INSTITUTE OF THE MOTOR INDUSTRY

2016

ANNUAL REPORT

Together, driving up standards

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN
that an Ordinary General Meeting (being the ninety fifth Annual General Meeting of the Institute) will be held at 'Fanshaws', Brickendon, Hertford on Wednesday
2 November 2016 at 2.00 pm.

AGENDA

1. Apologies for absence
2. Minutes of the Annual General Meeting of 28 October 2015
3. Installation of President – 2016/2017
4. Installation of Vice Presidents – 2016/2017
5. Installation of Honorary Treasurer – 2016/2017
6. Declaration of Directors
7. Revenue Account and Balance Sheet of the Institute for the year ended 31 March 2016 and the Auditor's Report
8. Annual Report for the year ended 31 March 2016
9. Appointment of Auditors
10. Any other business by Order of the Board

S James, Chief Financial Officer
1st June 2016
'Fanshaws', Brickendon, Hertford, SG13 8PQ

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:

Simon James, Chief Financial Officer, c/o Ann Stillion, IMI, Fanshaws, Brickendon, Hertford SG13 8PQ, or email ceooffice@theimi.org.uk

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

IMI EXECUTIVE BOARD DIRECTORS 2015/2016

S Nash FIMI
S James FIMI *(appointed 4 January 2016)*
K L Woolley FIMI *(appointed 4 May 2016)*

IMI NON-EXECUTIVE BOARD DIRECTORS 2015/2016

T Murphy
M Rogers FIMI
G Braddock AAE HON FIMI
A J S Smith FIMI
D R Lockhart FIMI
A J Tomsett MIMI
S Martindale FIMI
K Finn FIMI
A Davies FIMI
M A Crandon AAE FIMI
R Siney FIMI *(appointed 29 October 2015)*

REGISTERED OFFICE

Fanshaws, Brickendon,
Hertford, Hertfordshire,
SG13 8PQ

COMPANY NUMBER
00225180

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

CHAIRMAN'S STATEMENT

The development and facilitation of professional standards is critical in our fast moving industry. The IMI, as the overarching body, is best placed to make this happen.

ADRIAN J. S. SMITH FIMI
CHAIRMAN

This is an exciting time to be part of the dynamic automotive sector with the Government taking proactive steps to promote alternative fuel technology and the public are beginning to respond. Technology is evolving fast, with Hybrid & Electric cars now being common place.

Currently there are around 1,000 people qualified to work on high voltage electric cars. However, as the volumes of these new vehicles grow, there are thousands of technicians that will be challenged to offer that kind of service and without some sort of licence requiring them to be properly trained and qualified.

These developments will have a huge impact on every part of the motor industry and the need to completely professionalise our industry has never been so important, meaning that the work of IMI is be more imperative than ever. The development and facilitation of professional standards is critical in a fast moving industry and I believe an overarching body such as the IMI is best placed to make this happen.

The team at the IMI has done an excellent job in refocusing the organisation, continuing to roll out the three year strategy. I am certain you will see IMI Qualifications, Accreditations and the Professional Register at the forefront of the industry as it heads into the future.

It has also been encouraging to see the IMI taking a strong stance on issues that affect the industry. The IMI's campaigns around licensing of technicians, careers and apprenticeships are already ensuring the industry has a higher profile with government and the media than ever before. These are also ensuring that the IMI is better placed than ever to represent and support the industry to government and the wider audience.

Of course the IMI cannot lead the industry alone and we are grateful to all the companies and individuals that have supported the organisation's work this year. As we look forward to another year, we are confident we will bring new opportunities and successes to automotive businesses and individuals alike.

The IMI's Corporate Social Responsibility can be encapsulated in its core purpose from when it was established in 1920 as a not for profit organisation, to support members and promote the motor trade, and this has continued over the years to the work it currently carries out on behalf of the automotive sector. This, together with the people we employ, the support we give our community, both locally and industry-wide and our approach to care for the environment, combine to ensure that the IMI aims to have a positive impact on society and the environment generally, and the automotive sector specifically.

Adrian J. S. Smith FIMI,
Chair of the IMI

CEO'S REPORT

Steve Nash looks back and summarises a busy and successful year at the IMI.

STEVE NASH FIMI
CEO

STRATEGIC FOCUS

As part of our new strategic direction which places the IMI Professional Register at the heart of everything we do, we have introduced a new core purpose.

"IMI believes that the development and facilitation of professional registration is critical to personal and business success. We exist to make this happen."

Over the last year the IMI has progressed with its three year strategy designed to ensure the IMI continues to support the automotive sector.

Our focus during this eventful year has been on:

- 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
- Redefining the purpose of the IMI - ensuring we continue to support the automotive sector without government-funded projects.

We have continued campaigning to introduce a Licence to Practise for automotive technicians in order to ensure minimum standards are in place across the industry, and to end the situation where businesses who invest in training are forced to compete on cost with those who don't.

