



INSTITUTE OF THE
MOTOR INDUSTRY



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ANNUAL REPORT

Together, driving up standards

FINANCIAL
STATEMENTS

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.

DIRECTORS

The directors who served during the year were:

T Murphy

M Rogers

G Braddock

S Nash

A J S Smith

L Stansfield (*resigned 4 May 2016*)

D R Lockhart

A J Tomsett

S Martindale

K Finn

C Thomas (*resigned 29 September 2015*)

A Davies

M A Crandon

R Siney (*appointed 29 October 2015*)

S James (*appointed 4 January 2016*)

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 development 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

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