



INSTITUTE OF THE  
MOTOR INDUSTRY

# ANNUAL REPORT



20  
19



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# THE BOARD 2018/19

**A SMITH**

CHAIRMAN

**S NASH**

CHIEF EXECUTIVE OFFICER

**S JAMES**

CHIEF FINANCIAL OFFICER

**K WOOLLEY**

CHIEF OPERATING OFFICER

**T MURPHY**

**D LOCKHART**

**A TOMSETT**

**S MARTINDALE**

**K FINN**

**A DAVIES**

**M CRANDON**

**R SINEY**

**G BRADDOCK**

**M ROGERS**

**A SIMMS**

## Registered Office

Fanshaws  
Brickendon  
Hertford  
Hertfordshire  
SG13 8PQ

## Registered Number

00225180

# NOTICE OF ANNUAL GENERAL MEETING

## NOTICE IS HEREBY GIVEN

that an Ordinary General Meeting (being the ninety eighth Annual General Meeting of the Institute) will be held at 'Fanshaws', Brickendon, Hertford on Wednesday 30 October 2019 at 2.00 pm.

## AGENDA

- 1 Apologies for absence
- 2 Minutes of the Annual General Meeting of 31 October 2018
- 3 Installation of President – 2019/2020
- 4 Installation of Vice Presidents – 2019/2020
- 5 Installation of Honorary Treasurer – 2019/2020
- 6 Declaration of Directors
- 7 Revenue Account and Balance Sheet of the Institute for the year ended 31 March 2019 and the Auditor's Report
- 8 Annual Report for the year ended 31 March 2019
- 9 Appointment of Auditors
- 10 Special Resolution to the Articles of Association
- 11 Any other business

by Order of the Board

**S James, Chief Financial Officer**

14 June 2019

'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 request a proxy notice, to:

**Simon James, Chief Financial Officer, c/o Georgia Foley**, IMI, Fanshaws, Brickendon, Hertford SG13 8PQ, or email [ceooffice@theimi.org.uk](mailto:ceooffice@theimi.org.uk)

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



## CHAIRMAN'S STATEMENT

Professional service to our members and the automotive industry continues to be our focus at the Institute of the Motor Industry.

Advancing levels of professionalism, consulting and guiding government, raising awareness of the exciting career opportunities that await - all are key to our future success and central to our present thinking and activity.

The teams at the IMI have excelled in responding to changes within our industry whilst continuing to deliver quality products and services to our growing membership.

We have adapted well in the Apprenticeship arena, responding positively with our partners to ensure the right information and guidance continues to be available with regard to the levy and the transition from frameworks to standards.

The IMI has continued to compete well with our MOT training product in the face of growing competition, successfully maintaining the number one position in the market.

An ever changing sector, often driven by legislation and technological advancement, requires a flexible and highly skilled team to adapt with the pace and creativity required to deliver great products and services to our growing membership. I am proud that Steve Nash and the whole IMI team have responded magnificently to the challenges of last year.

We have been flexible but we have also been innovative with the launch of new eLearning products, the student membership campaign, international market growth and harnessing virtual reality to promote future careers in our industry.

Last year also saw the advancement of our campaign to introduce minimum skills standards for those working on electrified vehicles who need to remain compliant with the requirements of the Electricity at Work Regulations. This is fundamentally important for our whole industry; with a broadly unregulated market it is our duty and purpose to protect and promote professionalism for the greater good, safety and enhancement of the sector.

In summary, we have innovated, we have grown and we have inspired - all whilst achieving a surplus in a competitive and changing landscape.

**Adrian Smith**  
Chairman



## CHIEF EXECUTIVE OFFICER'S REPORT



“ As CEO of the Institute of the Motor Industry, I look back with pride after another challenging but successful year of work. ”

Against the backdrop of increased competition and radical changes for our sector, the IMI team has responded well, demonstrating our collective professionalism and flexibility as an organisation to evolve, grow and respond to challenge.

Steering the IMI through constant transition and change has been a demanding but satisfying journey – seeing our organisation flourish and grow is a tribute to the skills within the business and the quality that we stand for and deliver across the industry.