CREATING A COMMERCIAL CULTURE

As with any successful commercial organisation, it is essential we continue to develop and diversify our product offering in order to meet the ever evolving demands of the sector we serve.

As the leading awarding organisation for the motor industry, we are continually looking for ways to achieve excellence and consistent customer satisfaction across our growing centre network.

INTERNATIONAL STRATEGY

This year we have been working hard to fully exploit international business opportunities for all IMI products and services using a robust repeatable model. The presence overseas has presented us with the opportunity to expand the sale of our Qualifications, Accreditations and Membership internationally.

PRODUCT AND SKILLS SOLUTIONS

Developing a cohesive product strategy has enabled us to provide a compelling offer to the sector supporting Professional Registration. Membership plays a significant part in the IMI's strategy and in addition to our international ambitions, plans have been put in place to connect IMI learners with IMI Membership, as part of the ongoing work to make membership fit for purpose in the modern industry.

SECTOR SKILLS RESPONSIBILITIES

IMI continued to carry out research providing information and advice on skills, to the automotive retail sector which has enabled us to ensure employers and learners have fit for purpose standards, qualifications and Apprenticeship frameworks as well as supporting careers information, advice and guidance.

PERFORMANCE

Growth in Turnover was strong year on year delivering £8.16m, up 11.0% on 2014/15 (£7.35m). Cost control was also strong year on year with £9.14m of expenditure, up 3.4% on 2014/15 (£8.84m). Overall the organisation made a Loss for the year of £964k with a positive variance of £505k to 2014/15 (loss for the year of £1.47m) and an adverse variance of £193k to budget (shortfall of £771k, including Business Transformation costs), due in part to extra costs incurred as part of being recognised as an Awarding Organisation.

In view of the ongoing commitment to supporting the organisation following the reduction in government funding and the additional ongoing costs of being an awarding organisation, the Board has approved the extension of the original 3 year Financial Plan to 5 years, with a projected deficit of £191k in 2016/17 before moving to a surplus in year 4 and 5. This continued investment is also supporting the IMI's Business Transformation and introduction of the new membership model.

IMI CORPORATE SOCIAL RESPONSIBILITY

Our continuing work supporting members and promoting the motor industry as a not for profit organisation demonstrates the importance we place on our social responsibility. This year we have continued to work on behalf of the automotive sector, together with the people we employ. The support we give our community locally and industry-wide, as well as our efforts to care for the environment ensure that the IMI has a positive impact on society, the environment and the automotive sector.

STAFF COMMENTS:

“The location is exceptional and the staff are always friendly and helpful. The team that I work in is always willing to help and advise me if requested, my colleagues are enthusiastic about what they do and have a great deal of knowledge and experience”.

“IMI is a great workplace because there is opportunity for career progression and personal development”.

THE AUTOMOTIVE SECTOR

We believe that professionalism and ethical working should be at the centre of how the automotive sector operates and in this respect our work promoting the Professional Register to consumers is key. We believe the technicians working on electric and hybrid vehicles should be licensed, for their own and the public’s safety and we are campaigning with government to bring this about, with the support of a broad range of automotive businesses including manufacturers, franchised and independent dealers.

We recognise achievement of individuals and organisations at our Outstanding Achievers Awards event as well as presenting awards at our Annual Dinner for those who make outstanding contributions to the sector and the work of the IMI. Dedicated to increasing the awareness of the career opportunities within the motor industry, the IMI also host an annual skills competition, IMI Skill Auto, which showcases the top talent within the industry in Automotive Body Repair, Vehicle Refinishing, Automotive Technology and Heavy Vehicle Engineering.

PEOPLE

This year we entered the Best Companies to Work for and were awarded a One Star Accreditation and placed 69th in the Sunday Times Top 100 Best Not For Profit Companies to Work For. Our staff rated us highly in the “Giving Something Back” category, recognising our work in the sector and the community. We involve staff in monthly communications meetings, which are recorded for those who work remotely, and hold an annual business plan sharing day so everyone knows what the objectives are and how they contribute to them. The staff on our Social Committee organize fun and charity events throughout the year. Training and development is key for our people, and we to support our staff through ongoing development which will help them realise their career aims.

ENVIRONMENT

We work in as environmentally friendly way as possible, through careful purchasing, printing and recycling. No office waste goes to landfill but is recycled or re-used; our IT equipment is energy star rated and efficient; we maintain and cherish our Grade II listed head office building and support the local wildlife trust while maintaining our grounds as a corridor for wildlife. This year we are not printing and posting copies of the Annual Report to all our members, but it is available on the website for download and reading, saving printing, paper and distribution. Our own fleet of company cars has green options and we provide electric charging points at our head office.

