

ANNUAL REPORT 2014

# Always moving forward

imi

THE INSTITUTE OF THE  
MOTOR INDUSTRY

## ANNUAL REPORT 2014

## CONTENTS

- 3 Notice of Annual General Meeting
- 4 Directors' report
- 5 Chairman's report
- 6 CEO's report
- 15 A vision for the automotive retail industry
- 16 Statement on the systems of internal control and risk
- 20 Independent auditor's report
- 22 Financial Statements

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Ordinary General Meeting (being the ninety third Annual General Meeting of the Institute) will be held at 'Fanshaws', Brickendon, Hertford on Wednesday 29 October 2014 at 2.00 pm.

## AGENDA

- 1 Apologies for absence
- 2 Minutes of the Annual General Meeting of 30 October 2013
- 3 Installation of President – 2014/2015
- 4 Installation of Vice Presidents – 2014/2015
- 5 Installation of Honorary Treasurer – 2014/2015
- 6 Declaration of Directors
- 7 Revenue Account and Balance Sheet of the Institute for the year ended 31 March 2014 and the Auditor's Report
- 8 Annual Report for the year ended 31 March 2014
- 9 Appointment of Auditors
- 10 Any other business

The Institute's Articles of Association 15.1 provides: on a vote on a resolution at a General Meeting on a show of hands or on a poll, every Corporate Member present in person or by proxy has one vote.

Article of Association 16.1 provides: a "proxy notice" (as defined in Model Article 31(1)) and any authentication of it demanded by the Board Members must be received at an address specified by the Institute in the proxy notice not less than 48 hours before the time for holding the meeting or adjourned meeting at which the proxy appointed pursuant to the proxy notice proposes to vote; and any proxy notice received at such address less than 48 hours before the time for holding the meeting or adjourned meeting shall be invalid.

**Please confirm attendance, or proxy notice, to:**

Christopher Thomas, Finance & IT Director, C/O Ann Stillion, IMI, Fanshaws, Brickendon, Hertford SG13 8PQ, or email [ceoffice@theimi.org.uk](mailto:ceoffice@theimi.org.uk)

Lunch will be available from 1.00 pm, with the Group Board in attendance

by Order of the Board

**C THOMAS**  
Finance & IT Director  
1st June 2014

Fanshaws  
Brickendon  
Hertford  
SG13 8PQ

## DIRECTORS' REPORT

Group information as at 31 March 2014

The Directors of the company during the year were:

- › G Braddock
- › G E Clark
- › A Davies
- › K Finn
- › D Lockhart
- › S Martindale
- › T Murphy
- › S Nash
- › M Rogers
- › AJS Smith
- › L Stansfield
- › C Thomas
- › A Tomsett

The Directors present their report and the Audited financial statements for the year ended 31 March 2014.

### Principal Activity

The principal activity of the group during the year was that of a Professional Body, Awarding Body and provider of educational services for the retail motor industry.

### Limited by Guarantee

The company is limited by guarantee. In case of winding up, the current members of the Institute are guarantors for an amount not exceeding £1 each.

### Registered Office

Fanshaws, Brickendon, Hertford, SG13 8PQ

### Auditors

BDO LLP  
Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

## CHAIRMAN'S REPORT

Chairman **Adrian Smith**, FIMI FloD FCMI, on how the IMI can help businesses take advantage of green shoots in the sector

One of the highlights of 2013/14 has been **the first consumer campaign for the Professional Register, fronted by the BBC F1 presenter, Suzi Perry**, which really placed the Register on the map. This is the first of a three year commitment the IMI is undertaking to promote the Register to the public and members can look forward to more exciting developments in this area going forward.



For the past few years we have often spoken about the economic challenges facing the sector, however, this year is perhaps the first opportunity in some time we are able to talk about green shoots and new opportunities. Improving car sales figures and reducing unemployment rates suggest automotive businesses willing to embrace change can cautiously anticipate an upturn and a related increase in uptake in new technologies, such as electric and hybrid vehicles, offer avenues to gain new customers.

Businesses that have invested in training will of course be in the best position to benefit from opportunities offered by these technological developments. The IMI will be there to help them promote their businesses through the Professional Register, the IMI's flagship service, which allows the public to find professional and competent practitioners in the motor industry who have been verified by the IMI.

I am also pleased with the IMI's continued investment in helping individuals to up-skill in all areas both technical and business related. IMI accreditation continues to set a valuable benchmark for the sector as a whole and the IMI's Continual Professional Development programme ensures that we are ready to provide the sector with the support it needs to make businesses successful.

It is also important that we capitalise on any good news to attract the next generation to the sector. Many businesses the IMI works with provide leading apprenticeship and training programmes which are the envy of the whole UK economy.

The IMI is working hard to ensure this message is passed on to young people making career decisions. The IMI's careers team offers an excellent portfolio of information, advice and guidance to those who have influence with the younger generation and do sterling work promoting automotive apprenticeships. 2013/14 was no exception, and the work they have undertaken will stand the IMI in good stead to be thought a leader in this area going forward.

Of course there is still much to do in this area, so I would encourage all businesses with an interest in a successful future to assist the IMI team by promoting apprenticeships and the careers services offered by the Institute.

Finally I would like to take the opportunity to thank the team at the IMI and IMI Awards, the members of the Group Board and sub-committees, along with the many volunteers whose dedicated commitment and hard work play a significant role in helping the Institute fulfil its ambition of meeting the professional needs of the retail motor industry's workforce and employers.

In 2014/15 the IMI will be embarking on a new strategic plan, which will see the IMI building on the success of the past year and developing new ways to support the industry. I am confident that this will be an exciting and rewarding time for everyone involved with the IMI and look forward to reporting on another year of success next time around.

**AJS Smith, FIMI FloD FCMI**  
Chairman, IMI

# CEO'S REPORT

The IMI's CEO, **Steve Nash** FIMI, looks back on a year of progress



The end of 2013/14 marked the completion of work streams supported by the second round of UK Commission of Employment and Skills (UKCES) Employer Investment Funding (EIF) and the beginning of a new three year strategy for the IMI, which includes provisions for the diversification of IMI services, reintegration of IMI and IMI Awards and the expansion of IMI's activities overseas.

As such, this year's annual report provides us with a great opportunity to review what we have achieved over the past two years and look forward to the future of the organisation. I am proud of the work IMI has undertaken this year and extremely excited about our future direction. I hope to see many of you joining our journey over the next three years.



### 2013/2014 saw the completion of EIF funded activities

In 2012 the IMI received over £3 million of investment on behalf of the automotive retail sector, as part of phase 2 of the Government's Employer Investment Fund (EIF) to complete six streams of work to deliver projects that boost enterprise, jobs and growth. In April 2014 all the strands were completed successfully on budget and on time – to the credit of all staff at the IMI and the businesses that supported us.

These projects have helped raise the profile of the IMI and deliver valuable resources and services to our sector, as well as leaving us in a strong position to start our new three year strategy. It therefore seems pertinent to begin this report with an overview of what we have achieved in these strands.