**I would like to share some key factors behind our success in the last financial year:**

### CONTINUED TIGHT FISCAL MANAGEMENT

I am delighted that we delivered a surplus year end result in 2018/19 that facilitated us boosting our reserves to the highest they have been over the last 20 years at £7.7m.

### THE EFFECTIVE PERFORMANCE OF OUR DEPARTMENTS

Our capability to change or adapt in response to a dynamic market has improved due to a new consolidated business structure from 9 to 5 functions after a one-off restructuring efficiency review.

### STRONG MOT INCOME

Our high quality online solution is still industry leading and we will continue to develop it going forward.

### CONTINUED GROWTH OF MEMBERSHIP

In real terms membership stands at a historically high level of c.63,000 members since we engaged IMI qualified MOT testers and managers, and there has also been a significant increase in students who have opted into membership.

### MEMBER CENTRIC REALIGNMENT OF OUR STRATEGY

This is an explicit statement of our core purpose as a membership organisation and professional body. The conspicuous and ongoing success of our awarding activities and other recognition products, both in the UK and internationally, supports our aim to offer all of our members and partner organisations every means to attain and maintain the highest professional standards.

### GROWING INTERNATIONALLY

Increased growth in our international market as new centres are on-boarded and a new partnership with Lucas-Nuelle GmbH.



## FLEXIBILITY AND INNOVATION OF OUR TEAM

In an industry that is undergoing unprecedented change, we aim to help our members to remain informed and support them with skills solutions that enable them to stay on top of new developments. That means not only constantly maintaining and reviewing our offering of over 350 regulated qualifications, around 25 accreditations and numerous quality assured programmes, but also ensuring that we lead on new and emerging technologies. Hence our electric and hybrid qualifications and accreditations are widely used both in the UK and internationally, by manufacturers and independent operators alike.

## EFFECTIVE THOUGHT LEADERSHIP

As the automotive industry's professional body it is our role to provide a voice and represent the interests of our members to those in authority. This is why we have proactively lobbied government on issues such as the apprentice reforms and put forward proposals for the regulation of individuals working on the high voltage systems of electric and hybrid vehicles, as well as advanced driver assistance systems (ADAS) and autonomous and connected vehicles.

The future is exciting and the IMI has the following business objectives over the coming years to ensure we remain at the forefront of the automotive sector:

- Our Purpose is Your Success – keep our focus clear
- Grow our membership and demonstrate clear benefit and value
- Continue to grow our income models to secure our long term future
- Increase our effectiveness as a public voice on behalf of the industry
- Further develop international markets
- Continue to develop innovative products and services
- Encourage our teams to think creatively and embrace innovation

Every year seems to bring new challenges and new hurdles for us to overcome as an organisation. But we embrace change and look for the opportunities it provides.

What will not change is the IMI's commitment to lead, serve and protect our members on their own journey through the industry.

### Steve Nash

Chief Executive Officer





## CHIEF FINANCIAL OFFICER'S REPORT

### PERFORMANCE

Despite a challenging market, the IMI delivered a strong performance again in 2018/19 with a surplus of £413k (before one-off restructuring costs of £272k) and a Profit After Tax of £141k.

Turnover was £9.3m, £141k/1% down compared to last year, in part due to uncertainty in the automotive market resulting in lower than expected apprenticeship numbers and take up of new standards. Managed investment returns were up compared to last year's performance. Expenditure was £9.5m, up compared to last year due to exceptional items during the realignment of existing resources, but down compared to budget, due to good cost control. The overall performance, helped by the international business, eLearning MOT products, and financial initiatives, has afforded the organisation the opportunity to increase its reserves as well as support the continued investment required to deliver its business objectives.

Financial initiatives contributed significantly to Profit After Tax and helped to offset the capital cost of investment in IT systems. Product development was optimised and Research and Development Tax Credits utilised.

The IMI Board approved a budget surplus for 2019/20, which will allow continued further capital investment in the IT and web infrastructure, systems and products to support delivery of its business objectives.

### RISK MANAGEMENT

The directors of IMI 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, 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 and likelihood are reported to the IMI Board twice a year. Any interim significant high impact changes in risk levels are reported to the IMI Board as they occur. A number of independent quality assurance committees for IMI continue to function to ensure that the activities of the Group are closely monitored.

