd and Corrodere. Correx Ltd, which runs the commercial arm of the Institute has been able to contribute significant funds for staffing, office space and IT provision.

Investment Policy

The Institute considers that until the unrestricted funds have grown, for the time being, funds available for investment should be maintained in short term funding vehicles.

Responsibilities of the Trustees

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Management Committee should follow best practice and:

- 1 select suitable accounting policies and then apply them consistently;
- 2 make judgements and estimates that are reasonable and prudent; and
- 3 prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue on that basis.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Management Committee

Members of the Management Committee, who are Directors for the purpose of company law and Trustees for the purpose of charity law, who served during the year and up to the date of this report are set out in the forward above. In accordance with company law, as the charitable company's directors, we certify that:

- 1 so far as we are aware, there is no relevant information of which the company's accountants are unaware; and
- 2 as Directors we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant accounts information and to establish that the charity's accountants are aware of that information.

The Accounts for the year 2010-2011 have been prepared from the accounting records by Hicceson Boyce and are presented here for discussion and approval at the AGM.

Approved by the Management Committee on 21 December 2011 and signed on its behalf by:

.....
Dr R F Crundwell, President

Independent Examiner's Report to the Trustees of Institute of Corrosion

I report on the accounts of the company for the year ended 30 June 2011 which are set out on pages 6 to 13.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to an audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 43 of the 1993 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission (under section 43(7)(b) of the Act, as amended); and
- state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- 1 which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006, and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

68a High Street
Stony Stratford
Milton Keynes
MK11 1AQ

N Boyce FCCA
of Hickeson Boyce
Chartered Certified Accountants

21 December 2011

Institute of Corrosion
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 30 June 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2011	Total 2010
Incoming Resources					
Voluntary Income	1	113,393	-	113,393	111,049
Activities for Generating Funds	2	30,315	-	30,315	36,277
Investment income	3	150	-	150	128
Charitable Activities	4	52,634	-	52,634	39,683
Gain on Disposal of Property		-	-	-	-
Total Incoming Resources		196,492	-	196,492	187,137
Resources expended					
Costs of Generating Voluntary Income		22,040	-	22,040	21,583
Fundraising & Trading		33,152	-	33,152	43,764
Direct Charitable Expenditure		14,817	-	14,817	12,503
Governance Costs		67,431	-	67,431	54,280
Total Resources expended	5	137,440	-	137,440	132,130
Net incoming resources		59,052	-	59,052	55,007
Reduction in Revaluation Reserve on Disposal of Revalued Asset		-	-	-	-
Net Movement in Funds		59,052	-	59,052	55,007
Fund balances brought forward		151,980	104,584	256,564	201,557
Fund balances carried forward	14/15	211,032	104,584	315,616	256,564

Institute of Corrosion
BALANCE SHEET
30 June 2011

	<i>Notes</i>	2011	2010
FIXED ASSETS			
Tangible assets	8	3,875	5,268
Investments	9	1	1
		<u>3,876</u>	<u>5,269</u>
CURRENT ASSETS			
Debtors	10	65,567	43,920
Cash at bank and in hand		283,704	248,618
		<u>349,271</u>	<u>292,538</u>
CURRENT LIABILITIES			
CREDITORS: Amounts falling due within one year	11	(37,531)	(41,243)
		<u>311,740</u>	<u>251,295</u>
NET CURRENT LIABILITIES			
		<u>315,616</u>	<u>256,564</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: Amounts falling due after more than one year	12	-	-
NET ASSETS			
		<u>315,616</u>	<u>256,564</u>
FUNDS AND RESERVES			
Accumulated fund	14	211,032	151,980
Restricted funds	15	<u>104,584</u>	<u>104,584</u>
	13	<u>315,616</u>	<u>256,564</u>

For the year ending 30 June 2011 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 7 to 13 were approved by the Trustees and authorised for issue on 21 December 2011 and are signed on their behalf by

.....
Dr R F Crundwell, President

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings. In preparing the financial statements the Charity follows best practice as laid down in the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2005) issued in March 2005 and the Charities Act 1993

GOING CONCERN

The accounts have been prepared on the going concern basis as the directors consider this basis to be appropriate, having reviewed the forecasts for twelve months from the date of signing these accounts. The directors are confident that the Institute will be able to meet its liabilities as they fall due during the next twelve months.