**200,000**  
sector individuals  
and businesses received direct  
ROI communications



**7,500**  
accreditations  
achieved in 2013/14



**30,000**  
ATA individuals  
on the IMI Professional Register

#### Strand one:

Making and winning the economic argument for employer investment in skills using ROI Studies

In 2013/14 four detailed Return on Investment studies were completed, highlighting the importance of training investment in the automotive retail sector. Covering Apprenticeships, Technical and Management training, the ROI studies produced a significant return on investment for automotive retail businesses, and formed a strong basis for interpreting the benefits of investing in skills training for sector businesses. The studies were developed in partnership with a number of highly relevant, specifically targeted businesses across the four nations and across all employer sizes.

Communication of the ROI studies was thorough and far reaching in 2013/14. This would ensure that the highest possible number of sector businesses and employers understood, in detail, the return they could expect from their investment. The communication strategy encompassed the four nations, employers of different sizes and effectively communicated the findings to an audience that may have otherwise been unaware of these investment benefits. In total, over 200,000 sector individuals and businesses were contacted directly about the ROI studies, well above the EIF target of 37,500.

Thanks to the extensive press coverage received for the ROI studies, the IMI's profile was significantly raised through this strand of work and the findings of the study are still being used by a wide range of organisations and press outlets, both inside and outside the sector, to make the case for training and apprenticeships in UK businesses. The reputation built as an expert in this area, will stand us in good stead moving forward into our new strategy.

#### Strand two:

Increasing current competency levels developing a new approach to upskilling the technician population

ATA offers accreditation to technicians within the automotive sector with the intention of distinguishing them and promoting their dedication through a recognised scheme of voluntary accreditation, as well as proving their current competence to effectively complete job tasks. We were therefore pleased to continue to develop the scheme over the past two years. EIF funding has allowed the expansion of Automotive Technician Accreditation to more automotive sub-sectors than ever before and led to an increase in the number of accreditations undertaken by 16,000 in the past four years, including 7,500 accreditations achieved in 2013/14. All ATA technicians, now totalling over 30,000 individuals, have now been migrated onto the IMI Professional Register, helping raise the profile of the scheme and provide achievers with more ways than ever to promote their business.

Over the past two years an alternative method of reaccreditation via Assessed Outcome Modules (AOMs) has also been developed and applied. Development of AOMs under EIF2 funding was key to ensuring employers remained positive regarding reaccreditation. Their introduction came from a demand for easier methods of re-accreditation to be made available and allow accredited individuals to reaccredit through a modular approach over the three year validity period rather than in one sitting. Prior to their introduction, the re-accreditation process required an entire assessment of skills and competence every five years, AOMs now allow full reassessment of competencies deemed necessary by sector expertise every three years.

In addition to AOMs, 2013/14 also saw the introduction of two new accreditation routes. The development of the DAB accreditation represents a forward thinking, proactive approach to proving competence with new automotive technologies. In preparation for the digital radio switchover planned for the near future, the DAB accreditation will provide an immediately available preparation route for sector employees in response to the upcoming transition to the new technology. The second new route came as part of the redevelopment of ATA Roadside Assistance and allowed accreditation of technicians undertaking diagnostic work at the roadside.



**29**  
**manufacturer**  
 and dealer groups engaged



**90%**  
**believe cost effective**  
 in the long term



**212%**  
**return from**  
 management training

**Strand three:**

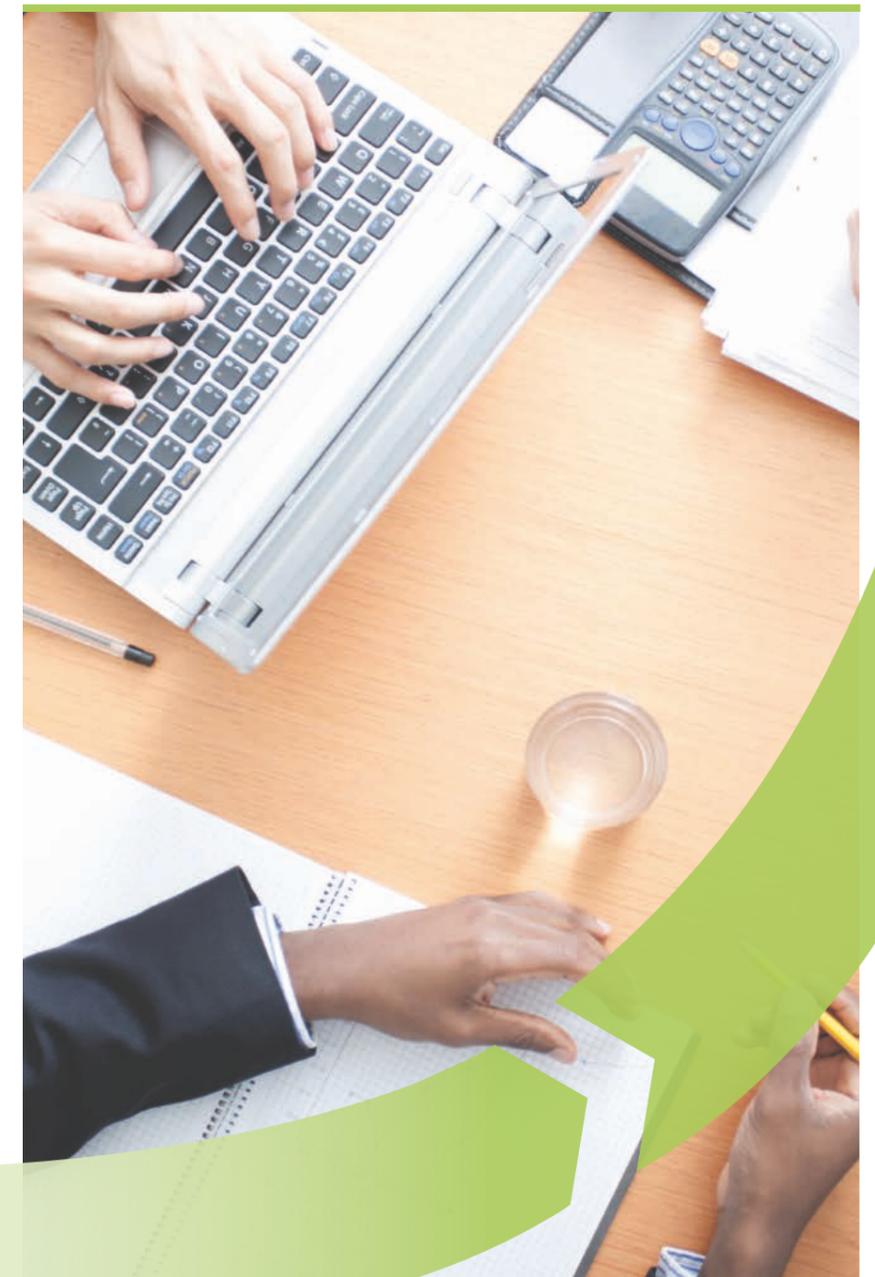
Develop infrastructure to improve the poor levels of management and leadership capabilities in the sector

One of the most significant achievements we have made in the past year is the development and launch of a common standard for management and leadership training across the automotive retail sector. The 'Automotive Management and Leadership Competency Framework' aims to ensure consistency of managerial training across the sector and a reduction in replication of training. Currently a large amount of training is replicated when managers move from one franchise or manufacturer to another. The common standard allows professionals to transfer mapped programmes or qualifications if they move from one company to another.