The principal risks as identified by the directors are:

- Loss of apprenticeship income as the new apprenticeship standards are introduced. To mitigate this risk, the IMI continues to ensure it is the Awarding Organisation of choice for the sector by maintaining close engagement with employers and manufacturers, and developing products in line with industry requirements.

### BREXIT

The Executive team, in consultation with the IMI 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 largely outside of the EU.





TURNOVER FOR  
2018/19

**£9.3m**

PROFIT AFTER TAX  
2018/19

**£0.1m**



## SCOPE OF RESPONSIBILITY

The CEO has IMI Board delegated responsibility for maintaining a sound system of internal control that supports the achievement of the IMI policies, aims and objectives as set out in the IMI Strategic Plan 2017-20 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 IMI has been supported by the IMI 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 IMI 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 IMI 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



## REVIEW OF EFFECTIVENESS

The CEO has IMI Board delegated responsibility for reviewing the effectiveness of the system of internal control. That review of the effectiveness of the system of internal control is informed by 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.

The IMI Board is the governing body of the organisation and carries responsibilities for setting IMI 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 IMI Board are as follows:

- It has a duty to enable the organisation to achieve its strategic aims. This responsibility includes considering and approving the organisation's final strategic plan, business objectives and resource deployment.
- It regularly monitors the performance of the organisation against its planned strategies and key performance indicators.
- The IMI Board's financial responsibilities include ensuring the solvency of the organisation, safeguarding its assets, and receiving and approving the Annual Report and accounts.
- It 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 IMI and, wherever possible, following a policy of openness and transparency in the dissemination of decisions.
- It 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.

## CORPORATE SOCIAL RESPONSIBILITY

Our continuing work as a not for profit organisation, supporting members and promoting the motor industry demonstrates the importance we place on our social responsibility. We continue 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.

## SECTOR

We believe that professionalism and ethical working should be at the centre of how the sector operates and in this respect our work promoting the Professional Register to the sector and 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 continue to campaign with government to bring this about, together with a broad range of automotive businesses including manufacturers, franchised and independent dealers. To this end the CEO appeared in front of the Parliamentary Select Committee and he has since met with members of the House of Commons and Lords, and as a result the IMI was mentioned in Hansard. We recognise the achievements 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.

## PEOPLE

For the fourth year running, we participated in the Best Companies to Work For survey and were awarded a One Star Accreditation, coming 73rd in the Sunday Times Top 100 Best Not For Profit Companies to Work For. The survey showed that staff felt that managers regularly express their appreciation, that they are happy with the balance between work and home life and that their job is good for their personal growth. Our staff rated us highly in the "My Company", "My Manager" and



“Giving Something Back” categories. We involve staff in monthly communications meetings and hold an annual business plan sharing day together with separate team sessions throughout the year, so everyone knows what the objectives are and how they contribute to them. The staff on our Social Committee organise fun and charity events throughout the year. Training and development is key for our people, and we aim to support our staff in their career aims. Our staff volunteering scheme allows all full and part time employees to take up to two days per year for an approved volunteering activity. We also have a staff recognition and appreciation scheme rewarding those who demonstrate our company values of being Flexible, Responsive, Effective and Exemplary, where IMI staff can nominate colleagues for their effort and commitment. This year, some of the staff benefits were enhanced, including maternity pay, paternity pay, annual leave purchase scheme and increased employer pension contribution from 7.5% to 8% to maintain the employee non-contributory pension benefit.

## ENVIRONMENT

We work in a way which is as environmentally friendly 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”. Again this year we are making available the Annual Report to all our members on the website, thereby

saving printing, paper and distribution, and Member Association event invites are sent out via email rather than post. Our own fleet of company cars has green options and we provide free electric charging points at our head office. Staff can opt for paperless payslips, we are reducing the use of single-use plastics, and our plastic and aluminium waste is recycled.

## COMMUNITY

As an organisation, we support BEN, the automotive charity, through payroll giving and supporting their Christmas event. We also hold charity events to raise funds and BEN is the charity supported by the Annual Dinner raffle. As an organisation the IMI also donates to other local community, charity and school events. Including all activities, the IMI and its staff contributed £13,780 to charities last year.

This report was approved by the board on 3 July 2019 and signed on its behalf.