COMMUNITY

As an organisation, we support BEN, the automotive charity, through payroll giving, supporting the Christmas event, we hold charity events to raise funds and it is the charity supported by the Annual Dinner raffle. As an organisation the IMI also donates to local community and school events. Including all activities, the IMI contributed £12,000 to charity last year. In addition, over £2,000 was raised by a member of staff running the London Marathon for BEN, and staff choose other charities to support throughout the year, raising over £4,000 for all causes.

FUTURE PLANS

BUSINESS OBJECTIVES – 2016/2017

- Deliver the agreed budget for 2016/17, achieving bottom line budget and maintaining a tight control on overdue debts and expenditure by 31 March 2017
- Achieve product income targets by 31 March 2017 through the implementation of an international business development plan with fully integrated marketing and communications activities
- Ensure regulatory compliance throughout the 2016/17 financial year
- Develop and deliver realigned operating processes, procedures, governance, resources and culture to achieve successful implementation of the new operating model and ways of working by 31 March 2017
- Raise awareness of automotive careers opportunities and progression routes through IMI careers products and resources, aiming to reach 112,000 individuals by 31 March 2017
- Design and deliver IT and web infrastructure, systems and products to support the delivery of the business strategy during the 2016/17 financial year
- Deliver a business-wide research plan, including keeping abreast and reporting on opportunities and threats presented by changing government skills policies, in order to inform the strategic direction of the business during the 2016/17 financial year
- Re-align existing and develop new products with the IMI's common purpose by 31st March 2017, ensuring a consistent market-led, quality approach to design, development, launch and evaluation in order to position the product portfolio as a world-leader
- Development and full implementation of the agreed membership business model by 31 March 2017
- Development and implementation of Professional Standards for six job role families, in conjunction with the creation of three new membership entry routes and review of existing entry routes by 31 March 2017

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.

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.

BREXIT AND THE IMI

It is our consideration that the result of the referendum, to leave the European Union, will have little impact on the IMI in the short or medium term, given that the process will take up to two years and the UK will effectively remain an EU member up to that time.

The Executive team, in consultation with the Board, will consider and plan for any longer term risks as the full effects of Brexit become clearer, but there are no obvious challenges to our strategy. The UK is still our core market and our growth overseas is very largely outside of the EU.

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 2014 - 2017 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:

- Agreeing and signing off 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 2016 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..

THE INSTITUTE OF THE MOTOR INDUSTRY GROUP BOARD

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 2014-2017 and Financial Strategy while safeguarding the public funds and organisational assets, in accordance with the responsibilities assigned to the CEO in Managing Public Money.

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 include ensuring the solvency of the organisation and safeguarding its assets and receiving and approving the Annual Report and Accounts.
- The Group Board has 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.

This report was approved by the board on 6 July 2016 and signed on its behalf.

S Nash FIMI
Director

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Directors' 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 director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under Company law the director must not approve the financial statements unless he is satisfied that he gives a true and fair view of the state of affairs of the Company and the Group 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 for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was that of a professional body, awarding body and Sector Skills Council.

LIMITED BY GUARANTEE

The company is limited by guarantee. In the case of a winding up, the current members of the Institute (approximately 12,719) are guarantors for an amount not exceeding £1 each.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £963,667 (2015 – loss £1,468,446).

The directors do not recommend the payment of a dividend.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end.

AUDITORS

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 6 July 2016 and signed on its behalf.

A J S Smith FIMI, Director

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 2016 which comprise the consolidated Statement of Comprehensive Income, the consolidated and company Statement of Financial Position, the consolidated and company Statement of Changes in Equity the consolidated Statement of Cash Flows 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.

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 2016 and of the group's loss 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

11 July 2016

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	NOTE	2016 (£)	2015 (£)
TURNOVER	3	**8,160,770**	7,351,883
Cost of sales		**(2,416,816)**	(2,630,788)
GROSS PROFIT		**5,743,954**	4,721,095
Administrative expenses		**(6,722,375)**	(6,212,002)
OPERATING LOSS	4	**(978,421)**	(1,490,907)
Interest receivable and similar income		**4,855**	22,461
LOSS BEFORE TAXATION		**(973,566)**	(1,468,446)
Tax on loss	7	**9,899**	–
LOSS FOR THE YEAR		**(963,667)**	(1,468,446)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(963,667)**	(1,468,446)
OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent Company		**(963,667)**	(1,468,446)
		(963,667)	(1,468,446)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent Company		**(963,667)**	(1,468,446)
		(963,667)	(1,468,446)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	NOTE	2016 (£)	2016 (£)	2015 (£)	2015 (£)
FIXED ASSETS					
Intangible assets	9		**1,147,460**		887,881
Tangible assets	10		**495,655**		507,312
Investments	11		**588,225**		–
			2,231,340		1,395,193
CURRENT ASSETS					
Stocks	12	**10,196**		8,071	
Debtors	13	**1,238,037**		1,052,815	
Cash at bank and in hand		**3,216,782**		5,199,255	
		4,465,015		6,260,141	
Creditors: amounts falling due within one year	14	**(1,238,274)**		(1,233,586)	
NET CURRENT ASSETS			**3,226,741**		5,026,555
NET ASSETS			**5,458,081**		6,421,748
CAPITAL AND RESERVES					
Other reserves	16		**27,598**		27,598
Profit and loss account	16		**5,430,483**		6,394,150
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			**5,458,081**		**6,421,748**

The notes on pages 19 to 38 form part of these financial statements. The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 July 2016.