I am proud to say that 29 manufacturers and dealer groups engaged with the IMI's standard at the time of writing and 17 have completed mapping of their management training programmes against it. Early adopters involved in the project include Vauxhall, Toyota GB, Sytner, Marshall and fleet management company ARI Fleet. Whilst major organisations have been involved with the initial introduction, independent operators can also benefit from the scheme through IMI Automotive Management Accreditation (AMA) which formed the basis for development of the new standard. This means that independents will, for the first time, be able to match their management credentials to industry agreed standards.

The common standard mapping exercise, undertaken using EIF2 funding, has provided businesses with a strong foundation on which to undertake management and leadership training, development, recognition and access to the Professional Register. Feedback captured has suggested that a number of employers believe that the introduction of the Management and Leadership common standard to be cost effective in the short term, with nearly 90% of employers surveyed suggesting that they believe the provision will prove to also be cost effective in the long term. This fact is vital in ensuring that the infrastructure developed to raise the standard of management and leadership in the sector is upheld and a sign of the quality of work that has been undertaken by staff at the IMI to make a tangible, positive impact on the sector as a whole.

IMI's ROI study rigorously measured the application of management training. It found up to **212% ROI** from the management training interventions.



The common standard mapping exercise, undertaken under EIF2 funding, has provided businesses with a strong foundation on which to undertake management and leadership training, development, recognition and access to the Professional Register.



**3.2 million people reached**  
through the Professional Register campaign

**Suzi Perry**  
headed our consumer campaign to promote the Professional Register



**Strand four:**

Expand and embed the automotive sector's professional register as the voluntary licence to practice

A major feature of 2013/14 was IMI's first major consumer campaign to promote the Professional Register. The campaign was fronted by BBC F1's Suzi Perry and included local press marketing, radio advertisements, promotional materials, face to face engagement and social media. The campaign reached 3.2 million people and was vital in ensuring that awareness amongst consumers, as well as industry, was raised.

With a population now in excess of 40,000 individuals, the Professional Register has become a wide ranging website that encompasses numerous sub-sectors and skills. This adoption by a wide population helps promote the fact that the automotive retail sector is full of competent, professional employees. From relatively small numbers prior to the start of this EIF2 funding period, the population has increased rapidly, and continues to increase, which in turn represents further commitment to professionalism in the automotive retail sector, something that will undoubtedly be a benefit to both employers and the consumer.

The intention of the Professional Register was to not only promote the competence of the employees on it, but to also aid in making the sector more transparent; this can be vital to the consumer, who could benefit by better understanding the professionalism of the employee they wish to engage with. This represents a 'win-win' scenario for both the consumer and the Professionally Registered employees and explains why the Professional Register will continue to be a centre piece for IMI activity in the coming years.

To support the Professional Register, the Employer Recognition Scheme has also been developed using EIF2 funding to provide a branded outlet of communication materials which allow the consumer to better understand a business's commitment to professionalism when they employ registered professionals. This was successfully launched in 2012 and in 2013/14 a total of 35 employers signed up to the scheme.

In addition to the Professional Register itself, in 2013/14 the IMI continued its commitment to provide access to quality training solutions

to individuals working in the sector to ensure they are able to perform their jobs effectively. A library of Continuing Professional Development (CPD) modules were developed and offer a total of 90 CPD modules from a variety of training providers. These modules are delivered via a range of methods, including classroom based, e-learning and technical seminars, covering the differing needs and resource levels across a variety of businesses in the sector.



**638 schools engaged**  
with 'Headlight' resources



**7,000 students engaged**  
with 'Headlight' resources



**82,911 hits on AUTOcity website**

**Strand five:**

Attracting and retaining talent in the automotive sector

The IMI's work in attracting and retaining talent in the automotive sector and promoting automotive apprenticeships has for some time now been a flagship activity for the organisation and an area where IMI can be seen as having a consistent and leading influence in the sector. I am pleased to be able to say that our work in the past year has helped us to cement our reputation in this area and can be seen as a real success story.

In 2013/14 an employment matching service was successfully delivered for automotive businesses with an aim to aid the efficiency with which employers hire individuals suitable for their vacancies. The intention was to save the employer money whilst hiring the most appropriate, competent employee. Based on the pricing structure of the provision 'My Jobs', employers could spend 27% less on placing a single job advert for a month when compared to the average figure found across five well known, non-automotive specific recruiters.

In 2013/14 using EIF2 funding, the IMI continued to develop and deliver free learning resources to schools which highlight automotive careers in their content, with two complete new programmes covering ICT and Literacy launched in the past year.

**Strand six:**

Reducing Not in Education, Employment or Training (NEET)

The targets set for the reach of the 'Headlight' resources, developed as a result of EIF2 funding, exceeded their participation targets, with 638 schools engaged, 2,680 people engaging with the Employability Skills Programme and resources, covering all key competency areas now available from the IMI. This reach shows significant proliferation into the educational arena, and would represent a significant potential influx of well-educated automotive employees, should they decide to enter the sector.

This education, as a secondary benefit, would also likely raise the professional perception of the automotive sector by more effectively educating young people into the practices of automotive retail businesses. The IMI also looked to promote automotive careers as an appealing option to young people.

By targeting those that impart career advice and guidance to young people, and providing them with clear, positive and engaging information about the varied opportunities, IMI is helping to attract the right calibre of young people to our sector. Under the EIF2 funded developments, approximately 7,000 students were engaged with the 'Headlight' resources offered by the IMI, which was supplemented by 82,911 hits on the AUTOcity website, where these resources can be found.

The IMI also undertook a 6th Strand of work to develop the AutoStart program aimed at reducing the number of people becoming Not in Education, Employment or Training (NEET) over the past two years. Due to the removal of the original Level 2 qualifications to be completed through the AutoStart programme from the Performance League Table points list, the number of sign ups was significantly reduced from those originally anticipated. However it is still expected that 110 learners will complete the programme.



**153**  
MA networking events  
for members across the country



**86%**  
retention rate  
for membership



**561**  
IMI Awards centres  
UK and International



**8.9%**  
IMI Awards' Quality  
Assured Awards  
increase in registrations



**95.5%**  
believe IMI Awards  
exceed or fulfil requirements  
as their awarding body



**100,000**  
IMI Awards  
registered learners

**Membership**

Outside of EIF funded activities, membership continued to be of central importance to the IMI to fulfil its function as a professional body. Last year saw an 86% retention rate thanks to refreshed membership renewal communications and the IMI welcomed 811 new members. With IMI members now listed on the Professional Register we also continued to add to the value of membership with new benefits in 2013/14.

A major feature edition to membership in 2013 was the launch of an exclusive benefit for those members that hold Certificated Automotive Engineer (CAE) and Advanced Automotive Engineer (AAE) status. In partnership with Andrew Marsh of Auto Industry Insider the IMI began publishing quarterly technical updates exclusively for CAE and AAE members. These updates aim to help members respond to rapidly-changing technological developments and best practice. They also include a quarterly free webinar with Andrew Marsh which can be used for CPD.

The IMI's Member Association (MA) network also continued to be a core feature of membership. The 21 active MAs, run by volunteer members, provided 153 networking and CPD events for members across the country.