**Simon James**  
Chief Financial Officer

**Steve Nash**  
Director

## STAFF COMMENTS:



*I love working at the IMI, I feel valued and not just a member of staff.*



*The working environment at the IMI is excellent and exceeds other places I have worked. Senior Management are genuinely keen to support and develop us as valued staff members and they always listen when suggestions are made on how our customer service can be improved.*



*I enjoy the days we take to do charity work, the IMI values its employees and is very supportive in training /CPD and managers are easy to talk to.*





## DIRECTOR'S REPORT

The directors present their report and the financial statements for the year ended 31 March 2019.

### 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 they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company, and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

- Assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions, to disclose with reasonable accuracy at any time the financial position of the parent company, and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### PRINCIPAL ACTIVITY

The principal activity of the Group during the year was that of a professional body, awarding body, end point assessment organisation 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 are guarantors for an amount not exceeding £1 each.



## RESULTS AND DIVIDENDS

The surplus for the year, after taxation, amounted to £141,129 (2018 – surplus of £930,134).

The directors do not recommend the payment of a dividend (2018: £Nil). Charitable donations in the period were £13,780 (2018 - £16,500).

## DIRECTORS

The directors who served during the year were:

**A Smith** (Chairman)

**S Nash** (Chief Executive Officer)

**S James** (Chief Financial Officer)

**K Woolley** (Chief Operating Officer)

**T Murphy**

**D Lockhart**

**A Tomsett**

**S Martindale**

**K Finn**

**A Davies**

**M Crandon**

**R Siney**

**G Braddock**

**M Rogers**

**A Simms**

## MATTERS COVERED IN THE STRATEGIC REPORT

The directors have included a business review within the strategic report. Also included in the strategic report are details of future developments by the group, the principal risks and uncertainties and a review of the key performance indicators, as assessed by the directors.

## 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 the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware
- The 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.

This report was approved by the board on 3 July 2019 and signed on its behalf.

**Steve Nash**  
Director





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF THE MOTOR INDUSTRY

### OPINION

We have audited the financial statements of the Institute of the Motor Industry ("the company") for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2019 and of the Group's surplus for the year then ended
- Have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### THE IMPACT OF UNCERTAINTIES DUE TO THE UK EXITING THE EUROPEAN UNION ON OUR AUDIT

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of intangible assets, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised, firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the company or to cease their operations, and as they have concluded that the Group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").



## GOING CONCERN (CONTINUED)

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the company will continue in operation.

## STRATEGIC REPORT AND DIRECTORS' REPORT

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatements in the Strategic Report and the Directors' Report
- In our opinion the information given in those reports for the financial year is consistent with the financial statements
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required 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
- The parent company financial statements are not in agreement with the accounting records and returns
- Certain disclosures of directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

**Benjamin Stapleton (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
58 Clarendon Road  
Watford  
Hertfordshire  
WD17 1DE

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Turnover	3	9,308,832	9,449,576
Cost of sales		(2,196,077)	(1,989,111)
<b>Gross profit</b>		<b>7,112,755</b>	<b>7,460,465</b>
Administrative expenses (including £272,000 (2018: £nil) of restructuring costs)		(7,246,772)	(6,746,169)
<b>Operating (loss)/profit</b>	4	<b>(134,017)</b>	<b>714,296</b>
Operating profit before restructuring costs		137,983	714,296
Income from fixed assets investments		39,158	30,824
Interest receivable and similar income		1,129	1,654
Changes in fair value of investments		27,819	(24,507)
<b>(Loss)/profit before taxation</b>		<b>(65,911)</b>	<b>722,267</b>
Taxation on (loss)/profit	7	207,040	207,867
Profit for the year before restructuring costs		413,129	930,134
<b>Profit for the year</b>		<b>141,129</b>	<b>930,134</b>
<b>Total comprehensive income for the year attributable to:</b>			
Members of the parent company		141,129	930,134
		<b>141,129</b>	<b>930,134</b>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 20 to 30 form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Intangible assets	8		3,028,279		2,464,177
Tangible assets	9		510,667		525,904
Investments	10		2,009,111		1,981,292
			<b>5,548,057</b>		<b>4,971,373</b>
<b>Current assets</b>					
Stocks	11	27,938		27,938	
Debtors	12	2,256,942		2,432,837	
Cash at bank and in hand		1,631,498		1,489,437	
		<b>3,916,378</b>		<b>3,950,212</b>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(1,790,259)		(1,388,538)	
<b>Net current assets</b>			<b>2,126,119</b>		<b>2,561,674</b>
<b>Net assets</b>			<b>7,674,176</b>		<b>7,533,047</b>
<b>Capital and reserves</b>					
Other reserves	15		27,598		27,598
Profit and loss account			7,646,578		7,505,449
			<b>7,674,176</b>		<b>7,533,047</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 July 2019.