A J S Smith FIMI, Director

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	NOTE	2016 (£)	2016 (£)	2015 (£)	2015 (£)
FIXED ASSETS					
Intangible assets	9		**1,147,460**		887,881
Tangible assets	10		**495,655**		507,312
Investments	11		**1,088,225**		500,000
			2,731,340		1,895,193
CURRENT ASSETS					
Stocks	12	**10,196**		8,071	
Debtors	13	**1,238,037**		752,396	
Cash at bank and in hand		**3,216,582**		1,771,661	
		4,464,815		2,532,128	
Creditors: amounts falling due within one year	14	**(8,358,000)**		(3,159,368)	
NET CURRENT LIABILITIES			**(3,893,185)**		(627,240)
NET ASSETS			**1,161,845**		**1,267,953**
CAPITAL AND RESERVES					
Other reserves	16		**27,598**		27,598
Profit and loss account	16		**(1,189,443)**		1,240,355
			(1,161,845)		**1,267,953**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 July 2016.

A J S Smith FIMI, Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	EDUCATIONAL PRIZE FUND (£)	RETAINED EARNINGS (£)	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT COMPANY (£)	TOTAL EQUITY (£)
At 1 April 2015	27,598	6,394,150	6,421,748	6,421,748
COMPREHENSIVE INCOME FOR THE YEAR				
Loss for the year	–	(963,667)	(963,667)	(963,667)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	(963,667)	(963,667)	(963,667)
TOTAL TRANSACTIONS WITH OWNERS	–	–	–	–
At 31 March 2016	27,598	5,430,483	5,458,081	5,458,081

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	EDUCATIONAL PRIZE FUND (£)	RETAINED EARNINGS (£)	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT COMPANY (£)	TOTAL EQUITY (£)
At 1 April 2014	27,598	7,862,596	7,890,194	7,890,194
COMPREHENSIVE INCOME FOR THE YEAR				
Loss for the year	–	(1,468,446)	(1,468,446)	(1,468,446)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	(1,468,446)	(1,468,446)	(1,468,446)
TOTAL TRANSACTIONS WITH OWNERS	–	–	–	–
At 31 March 2015	27,598	6,394,150	6,421,748	6,421,748

The notes on pages 19 to 38 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	EDUCATIONAL PRIZE FUND (£)	RETAINED EARNINGS (£)	TOTAL EQUITY (£)
At 1 April 2015	27,598	1,240,355	1,267,953
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	–	(2,429,798)	(2,429,798)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(2,429,798)	(2,429,798)
TOTAL TRANSACTIONS WITH OWNERS	–	–	–
At 31 March 2016	27,598	(1,189,443)	(1,161,845)

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	EDUCATIONAL PRIZE FUND (£)	RETAINED EARNINGS (£)	TOTAL EQUITY (£)
At 1 April 2014	27,598	3,341,057	3,368,655
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	–	(2,100,702)	(2,100,702)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	(2,100,702)	(2,100,702)
TOTAL TRANSACTIONS WITH OWNERS	–	–	–
At 31 March 2015	27,598	1,240,355	1,267,953

The notes on pages 19 to 38 form part of these financial statements.

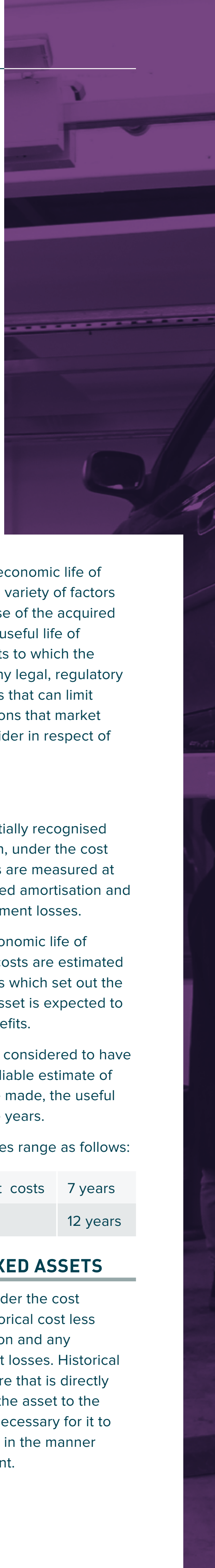
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	2016 (£)	2015 (£)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	**(963,667)**	(1,468,446)
ADJUSTMENTS FOR:		
Amortisation of intangible assets	**55,146**	45,833
Depreciation of tangible assets	**108,469**	87,446
Loss on disposal of tangible assets	**–**	(3,377)
Increase in stocks	**(2,124)**	(5,414)
Interest received	**(4,855)**	(22,461)
Taxation credit	**(9,899)**	–
Increase in debtors	**(185,458)**	(38,266)
Increase in creditors	**4,687**	(283,638)
Corporation tax paid	**10,135**	14,883
NET CASH GENERATED FROM OPERATING ACTIVITIES	**(987,566)**	(1,673,440)

CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	**(368,048)**	(550,000)
Purchase of tangible fixed assets	**(43,489)**	(148,361)
Sale of tangible fixed assets	**–**	9,508
Purchase of listed investments	**(588,225)**	–
Interest received	**4,855**	22,461
NET CASH FROM INVESTING ACTIVITIES	**(994,907)**	(666,392)

NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,982,473)**	(2,339,832)
Cash and cash equivalents at beginning of year	**5,199,255**	7,539,087
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**3,216,782**	5,199,255

CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	**3,216,782**	5,199,255
	3,216,782	5,199,255



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

1.1 | BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Institute of the Motor Industry is a company limited by guarantee and incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and details of the principal activities are given in the strategic report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first time adoption of FRS 102 is given in note 21.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 | BASIS OF CONSOLIDATION

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

1.3 | TURNOVER

Turnover represents amounts receivable in respect of examination, registration and centre fees receivable during the year in accordance with applicable accounting standards. Income is recognised on an accruals basis.

1.4 | INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income Statement over its useful economic life.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The expected useful economic life of software development costs are estimated based on business plans which set out the period over which the asset is expected to generate economic benefits.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives range as follows:

Software development costs	7 years
Goodwill	12 years

1.5 | TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, except for freehold property, using the following methods.

Depreciation is provided on the following basis:

Motor vehicles	25% reducing balance
Fixtures and fittings	10%–33% per annum
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.

1.6 | VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.7 | STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.8 | DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.9 | CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.10 | FINANCIAL ASSETS

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

1.11 | FINANCIAL LIABILITIES

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

1.12 | CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 | GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income Statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

1.14 | FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1.15 | LEASED ASSETS: LESSEE

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 31 March 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.16 | PENSIONS

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

1.17 | HOLIDAY PAY ACCRUAL

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

1.18 | INTEREST INCOME

Interest income is recognised in the Income Statement using the effective interest method.

1.19 | TAXATION

Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible fixed assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset and where it is the component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

Tangible fixed assets (See note 10)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible fixed assets (See note 9)

Intangible fixed assets are amortised over their useful lives taking into account the time over which the intangible asset will provide benefit to the company. In assessing the life of the intangible the directors consider market conditions and the current benefit provided to the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

(CONTINUED)

3 | ANALYSIS OF TURNOVER

An analysis of turnover by class of business is as follows:

	2016 (£)	2015 (£)
Fees – Awarding body	**5,220,237**	4,613,812
Accreditation fees	**952,202**	803,311
Professional body	**908,064**	933,798
Advertising income	**81,721**	62,961
Apprentice certification fees	**303,952**	127,171
Grants receivable	**–**	419,438
Other income	**379,563**	74,663
Sponsorship income	**82,000**	84,490
E-Learning	**233,031**	232,239
	8,160,770	7,351,883

Analysis of turnover by country of destination:

	2016 (£)	2015 (£)
United Kingdom	**7,996,315**	7,254,511
Rest of the world	**164,455**	97,372
	8,160,770	7,351,883

4 | OPERATING LOSS

The operating loss is stated after charging:

	2016 (£)	2015 (£)
Depreciation of tangible fixed assets	**55,146**	87,446
Amortisation of intangible assets, including goodwill	**108,469**	45,833
Fees payable to the Group's auditor and its associates for the audit of the company's annual accounts	**20,000**	19,570
Fees payable to the Group's auditors and its associates for other services to the group:		
– Taxation compliance services	**8,750**	8,490
– Other non audit services	**32,750**	4,350
Exchange differences	**658**	9,899
Defined contribution pension cost	**355,202**	366,999
Payments under operating leases	**132,432**	135,593

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.

5 | EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2016 (£)	2015 (£)
Wages and salaries	**4,104,221**	3,987,465
Social security costs	**424,179**	414,418
Cost of defined contribution scheme	**355,202**	366,999
	4,883,602	4,768,882
The average monthly number of employees, including the directors, during the year was as follows:		
Office and management	**109**	104
Directors	**3**	4
	112	108

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

(CONTINUED)

6 | DIRECTORS' REMUNERATION

	2016 (£)	2015 (£)
Directors' emoluments	**433,916**	540,316
Company contributions to defined contribution pension schemes	**53,316**	69,690
	487,232	610,006

During the year retirement benefits were accruing to 2 directors (2015 – 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £232,932 (2015 – £228,777).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2015 – £NIL).