In 2013/14 the IMI board approved a major IT investment to support the research, development and building of a bespoke membership system. This project has grown significantly over the last 12 months as the scope opened out into other areas of the organisation. These include business development, sales and event management tools, as well as developing our online CPD platform. These major changes will allow IMI to better manage its data, relationships and increase its marketing reach through tailored and targeted messaging.

**SkillAuto Competitions**

The UK's best young automotive talent in the fields of Autobody, Autorefinishing and Autotech competed for gold at the final of the IMI SkillAuto competition which took place at The Skills Show held at the NEC Birmingham from 14th-16th November. Over 100,000 visitors attended the show, which provides a platform for the best of the nation's young talent to compete in 70 fields, as well as giving visitors the chance to have a go at new skills and gain career advice.

The Autotech competition, which test participants' diagnostic and vehicle servicing skills, was won by Darrell Delaney, an apprentice at Norfolk Motor Group Kia. Matthew Bailey, an apprentice at RGM Vehicle Body Repair, won gold at the Autobody competition and James Grayson, from S&G Coachworks, took the top prize in Autorefinishing.



**IMI Awards**

IMI Awards continues to go from strength to strength, reinforcing its position as the Awarding Organisation of choice for motor vehicle qualifications. IMI Awards expanded its network of centres to 561 worldwide by the end of March 2013. This includes 512 UK centres and 49 overseas centres. Over the course of the year IMI Awards' range of products and services continued to grow to meet customer demands. This included the introduction of Multi-skilled Vehicle Collision Repair qualifications and also new Level 1 and 2 Service and Maintenance Engineering qualifications, specifically designed to enable school age learners to progress onto further qualifications and employment.

These specialist qualifications were approved by the Department for Education, for inclusion in the schools Key Stage 4 performance table lists. A range of Level 3 qualifications were also endorsed by employers and approved by the Department for Education, for inclusion in the schools Key Stage 5 performance table lists. In addition to regulated qualifications, IMI Awards continues to be the only Awarding Organisation offering Quality Assured Awards (QAA), Automotive Technician Accreditation (ATA), Automotive Management Accreditation (AMA) and in partnership with the Society of Operations Engineers, the heavy vehicle equivalent - irtec - accreditations.

Apprenticeship qualification registrations in England, Wales and Northern Ireland decreased slightly on 2012/13, highlighting that trading conditions were still difficult and that employers were still not recruiting apprentices. Full time qualifications in England, Wales and Northern Ireland remained at around the same level, however registrations on qualifications in Scotland increased significantly by 68%. Regulated UK qualification candidate numbers overall were slightly down on 2012/13. Overseas non-regulated qualification registrations however saw a significant increase of 73%, helping offset the fall in registrations in other

areas. On another positive note, Quality Assured Awards saw a positive 8.9% increase in registrations and Accreditation numbers saw a similar 7.7% increase when compared with the previous year.

The IMI Awards centre survey was carried out in February 2014. This was the 18th consecutive annual survey of the centre network and 56% of the centre network responded (up from 48% the previous year). For the sixth year running, overall performance has increased with 27.7% stating that IMI Awards continues to exceed their requirements and 67.8% stating it fulfils them completely, totalling 95.5% compared to 94.1% across this range last year.

ePortfolio continues to be a great success and now has more than 150 IMI Awards qualifications available for centres to access. Over 150 centres are using it with more than 100,000 registered learners. Respondents in the centre survey continued to praise the system, with 88% describing ePortfolio as excellent or good. A further 42% of respondents said they are interested in using the system in the future. In addition to IMI Awards submitting a statement confirming compliance with Ofqual and the Welsh Government General Conditions, IMI Awards continued to fulfil its regulatory requirements in Scotland.

The 2013 Outstanding Achievers Awards, held on the 31st October, was the last time the event will be held at Fanshaws. This is partly due to the event outgrowing the venue. The event saw a number of exceptional individuals recognised for their achievements and attainment of an IMI Awards qualification. The awards also included recognition of two IMI Awards centres - whose passion, dedication and high quality training has helped their candidates achieve the very best. The awards were again presented by HRH Prince Michael of Kent, patron of the IMI group.

**Sector Skills Department**

The Sector Skills Department (SSD) continued to deliver the core products of National Occupational Standards (NOS), Qualifications and Apprenticeship frameworks under the Universal Services product funding. In 2013/14 six suites of NOS were reviewed including light vehicle maintenance and repair; heavy vehicle maintenance and repair and accident & repair. All of these NOS suites underpin competence and knowledge qualifications for the automotive retail sector. The Sector Skills Department (SSD) bid for and successfully secured funding to review, during 2014/15, an additional 10 NOS suites and also to review 7 Scottish Vocational Qualification (SVQ) qualification structures.

Work has continued with all awarding organisations operating in the sector to monitor and review qualifications and apprenticeship provision to ensure that they continue to meet the needs of employers. Responsible for the Apprenticeship certification for the sector, SSD issued 7,934 apprenticeship completion certificates during 2013/14. When an external audit from the Federation of Industry Sector Skills & Standards (FISSS) was carried out looking at the systems and processes that support the apprenticeship certification activity, a grade 1 (highest available grade) was awarded.

The SSD has continued to monitor and respond to the 4 Nations skills policy and various detailed skills consultations, which during 2013/14 have really focussed on the future of Apprenticeships. The SSD has also continued to carry out the research function that supports the IMI group, particularly around the EIF evaluation and monitoring exercises and also the Apprenticeship Benchmark and Employer Panel Surveys.



## IMI FUTURE PLANS

### Strategic Objectives 2014-2017

#### Reintegration:

Create one business fit to deliver the IMI's Strategic Plan.

#### Business growth through diversification:

To add profitable business streams by identifying and exploiting new markets

#### Creating a Commercial Culture:

As with any successful commercial organisation, it is essential that we continue to develop and diversify our product offering in order to continue to meet the ever evolving demands of the sector we serve. This will need to take several forms:

- The continued development and refinement of our existing products and services
- Development of new products and services, in consultation with our customers and partners
- Growth through diversification
- Strategic acquisitions

#### International Strategy:

Fully exploit international business opportunities for all IMI products and services using a robust repeatable model.

#### Product and Skills Solutions:

Develop a cohesive product strategy which provides a compelling offer to the sector and supports Professional Registration.

#### Sector Skills responsibilities:

To impartially provide policy and research; information advice and guidance on skills to the automotive retail sector to ensure employers and learners have fit for purpose standards, qualifications and Apprenticeship frameworks and supporting careers information, advice and guidance.