DEPRECIATION

Depreciation is calculated to write off the cost or re-valued amount less estimated residual value of fixed assets on a straight-line basis over their estimated useful lives at the following rate:

Office equipment	20%
Computer equipment	33.3%
Fixtures and fittings	20%
Leasehold Improvements	Equal instalments over the period of the lease
Website	25%

SUBSCRIPTIONS

Individual membership subscription income is accounted for on a receipts basis, unless it relates to a future period in which case it is deferred. All other income is accounted for on an accruals basis.

RESOURCES EXPENDED

Resources expended are recognised in the period in which they are incurred and are allocated to the particular activity to which they relate or apportioned in a ratio considered appropriate by the Charity.

TAXATION

The company has charity tax exemption status.

INVESTMENTS

Investments are valued at the lower of cost or net realisable value.

INCOMING RESOURCES FROM GENERATING FUNDS

1	Voluntary Income	2011	2010
		£	£
	Subscriptions		
	Individual Members	60,075	59,590
	Sustaining Members	49,168	46,519
	Magazine income	1,100	1,665
		<u>110,343</u>	<u>107,774</u>
	Elsevier (Corrosion Science)	3,050	3,275
		<u>113,393</u>	<u>111,049</u>
	Gifts & Donations	-	-
		<u>113,393</u>	<u>111,049</u>
2	Activities for generating funds	2011	2010
		£	£
	Branch Fundraising Events	19,974	22,246
	Branch Sponsorships	6,915	11,150
	Merchandise	88	45
	Property Rental	3,338	2,836
	Other Income	-	-
		<u>30,315</u>	<u>36,277</u>
3	Investment Income	2011	2010
		£	£
	Bank Deposits Business Reserve	<u>150</u>	<u>128</u>
4	Incoming Resources from Charitable Activities	2011	2010
		£	£
	Branch Seminar Income	-	-
	Corrosion Management Magazine	10,569	11,154
	Training Courses	42,065	28,529
		<u>52,634</u>	<u>39,683</u>

5 TOTAL RESOURCES EXPENDED

	Costs of Generating Voluntary Income £	Fund Raising and Trading £	Direct Charitable Activities £	Governance Costs £	2011 Total £	2010 Total £
Admin Fees	14,091	3,644	6,316	243	24,294	20,520
Depreciation	1,686	436	755	29	2,906	2,984
Head Office Costs	6,263	1,620	2,808	108	10,799	13,078
Loan interest	-	-	-	-	-	-
Total Support Costs	22,040	5,700	9,879	380	37,999	36,582
Audit, Accountancy, Legal & Other Professional Services	-	-	-	16,299	16,299	9,760
Council and Trustees Meetings	-	243	312	3,039	3,594	3,439
Technical Secretary Services	-	-	-	2,649	2,649	2,400
Subscriptions and Donations	-	2,015	3,163	-	5,178	4,088
Financial Services	-	(735)	-	1,495	760	1,088
Other Overheads	-	1,654	-	5,975	7,629	7,075
Corrosion Management Magazine	-	(415)	-	37,594	37,179	37,625
Branch expenditure	-	22,967	161	-	23,128	24,765
Conferences & Symposia	-	1,723	1,302	-	3,025	5,308
Training Courses	-	-	-	-	-	-
	22,040	33,152	14,817	67,431	137,440	132,130

Total support costs are apportioned in proportion to total income.

6 NET INCOMING RESOURCES FOR THE YEAR

	2011 £	2010 £
Net incoming resources for the year are after charging:		
Depreciation	2,906	2,984
Auditors' remuneration		
Audit services	-	-
Other Professional services	16,299	9,760

Travel and administration expenses amounting to £1,851 were reimbursed to 5 Trustees in the year (2010 £2,756 – 5 trustees).

7 STAFF COSTS AND NUMBERS

There were two employees during the year neither of which received emoluments in excess of £60,000.