Directors' remuneration of £Nil (2015 – £83,044) and pension contributions of £Nil (2015 – £2,833) were recharged to IMI Awards Limited for the management of the entity's affairs.

7 | TAXATION

	2016 (£)	2015 (£)
CORPORATION TAX		
Adjustments in respect of previous periods	**(9,899)**	–
TOTAL CURRENT TAX	**(9,899)**	**–**

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 – higher than) the standard rate of corporation tax in the UK of 20% (2015 – 21%). The differences are explained below:

	2016 (£)	2015 (£)
Profit on ordinary activities before tax	**(973,566)**	(1,468,446)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 21%)	**(194,713)**	(308,374)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**13**	56
Capital allowances for year in excess of depreciation	**2,104**	27,279
Adjustments to tax charge in respect of prior periods	**(9,899)**	–
Short term timing difference leading to an increase (decrease) in taxation	**–**	(5,122)
Non taxable income	**(108,844)**	(118,187)
Unrelieved tax losses carried forward	**301,440**	404,348
TOTAL TAX CHARGE FOR THE YEAR	**(9,899)**	–

Factors that may affect future tax charges

The Institute of the Motor Industry has unutilised tax losses carried forward of £3,945,000 (2015 – £2,500,000) available for carry forward against future trading profits of the Institute of the Motor Industry. The group has an unprovided deferred tax asset of £710,000 (2015 – £488,000) in respect of these losses carried forward. The deferred tax asset has not been recognised due to the uncertain timing of their reversal.

The group is exploring the opportunity to make a research and developemnt claim in respect of its development expenditure. A successful claim will impact the future tax charge.

8 | PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £2,429,798 (2015 – loss £2,100,701).

9 | INTANGIBLE ASSETS

GROUP	SOFTWARE DEVELOPMENT COSTS (£)	GOODWILL (£)	TOTAL (£)
COST			
At 1 April 2015	**405,561**	**550,000**	**955,561**
Additions – internal	**368,048**	**–**	**368,048**
At 31 March 2016	**773,609**	**550,000**	**1,323,609**
AMORTISATION			
At 1 April 2015	**21,847**	**45,833**	**67,680**
Charge for the year	**62,636**	**45,833**	**108,469**
At 31 March 2016	**84,483**	**91,666**	**176,149**
NET BOOK VALUE			
At 31 March 2016	**689,126**	**458,334**	**1,147,460**
At 31 March 2015	383,714	504,167	887,881

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

(CONTINUED)

9 | INTANGIBLE ASSETS (continued)

COMPANY	SOFTWARE DEVELOPMENT COSTS (£)	GOODWILL (£)	TOTAL (£)
COST			
At 1 April 2015	405,561	550,000	955,561
Additions – internal	368,048	–	368,048
At 31 March 2016	773,609	550,000	1,323,609
AMORTISATION			
At 1 April 2015	21,847	45,833	67,680
Charge for the year	62,636	45,833	108,469
At 31 March 2016	84,483	91,666	176,149
NET BOOK VALUE			
At 31 March 2016	689,126	458,334	1,147,460
At 31 March 2015	383,714	504,167	887,881

10 | TANGIBLE FIXED ASSETS

GROUP	FREEHOLD PROPERTY (£)	MOTOR VEHICLES (£)	FIXTURES AND FITTINGS (£)	COMPUTER EQUIPMENT (£)	TOTAL (£)
COST					
At 1 April 2015	396,653	19,037	966,667	295,431	1,677,788
Additions	–	–	18,067	25,422	43,489
Disposals	–	–	–	(10,166)	(10,166)
At 31 March 2016	396,653	19,037	984,734	310,687	1,711,111
DEPRECIATION					
At 1 April 2015	–	16,685	917,168	236,623	1,170,476
Charge owned for the period	–	588	19,745	34,813	55,146
Disposals	–	–	–	(10,166)	(10,166)
At 31 March 2016	–	17,273	936,913	261,270	1,215,456
NET BOOK VALUE					
At 31 March 2016	396,653	1,764	47,821	49,417	495,655
At 31 March 2015	396,653	2,352	49,499	58,808	507,312