### Business Plan Objectives 2014-15

- Deliver agreed budget for 2014-15 achieving revenue targets and maintain a tight control on overdue debts and expenditure by 31 March 2015
- Achieve product and service volume targets (breakdown available on request) by 31 March 2015
- Maintain regulatory compliance across all business areas throughout the 2014/15 financial year
- Deliver organisational capacity and capability to achieve the Strategic Aims for 2014-15
- Raise the IMI's profile as the leading provider of sectoral careers information and advice by reaching 100,000 individuals by 31 March 2015
- Research, develop and implement strategies which identify and prioritise international and UK markets, products and services
- Create a unified brand strategy that will increase awareness and profile of the IMI
- Continue to raise the profile of the Professional Register as the de facto license to practice in the automotive retail sector, resulting in 42,100 registered professionals by 31 March 2015
- Achieve Awarding Organisation status for IMI by December 2014, and achieve an operational awarding organisation by 31 March 2015

## STATEMENT ON THE SYSTEMS OF INTERNAL CONTROL AND RISK

### Risk

The directors of IMI and IMI Awards Ltd have a robust risk management policy and keep the IMI Group's activities under constant review, particularly with regard to any major risks. The risk management policy reflects the purpose and approach to risk management and the role of staff and senior management in identifying and reporting risk, and taking mitigating actions to reduce risk levels. There is an organisational risk register that identifies all known strategic risks assigned to individual risk owners. The risk register includes mitigating actions to eliminate or reduce each risk and is reviewed monthly for effectiveness. All major projects are assessed on commencement for risk and resource implications and regularly reviewed over their life cycle for changes in risk profile.

Risk owners are trained to identify risks, implement mitigating strategies and to deal with issues that arise. Risks which are considered to be high in impact are reported to the Group Board twice a year. Any interim significant high impact changes in risk levels are reported to the Group Board as they occur. A number of independent quality assurance committees for both IMI and IMI Awards Ltd continue to function to ensure that the activities of the Group are closely monitored.

### Scope of responsibility

The CEO has responsibility for maintaining a sound system of internal control that supports the achievement of the Institute of the Motor Industry policies, aims and objectives as set out in the IMI Strategic Plan 2009 - 2014 and Financial Strategy whilst safeguarding the public funds and organisational assets, in accordance with the responsibilities assigned to the CEO in Managing Public Money.

The Institute of the Motor Industry has been supported by the Group Board who are responsible for:

- Setting the organisation's strategies and enabling frameworks;
- Monitoring performance against annual business objectives and targets;
- Identifying the central activities required to support delivery of the corporate plan and approving the annual budget;
- Evaluating the impact of emerging issues or significant divergences from corporate and business objectives delivery.

The Group Board is chaired by a non executive Director (Adrian Smith) and comprises of the organisation's CEO, two executive directors together with non executive members. An Audit and Remuneration Committee of non executive Directors supports the Group Board and Executive team through monitoring and reviewing the adequacy and effectiveness within the organisation of:

- Corporate governance arrangements;
- Processes for managing risks;
- Internal audit and related activity;
- Management responses to the recommendations resulting from internal audit work;
- CEO Statements on Internal Control;
- Financial Statements.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Institute of the Motor Industry policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Institute of the Motor Industry for the year ended 31 March 2014 and up to the date of the approval of the Annual Report and accounts, and accords with Treasury guidance.

### Review of effectiveness

The CEO has responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Senior Management Team and other managers within the organisation, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Group Board and the Audit and Remuneration Committee and measures to address weaknesses and ensure continuous improvement of the systems are in place. In maintaining and reviewing the effectiveness of the system of internal control the role of the Institute of the Motor Industry bodies which informed my review are detailed opposite:

### The Institute of the Motor Industry Group Board

The Group Board is the governing body of the organisation and carries responsibilities for setting the Institute of the Motor Industry policy priorities and for promoting the efficient and effective use of staff and other resources whilst ensuring that it fulfils its aims and objectives. The main responsibilities of the Group Board are as follows:

- The Group Board is entrusted with public funding and therefore has a particular duty to observe the highest standards of corporate governance. This includes ensuring and demonstrating integrity and objectivity in the transactions of the Institute of the Motor Industry and, wherever possible, following a policy of openness and transparency in the dissemination of decisions.
- The Group Board has a duty to enable the organisation to achieve its strategic aims. This responsibility includes considering and approving the organisation's final Strategic Plan and Business Objectives and resource deployment.
- The Group Board regularly monitors the performance of the organisation against its planned strategies and key performance indicators.
- The CEO is responsible to the UKCES for ensuring value for money, regularity and propriety in deploying all the organisation's resources. The Group Board's financial responsibilities included ensuring the solvency of the organisation and safeguarding its assets and receiving and approving the Annual Report and Accounts.
- The Group Board had oversight of the organisation's arrangements for internal and external audit, as well as ensuring the existence and integrity of financial and other control systems. This responsibility is delegated to the Audit and Remuneration Committee.

### The Audit and Remuneration Committee

In addition to their other activities, the Audit and Remuneration Committee oversees the adequacy and effectiveness of the system of internal controls as described overleaf. It achieved this by:

- Reviewing the planned activity and results of the external and internal audit teams;
- Considering the adequacy of Management responses to issues identified by audit and other review bodies on a quarterly basis;
- Regular reports from the Chairman of the Audit and Remuneration Committee, to the Group Board, concerning internal control, risk management and corporate governance.

### Internal Audit

During the 2013/14 year, internal audit reviews were carried out on payroll and purchase ordering. The reviews were shared with the external auditors (BDO LLP) and the resulting recommendations were acted upon. In light of this work, external audit feedback, and the work performed by the Audit and Remuneration Committee, the Group Board concluded that there was no formal need for an internal audit to be commissioned for the 2014/15 year.

### Significant internal control problems

There are presently no significant internal control problems.

### Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware. BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

### On behalf of the board



**S Nash, FIMI**  
CEO IMI

11 August 2014

# INDEPENDENT AUDITOR'S REPORT

To the members of the Institute of the Motor Industry

We have audited the financial statements of the Institute of the Motor Industry for the year ended 31 March 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's profit 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.