8 FIXED ASSETS

	Leasehold Improvements	Website	Office Equipment	Computer Equipment	Fixtures & Fittings	Total
	£	£	£	£	£	£
Cost:						
1 July 2010	3,024	9,705	12,461	13,845	25,044	64,079
Additions	-	-	965	549	-	1,514
Disposals	(3,024)	-	-	-	-	(3,024)
30 June 2011	-	9,705	13,426	14,394	25,044	62,569
Depreciation:						
1 July 2010	3,024	4,852	12,461	13,845	24,629	58,811
Charge for the year	-	2,426	193	184	104	2,907
Disposals	(3,024)	-	-	-	-	(3,024)
30 June 2011	-	7,278	12,654	14,029	24,733	58,694
Net Book Value 30 June 2011	-	2,427	772	365	311	3,875
30 June 2010	-	4,853	-	-	415	5,268

9 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings
	£
Cost 1 July 2010 and 30 June 2011	1

In the opinion of the Directors the aggregate view of the company's investment in subsidiary undertaking is not less than the amount included in the balance sheet

The company holds 100% of the share capital of the following company:

<i>Company</i>	<i>Country of Registration or Incorporation</i>	<i>Class</i>	<i>Shares held %</i>
Correx Limited	England and Wales	Ordinary	100

The company commenced trading in March 2005

Institute of Corrosion
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2011

10	DEBTORS		2011	2010		
			£	£		
	Meetings and publications debtors		2,640	2,669		
	Other debtors		-	-		
	Funding for subsidiary undertaking		42,175	29,885		
	Prepayments & accrued income		20,752	11,366		
			<u>65,567</u>	<u>43,920</u>		
11	CREDITORS: Amounts falling due within one year		2011	2010		
			£	£		
	Bank loan		-	-		
	Trade creditors		9,094	10,483		
	Other creditors		8,032	4,882		
	Accruals and deferred income		16,790	8,575		
	Due to Subsidiary		3,615	17,303		
			<u>37,531</u>	<u>41,243</u>		
12	CREDITORS: Amounts falling due after one year		-	-		
13	ANALYSIS OF NET ASSETS		Unrestricted Funds	Restricted Funds		
			£	£		
	Tangible fixed assets		3,875	-		
	Current assets		244,688	104,584		
	Creditors		<u>(37,531)</u>	<u>-</u>		
			<u>211,032</u>	<u>104,584</u>		
14	UNRESTRICTED RESERVES					
			Movement in Reserves			
	Balance	Incoming	Outgoing	Transfers	Unrealised	Balance 30
	1 July				gain on	June 2011
	2010				investment	
	£	£	£	£	s	£
	151,980	196,492	137,440	-	-	211,032
	<u>151,980</u>	<u>196,492</u>	<u>137,440</u>	<u>-</u>	<u>-</u>	<u>211,032</u>

15 RESTRICTED RESERVES

	Balance 1 July 2010 £	Incoming £	Movement in Reserves		Unrealised gain on investments £	Balance 30 June 2011 £
			Outgoing £	Transfers £		
Corrosion	3,049	-	-	-	-	3,049
Co-ordinating group						
Building Endowments	7,535	-	-	-	-	7,535
Building Fund	94,000	-	-	-	-	94,000
	<u>104,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,584</u>

The Corrosion Co-ordinating Group was set up in 1997 by way of donations. The conditions attaching to the donations stipulate that they were to be used for making grants towards the costs of UK delegates attending Corrosion working party meetings in Europe.

Building Endowments are made up of donations to the building fund from members.

The Building Fund relates to the Corrosion House sale.

16 RELATED PARTY TRANSACTIONS

During the year half of the administration overheads amounting to £20,002 were charged to Correx Limited, a trading subsidiary.

During the year charges of £1,280 in respect of the premises, membership, sponsorship and a luncheon (2010 £1,136) were made to the Steel Protection Consultancy Ltd, a company in which a past president, Mr D Deacon, has a material interest.

Administrative functions were provided by Steel Protection Consultancy Ltd, for the first six months of the year; a company in which Mr D Deacon, a past president of the Institute, is a director. Administration fees for the year to 30 June 2011 amounted to £15,752 (2010 - £20,520). No amounts were outstanding at the year end in respect of these transactions

Other payments made during the year to members of the Institute
 Dr D J Mills - in respect of services as the Technical Secretary £2,649.

17 OPERATING LEASES

At the balance sheet date the Institute was committed to making the following payments during the next year in respect of non-cancellable operating leases:

	2011 £	2010 £
Leases which expire:-		
Within one year	-	-
Between two and five years	-	-
Over five years	7,000	-
	<u>7,000</u>	<u>-</u>