COMPANY	FREEHOLD PROPERTY (£)	MOTOR VEHICLES (£)	FIXTURES AND FITTINGS (£)	COMPUTER EQUIPMENT (£)	TOTAL (£)
COST					
At 1 April 2015	396,653	19,037	966,667	285,265	1,667,622
Additions	–	–	18,067	25,422	43,489
At 31 March 2016	396,653	19,037	984,734	310,687	1,711,111
DEPRECIATION					
At 1 April 2015	–	16,685	917,168	226,457	1,160,310
Charge owned for the period	–	588	19,745	34,813	55,146
At 31 March 2016	–	17,273	936,913	261,270	1,215,456
NET BOOK VALUE					
At 31 March 2016	396,653	1,764	47,821	49,417	495,655
At 31 March 2015	396,653	2,352	49,499	58,808	507,312

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

(CONTINUED)

11 | FIXED ASSET INVESTMENTS

GROUP	LISTED INVESTMENTS (£)	OTHER FIXED ASSET INVESTMENTS (£)	TOTAL (£)
COST			
At 1 April 2015	–	45,000	45,000
Additions	588,225	–	588,225
Disposals	–	(45,000)	(45,000)
At 31 March 2016	588,225	–	588,225
IMPAIRMENT			
At 1 April 2015	–	45,000	45,000
Impairment on disposals	–	(45,000)	(45,000)
At 31 March 2016	–	–	–
NET BOOK VALUE			
At 31 March 2016	588,225	–	588,225
At 31 March 2015	–	–	–

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

NAME	COUNTRY OF INCORPORATION	CLASS OF SHARES	HOLDING	PRINCIPAL ACTIVITY
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
The College of the Motor Industry Limited	England and Wales	Ordinary shares	100%	Dormant

11 | FIXED ASSET INVESTMENTS (continued)

Listed investments

The fair value of the listed investments at 31 March 2016 was £588,225 (2015 – £NIL).

COMPANY	INVESTMENTS IN SUBSIDIARY COMPANIES (£)	LISTED INVESTMENTS (£)	TOTAL (£)
COST			
At 1 April 2015	**500,000**	**–**	**500,000**
Additions	**0**	**588,225**	**588,225**
At 31 March 2016	**500,000**	**588,225**	**1,088,225**
NET BOOK VALUE			
At 31 March 2016	**500,000**	**588,225**	**1,088,225**
At 31 March 2015	500,000	–	500,000

12 | STOCKS

	GROUP 2016 (£)	GROUP 2015 (£)	COMPANY 2016 (£)	COMPANY 2015 (£)
Finished goods and goods for resale	**10,196**	8,071	**10,196**	8,071

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £NIL (2015 – £NIL).

An impairment loss of £NIL (2015 – £NIL) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

(CONTINUED)

13 | DEBTORS

	GROUP 2016 (£)	GROUP 2015 (£)	COMPANY 2016 (£)	COMPANY 2015 (£)
Trade debtors	**786,966**	599,871	**786,966**	358,109
Other debtors	**114,729**	84,726	**114,729**	84,490
Prepayments and accrued income	**336,342**	368,218	**336,342**	309,797
	1,238,037	1,052,815	**1,238,037**	752,396

The impairment loss recognised in the group statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £13,037 (2015 – £6,620). The impairment loss recognised in the company statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £21,438 (2015 – £10,240).

14 | CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP 2016 (£)	GROUP 2015 (£)	COMPANY 2016 (£)	COMPANY 2015 (£)
Trade creditors	**243,318**	217,889	**243,318**	217,889
Amounts owed to group undertakings	**–**	–	**7,013,586**	1,926,957
Taxation and social security	**201,271**	199,711	**201,271**	199,711
Other creditors	**97,892**	48,411	**97,892**	47,236
Accruals and deferred income	**695,793**	767,575	**801,933**	767,575
	1,238,274	1,233,586	**8,358,000**	3,159,368

15 | FINANCIAL INSTRUMENTS

	GROUP 2016 (£)	GROUP 2015 (£)	COMPANY 2016 (£)	COMPANY 2015 (£)
Financial assets that are debt instruments measured at amortised cost	**4,118,477**	5,883,852	**4,118,277**	2,214,260
	4,118,477	5,883,852	4,118,277	2,214,260
Financial liabilities measured at amortised cost	(1,037,003)	(1,033,875)	**(8,156,729)**	(2,959,657)
	(1,037,003)	(1,033,875)	(8,156,729)	(2,959,657)

Financial assets measured at amortised cost comprise cash, trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, accruals and deferred income.

16 | RESERVES

Educational prize fund

This reserve represents bequests received by the institute, which are to be distributed as specific awards. Upon issue of an appropriate award a transfer is made from the reserve to the profit and loss account, until the fund is fully utilised.

Profit and loss account

This reserve represents the accumulated profits and losses, less dividends paid and other adjustments.