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

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

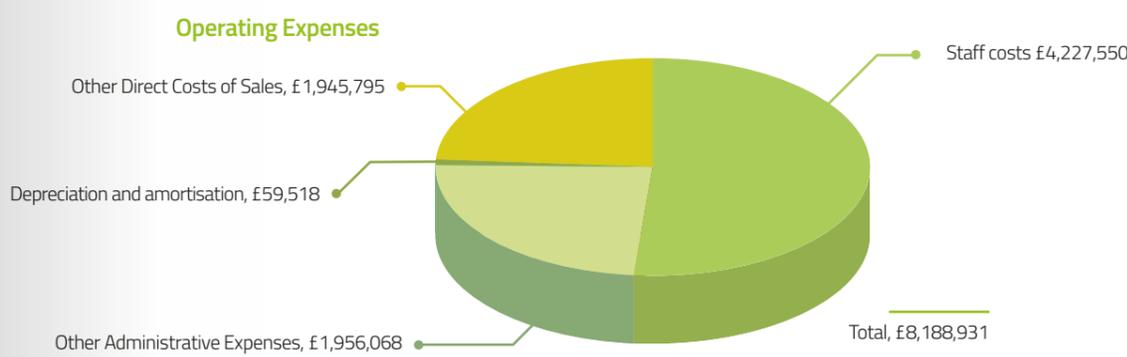
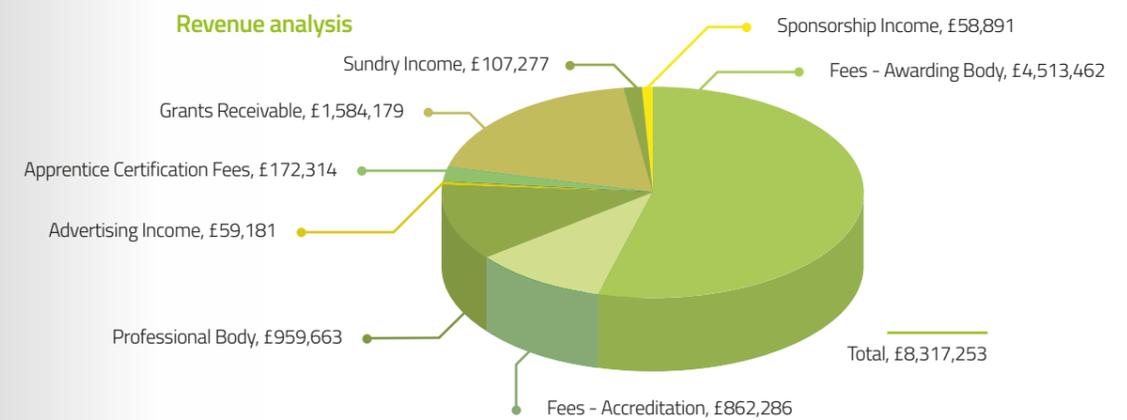
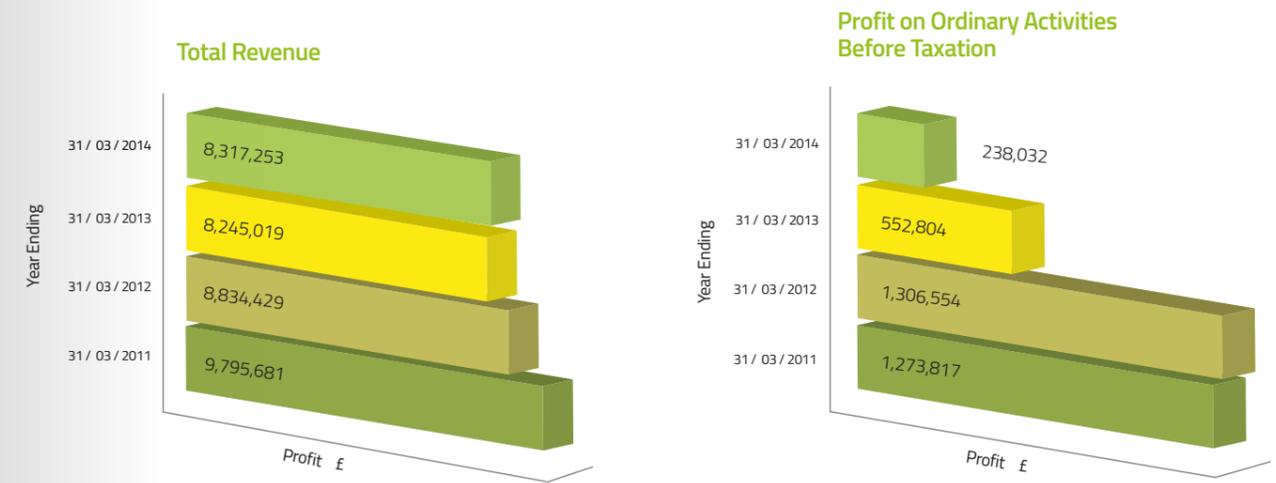
### Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

**Malcolm Thixton (senior statutory auditor)**  
For and on behalf of BDO LLP, statutory auditor  
Southampton, United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



## FINANCIAL STATEMENTS

For the year ended 31 March 2014

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2014

	Note	2014 £	2013 £
<b>Turnover</b>	2	<b>8,317,253</b>	8,245,019
Cost of sales		<b>2,884,385</b>	2,829,548
<b>Gross profit</b>		<b>5,432,868</b>	5,415,471
Administrative expenses		<b>5,304,546</b>	4,909,570
<b>Group operating profit</b>	3	<b>128,322</b>	505,901
Other interest receivable and similar income		<b>109,710</b>	46,908
Interest payable and similar charges	6	-	(5)
<b>Profit on ordinary activities before taxation</b>		<b>238,032</b>	552,804
Taxation on profit on ordinary activities	7	<b>15,119</b>	(34,541)
<b>Profit on ordinary activities after taxation</b>		<b>253,151</b>	518,263

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

*The notes on pages 27 to 39 form part of these financial statements.*

## CONSOLIDATED BALANCE SHEET

at 31 March 2014

Company number 00225180	Note	2014 £	2014 £	2013 £	2013 £
<b>Fixed assets</b>					
Intangible assets	9		<b>550,000</b>		-
Tangible assets	10		<b>836,242</b>		527,605
			<b>1,386,242</b>		527,605
<b>Current assets</b>					
Stocks	12	<b>2,657</b>		2,812	
Debtors	13	<b>1,029,432</b>		953,001	
Cash at bank and in hand		<b>7,539,087</b>		7,611,164	
		<b>8,571,176</b>		8,566,977	
<b>Creditors: amounts falling due within one year</b>	14	<b>2,067,224</b>		1,436,292	
			<b>6,503,952</b>		7,130,685
<b>Net current assets</b>					
			<b>7,890,194</b>		7,658,290
<b>Capital and reserves</b>					
Fanshaws Renovation Fund	16		-		21,247
Educational Prize Fund	16		<b>27,598</b>		27,598
Profit and loss account	16		<b>7,862,596</b>		7,609,445
<b>Shareholders' funds</b>	17		<b>7,890,194</b>		7,658,290

The financial statements were approved by the board of directors and authorised for issue on 11 August 2014

The notes on pages 27 to 39 form part of these financial statements.

## COMPANY BALANCE SHEET

at 31 March 2014

Company number 00225180	Note	2014 £	2014 £	2013 £	2013 £
<b>Fixed assets</b>					
Intangible assets	9		<b>550,000</b>		-
Tangible assets	10		<b>836,242</b>		526,193
Fixed asset investments	11		<b>500,000</b>		500,000
			<b>1,886,242</b>		1,026,193
<b>Current assets</b>					
Stocks	12	<b>2,657</b>		2,812	
Debtors	13	<b>482,235</b>		441,801	
Cash at bank and in hand		<b>2,874,753</b>		3,625,140	
		<b>3,359,645</b>		4,069,753	
<b>Creditors: amounts falling due within one year</b>	14	<b>1,877,232</b>		1,127,349	
			<b>1,482,413</b>		2,942,404
<b>Net current assets</b>					
			<b>3,368,655</b>		3,968,597
<b>Capital and reserves</b>					
Fanshaws Renovation Fund	16		-		21,247
Educational Prize Fund	16		<b>27,598</b>		27,598
Profit and loss account	16		<b>3,341,057</b>		3,919,752
<b>Shareholders' funds</b>	17		<b>3,368,655</b>		3,968,597

The financial statements were approved by the board of directors and authorised for issue on 11 August 2014

The notes on pages 27 to 39 form part of these financial statements.

## CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 March 2014

	Note	2014 £	2014 £	2013 £	2013 £
<b>Net cash inflow from operating activities</b>	22		<b>251,289</b>		1,213,300
<b>Returns on investments and servicing of finance</b>					
Interest received		<b>109,710</b>		46,908	
Interest paid: bank loans		-		(5)	
<b>Net cash inflow from returns on investments and servicing of finance</b>			<b>109,710</b>		46,903
<b>Taxation</b>					
Corporation tax paid			<b>(42,500)</b>		(216,993)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		<b>(374,091)</b>		(35,113)	
Receipts from sale of tangible fixed assets		<b>4,762</b>		110,181	
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>			<b>(369,329)</b>		75,068
<b>Cash (outflow)/inflow before use of financing</b>			<b>(50,830)</b>		1,118,278
<b>Financing</b>					
Fanshaw renovation costs			<b>(21,247)</b>		(11,709)
<b>(Decrease)/increase in cash</b>	23		<b>(72,077)</b>		1,106,569

The notes on pages 27 to 39 form part of these financial statements.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 1. Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

#### Basis of consolidation

The consolidated financial statements incorporate the results of The Institute of the Motor Industry and all of its subsidiary undertakings as at 31 March 2014 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

#### Turnover

Turnover represents amounts receivable in respect of subscriptions, services provided and grants received during the year. Income is recognised on an accruals basis.

#### Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land and property, evenly over their expected useful lives. It is calculated at the following rates:

Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 10% - 33% on cost
Computer equipment	- 33% on cost

Freehold property has not been depreciated as the directors consider that the residual value of the property is so high, that any depreciation charged would be annually and cumulatively immaterial.

#### Stocks

Stocks represent books and merchandise and are valued at the lower of cost and net realisable value.

#### Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

#### Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

#### Leased assets

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

#### Goodwill

Goodwill arising on acquisition is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 5 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### Government grants

Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of the grant is included in creditors as deferred income.

Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

	2014 £	2013 £
<b>2. Turnover</b>		
Analysis by class of business:		
Fees - Awarding body	4,513,462	4,544,309
Fees - Accreditation	862,286	823,912
Professional Body	959,663	966,819
Advertising Income	59,181	40,029
Apprentice Certification Fees	172,314	163,696
Grants Receivable	1,584,179	1,567,424
Sundry Income	107,277	109,220
Sponsorship Income	58,891	29,610
	<b>8,317,253</b>	<b>8,245,019</b>
Turnover arises solely within the United Kingdom.		
<b>3. Operating profit</b>	<b>2014 £</b>	<b>2013 £</b>
This is arrived at after charging:		
Depreciation of tangible fixed assets	59,518	85,564
Loss on disposal of tangible fixed assets	1,174	5,190
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	19,000	18,500
Fees payable to the company's auditor or an associate of the company's auditor for other services:		
- taxation compliance services	8,240	8,000
- other non-audit services	4,225	4,100
Exchange differences	1,805	2,869
Operating lease payments	101,076	67,856

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

	Group 2014 £	Group 2013 £
<b>4. Employees</b>		
Staff costs (including directors) consist of:		
Wages and salaries	3,572,458	3,102,658
Social security costs	377,413	327,157
Other pension costs	277,679	278,733
	<b>4,227,550</b>	<b>3,708,548</b>
The average number of employees (including directors) during the year was as follows:		
	Group 2014 Number	Group 2013 Number
Office and management	92	90
Directors	4	4
	<b>96</b>	<b>94</b>
	2014 £	2013 £
<b>5. Directors' remuneration</b>		
Directors' emoluments	485,310	280,323
Company contributions to money purchase pension schemes	39,286	51,164
There were 4 directors in the group's defined contribution pension scheme during the year (2013 - 3). The total amount payable to the highest paid director in respect of emoluments was £228,965 (2013 - £134,968). Company pension contributions of £Nil (2013 - £43,300) were made to a money purchase scheme on their behalf.		
	2014 £	2013 £
<b>6. Interest payable and similar charges</b>		
Bank loans and overdrafts	-	5

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

	2014 £	2013 £
<b>7. Taxation on profit on ordinary activities</b>		
UK Corporation tax		
Current tax on profits of the year	-	42,500
Adjustment in respect of previous periods	<b>(15,119)</b>	(7,959)
<b>Total current tax</b>	<b>(15,119)</b>	34,541

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<b>238,032</b>	552,804
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23% (2013 - 24%)	<b>54,747</b>	132,673
Effect of:		
Expenses not deductible for tax purposes	<b>7,927</b>	1,415
Capital allowances for period in (excess)/deficit of depreciation	<b>(52,117)</b>	10,705
Adjustment to tax charge in respect of previous periods	<b>(15,119)</b>	(7,959)
Income not taxable	<b>(80,500)</b>	(104,489)
Unrelieved tax losses	<b>76,384</b>	-
Short term timing differences	<b>(6,441)</b>	7,708
Small profit relief	-	(5,512)
<b>Current tax (credit)/charge for the year</b>	<b>(15,119)</b>	34,541

IMI Limited has unutilised tax losses brought forward of £674,000 (2013 - £342,500) available for carry forward against future trading profits of the IMI Limited.

### 8. Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £578,695 (2013 - £342,243 loss) which is dealt with in the financial statements of the parent company.

	Goodwill £
<b>9. Intangible fixed assets</b>	
Group	
Cost	
Additions and at 31 March 2014	<b>550,000</b>
Net book value	
At 31 March 2014	<b>550,000</b>
At 31 March 2013	-
Company	
Cost	
Additions and at 31 March 2014	<b>550,000</b>
Net book value	
At 31 March 2014	<b>550,000</b>
At 31 March 2013	-

Purchased goodwill relates to the acquisition from ATT Training see note 19.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
<b>10. Tangible fixed assets</b>						
Group						
Cost						
At 1 April 2013	396,653	31,843	1,011,589	211,934	13,175	1,665,194
Additions	-	-	25,112	50,014	298,965	374,091
Disposals	-	(12,806)	-	-	-	(12,806)
At 31 March 2014	<b>396,653</b>	<b>19,037</b>	<b>1,036,701</b>	<b>261,948</b>	<b>312,140</b>	<b>2,026,479</b>
Depreciation						
At 1 April 2013	-	22,771	940,512	174,306	-	1,137,589
Provided for the year	-	-	28,449	31,069	-	59,518
Disposals	-	(6,870)	-	-	-	(6,870)
At 31 March 2014	-	<b>15,901</b>	<b>968,961</b>	<b>205,375</b>	-	<b>1,190,237</b>
Net book value						
At 31 March 2014	<b>396,653</b>	<b>3,136</b>	<b>67,740</b>	<b>56,573</b>	<b>312,140</b>	<b>836,242</b>
At 31 March 2013	396,653	9,072	71,077	37,628	13,175	527,605

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
<b>Tangible fixed assets (Continued)</b>						
Company						
Cost						
At 1 April 2013	396,653	31,843	1,011,589	201,768	13,175	1,655,028
Additions	-	-	25,112	50,014	298,965	374,091
Disposals	-	(12,806)	-	-	-	(12,806)
At 31 March 2014	<b>396,653</b>	<b>19,037</b>	<b>1,036,701</b>	<b>251,782</b>	<b>312,140</b>	<b>2,016,313</b>
Depreciation						
At 1 April 2013	-	22,771	940,512	165,552	-	1,128,835
Provided for the year	-	-	28,449	29,657	-	58,106
Disposals	-	(6,870)	-	-	-	(6,870)
At 31 March 2014	-	<b>15,901</b>	<b>968,961</b>	<b>195,209</b>	-	<b>1,180,071</b>
Net book value						
At 31 March 2014	<b>396,653</b>	<b>3,136</b>	<b>67,740</b>	<b>56,573</b>	<b>312,140</b>	<b>836,242</b>
At 31 March 2013	396,653	9,072	71,077	36,216	13,175	526,193