17 | PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £355,202 (2015 – £366,999). Contributions totalling £63,011 (2015 – £832) were payable to the fund at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

(CONTINUED)

18 | COMMITMENTS UNDER OPERATING LEASES

At 31 March 2016 the Group and the Company had future minimum lease payments under non cancellable operating leases as follows:

	GROUP 2016 (£)	GROUP 2015 (£)	COMPANY 2016 (£)	COMPANY 2015 (£)
Not later than 1 year	**95,327**	110,601	**95,327**	110,601
Later than 1 year and not later than 5 years	**84,455**	143,834	**84,455**	143,834
TOTAL	**179,782**	254,435	179,782	254,435

19 | RELATED PARTY TRANSACTIONS

During the year the Institute paid rents amounting to £4,135 (2015 – £4,105) to Scottish Motor Trade Association, a company of which A Smith is a director.

At the reporting date £4,583 (2015 – £Nil) was outstanding from S James, a director during the period. The amount outstanding is in relation to a loan £5,000 made during 2016.

At the reporting date £Nil (2015 – £833) was outstanding from L Stansfield, a director during the period. The amount outstanding is in relation to a loan £5,000 made during 2014.

At the reporting date £Nil (2015 – £3,438) was outstanding from C Thomas, a former director. The amount outstanding is in relation to a loan of £5,000 made during 2014.

Key management personnel include all directors and a number of senior management across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £1,088,939 (2015 – £1,216,740).

20 | CONTROLLING PARTY

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

21 | FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss. The group reclassified software development costs previously recognised as a tangible fixed asset to intangible fixed assets in line with the definitions within FRS 102.

COMPANY DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	NOTES	2016 (£)	2015 (£)
Turnover		**5,210,143**	4,583,354
Cost of sales		**(2,174,609)**	(2,283,051)
GROSS PROFIT		**3,035,534**	2,300,303
LESS: OVERHEADS			
Administration expenses		**(5,478,548)**	(4,407,345)
OPERATING LOSS	4	**(2,443,014)**	(2,107,042)
Interest receivable		**3,081**	6,340
Tax on profit on ordinary activities		**10,135**	—
LOSS FOR THE YEAR		**(2,429,798)**	(2,100,702)

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

COST OF SALES	2016 (£)	2015 (£)
Purchases – raw materials	**419,803**	344,398
Wages and salaries	**805,964**	795,146
National insurance	**77,119**	85,538
Research and development	**30,171**	610
Marketing and PR expenses	**411,350**	296,653
Project related expenses	**430,202**	760,706
	2,174,609	2,283,051

ADMINISTRATION EXPENSES	2016 (£)	2015 (£)
Directors salaries	**430,925**	510,054
Directors pension costs – defined contribution schemes	**53,316**	66,857
Staff salaries	**1,864,095**	1,361,413
Staff national insurance	**309,058**	273,883
Staff pension costs – defined contribution schemes	**204,183**	251,645
Staff training	**25,469**	55,678
Staff welfare	**5,371**	7,479
Entertainment	**64**	271
Hotels, travel and subsistence	**330,844**	278,187
Consultancy	**140,496**	21,425
Printing and stationery	**199,736**	179,905
Telephone and fax	**57,281**	48,995
Computer costs	**204,641**	237,084
Advertising and promotion	**83,720**	–
Trade subscriptions	**35,216**	38,920
Legal and professional	**53,200**	52,595
Accountancy fees	**38,000**	34,047
Bank charges	**25,714**	21,944
Bad debts	**21,439**	10,240
Difference on foreign exchange	**658**	9,762
Sundry expenses	**17,340**	8,657
Rates	**43,606**	38,823
Light and heat	**7,997**	16,037
Cleaning	**44,982**	53,484
Insurances	**67,484**	57,400
Repairs and maintenance	**78,529**	102,402
Depreciation – motor vehicles	**588**	784
Depreciation – computer equipment	**34,812**	53,095
Depreciation – fixtures and fittings	**19,745**	33,567
Amortisation – intangible fixed assets	**108,469**	45,833
Profit/loss on sale of tangible assets	**–**	(3,377)
Irrecoverable VAT	**328,400**	254,219
Healthcare costs	**50,527**	49,984
Canteen	**18,502**	19,438

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

(CONTINUED)

ADMINISTRATION EXPENSES (continued)	2016 (£)	2015 (£)
Governance	**4,173**	3,012
Board consultancy	**29,885**	30,523
Recruitment costs	**67,108**	26,480
Credit card charges	**18,000**	19,500
IT outsourcing	**133,510**	113,600
Severance pay	**4,149**	23,500
Website development costs	**65,300**	–
Business transformation costs	**252,015**	–
	5,478,547	4,407,345

INTEREST RECEIVABLE	2016 (£)	2015 (£)
Other interest receivable	**3,081**	6,340
	3,081	6,340

The IMI believes that the development and facilitation of professional registration is critical to personal and business success.

We exist to make this happen.

Institute of the Motor Industry
Fanshaws, Brickendon,
Hertford, SG13 8PQ

imi@theimi.org.uk
+44 (0) 1992 511 521
@the_IMI
theimi.org.uk

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