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

	Group undertakings £
<b>11. Fixed asset investments</b>	
Company	
Cost	
At 1 April 2013 and 31 March 2014	<b>500,000</b>

Subsidiary undertakings, associated undertakings and other investments.  
The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
IMI Awards Limited	England and Wales	Ordinary shares	100%	An awarding body and provider of educational services				
Motor Industry Management Limited	England and Wales	Ordinary shares	100%	Dormant				
College of Motor Industry Limited	England and Wales	Ordinary shares	100%	Dormant				
					<b>2,657</b>	2,812	<b>2,657</b>	2,812

### 12. Stocks

Books and merchandise	<b>2,657</b>	2,812	<b>2,657</b>	2,812
-----------------------	--------------	-------	--------------	-------

There is no material difference between the replacement cost of stocks and the amounts stated above.

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
<b>13. Debtors</b>				
Trade debtors	<b>605,116</b>	549,801	<b>145,181</b>	104,698
Amounts owed by group undertakings	-	-	<b>6,655</b>	46,399
Corporation tax recoverable	<b>15,119</b>	-	-	-
Other debtors	<b>86,801</b>	109,101	<b>75,509</b>	85,540
Prepayments and accrued income	<b>322,396</b>	294,099	<b>254,890</b>	205,164
	<b>1,029,432</b>	953,001	<b>482,235</b>	441,801

All amounts shown under debtors fall due for payment within one year.

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
<b>14. Creditors: amounts falling due within one year</b>				
Trade creditors	<b>443,887</b>	162,789	<b>418,322</b>	81,785
Corporation tax	-	42,500	-	-
Other taxation and social security	<b>225,889</b>	155,202	<b>161,042</b>	103,866
Other creditors	<b>616,449</b>	83,262	<b>592,142</b>	62,178
Accruals and deferred income	<b>780,999</b>	992,539	<b>705,726</b>	879,520
	<b>2,067,224</b>	1,436,292	<b>1,877,232</b>	1,127,349

### 15. Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £277,679 (2013 - £278,733). Contributions amounting to £25,228 (2013 - £44,957) were payable to the fund and are included in creditors.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

	Fanshaws Renovation Fund £	Educational Prize Fund £	Profit and loss account £	
<b>16. Reserves</b>				
<b>Group</b>				
At 1 April 2013	21,247	27,598	7,609,445	
Profit for the year	-	-	253,151	
Fanshaws renovation costs	(21,247)	-	-	
At 31 March 2014	-	<b>27,598</b>	<b>7,862,596</b>	
	Fanshaws Renovation Fund £	Educational Prize Fund £	Profit and loss account £	
<b>Company</b>				
At 1 April 2013	21,247	27,598	3,919,752	
Loss for the year	-	-	(578,695)	
Fanshaws renovation costs	(21,247)	-	-	
At 31 March 2014	-	<b>27,598</b>	<b>3,341,057</b>	
	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
<b>17. Reconciliation of movements in shareholders' funds</b>				
Profit/(loss) for the year	<b>253,151</b>	518,263	<b>(578,695)</b>	(342,243)
Fanshaws renovation costs	<b>(21,247)</b>	(11,709)	<b>(21,247)</b>	(11,709)
Net additions to/(deductions from) shareholders' funds	<b>231,904</b>	506,554	<b>(599,942)</b>	(353,952)
Opening shareholders' funds	<b>7,658,290</b>	7,151,736	<b>3,968,597</b>	4,322,549
Closing shareholders' funds	<b>7,890,194</b>	7,658,290	<b>3,368,655</b>	3,968,597

### 18. Contingent liabilities

During the year the group received a claim from an ex employee in respect of unfair dismissal. The case had not yet been resolved when these financial statements were approved by the board. The directors are of the opinion that the company has an adequate defence and are intending to dispute the claim.

### 19. Acquisitions

On 31 March 2014 the group acquired intellectual property and goodwill from ATT Training Limited for £550,000 for cash.

In calculating the goodwill arising on the acquisition, the fair value of the net assets have been assessed and adjustments from book value have been made where necessary. The net book value of intellectual property is nil and the directors have also assessed the fair value of intellectual property acquired as nil. Consequently as shown above the full consideration of £550,000 has been attributed to goodwill (see note 9).

### Cash flows

The net outflow of cash arising from the acquisition of intellectual property and goodwill from ATT Training Limited was as follows:

Cash consideration	£ 550,000
Cash paid post year end	(550,000)
Net outflow of cash	-

### 20. Commitments under operating leases

The group and company had annual commitments under non-cancellable operating leases as set out below:

	Other 2014 £	Other 2013 £
Operating leases which expire:		
Within one year	<b>14,998</b>	-
In two to five years	<b>91,436</b>	100,595
	<b>106,434</b>	100,595

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 21. Related party disclosures

During the year the Institute paid rents amounting to £3,892 (2013 - £4,572) to Scottish Motor Trade Association, a company of which Adrian Smith is a director.

In addition, consultancy fees amounting to £Nil (2013 - £78,769) were paid to Sillars and Co Limited, a company in which Sarah Sillars, director at time of transaction, has a controlling interest.

During the year the company loaned £5,000 to Linda Stansfield, director. At the year end a total of £3,333 was still outstanding.

During the year the company loaned £5,000 to Christopher Thomas, director. At the year end a total of £4,688 was still outstanding.

#### Controlling parties

The company is controlled by its members, and as such has no ultimate controlling party.

Advantage has been taken of the exemption allowed by FRS 8 "Related Party Transactions" not to disclose any transactions with any entities that are included in the consolidated financial statements.

	2014 £	2013 £
<b>22. Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	128,322	505,901
Depreciation of tangible fixed assets	59,518	85,564
Loss on sale of tangible fixed assets	1,174	5,190
Decrease in stocks	155	39
(Increase)/decrease in debtors	(61,312)	301,065
Increase in creditors	123,432	315,541
<b>Net cash inflow from operating activities</b>	<b>251,289</b>	<b>1,213,300</b>
	2014 £	2013 £
<b>23. Reconciliation of net cash flow to movement in net funds</b>		
(Decrease)/increase in cash	(72,077)	1,106,569
Opening net funds	7,611,164	6,504,595
<b>Closing net funds</b>	<b>7,539,087</b>	<b>7,611,164</b>

	At 1 April 2013 £	Cash flow £	At 31 March 2014 £
<b>24. Analysis of net funds</b>			
Cash at bank and in hand	7,611,164	(72,077)	<b>7,539,087</b>
<b>Total</b>	<b>7,611,164</b>	<b>(72,077)</b>	<b>7,539,087</b>



THE INSTITUTE OF THE  
MOTOR INDUSTRY

**Registered Office**

Fanshaws, Brickendon,  
Hertford, SG13 8PQ

[www.theimi.org.uk](http://www.theimi.org.uk)