**Steve Nash**

Director

The notes on pages 20 to 30 form part of these financial statements.

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Intangible assets	8		<b>3,028,279</b>		2,464,177
Tangible assets	9		<b>510,667</b>		525,904
Investments	10		<b>2,009,112</b>		1,981,293
			<b>5,548,058</b>		4,971,374
<b>Current assets</b>					
Stocks	11	<b>27,938</b>		27,938	
Debtors	12	<b>2,256,942</b>		2,432,837	
Cash at bank and in hand		<b>1,631,498</b>		1,489,437	
		<b>3,916,378</b>		3,950,212	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	<b>(1,790,260)</b>		(1,494,879)	
<b>Net current assets</b>			<b>2,126,118</b>		2,455,333
<b>Net assets</b>			<b>7,674,176</b>		7,426,707
<b>Capital and reserves</b>					
Other reserves	15		<b>27,598</b>		27,598
Profit and loss account			<b>7,646,578</b>		7,399,109
			<b>7,674,176</b>		7,426,707

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 profit after tax of the parent Company for the year was £247,469 (2018 - profit £930,134).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 July 2019. The notes on pages 20 to 30 form part of these financial statements.

**Steve Nash**

Director



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Educational prize fund	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£
At 1 April 2018	27,598	7,505,449	7,533,047	7,533,047
<b>Comprehensive income for the year</b>				
Profit for the year	-	141,129	141,129	141,129
<b>Total comprehensive income for the year</b>	-	141,129	141,129	141,129
<b>At 31 March 2019</b>	<b>27,598</b>	<b>7,646,578</b>	<b>7,674,176</b>	<b>7,674,176</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Educational prize fund	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£
At 1 April 2017	27,598	6,575,315	6,602,913	6,602,913
<b>Comprehensive income for the year</b>				
Profit for the year	-	930,134	930,134	1930,134
<b>Total comprehensive income for the year</b>	-	930,134	930,134	930,134
<b>At 31 March 2018</b>	<b>27,598</b>	<b>7,505,449</b>	<b>7,533,047</b>	<b>7,533,047</b>

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Educational prize fund	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	27,598	7,399,109	7,426,707
<b>Comprehensive income for the year</b>			
Profit for the year	-	247,469	247,469
<b>Total comprehensive income for the year</b>	-	247,469	247,469
<b>At 31 March 2019</b>	<b>27,598</b>	<b>7,646,578</b>	<b>7,674,176</b>

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Educational prize fund	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	27,598	6,468,975	6,496,573
<b>Comprehensive income for the year</b>			
Profit for the year	-	930,134	930,134
<b>Total comprehensive income for the year</b>	-	930,134	930,134
<b>At 31 March 2018</b>	<b>27,598</b>	<b>7,399,109</b>	<b>7,426,707</b>

The notes on pages 20 to 30 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		141,129	930,134
<b>Adjustments for:</b>			
Amortisation of intangible assets	8	533,340	313,473
Depreciation of tangible assets	9	70,853	62,124
Increase in stocks		-	(19,825)
Interest received		(1,129)	(1,654)
Corporation tax credit		(207,040)	(207,867)
Decrease/(Increase) in debtors		175,895	(462,645)
Increase/(Decrease) in creditors		401,721	(263,341)
Fair value (gains)/losses recognised in profit and loss		(27,819)	24,507
Investment income		(39,158)	(30,824)
Corporation tax received		207,040	207,867
<b>Net cash generated from operating activities</b>		<b>1,254,832</b>	<b>551,949</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(1,097,442)	(1,095,097)
Purchase of tangible fixed assets		(55,616)	(75,921)
Purchase of listed investments		-	(1,000,000)
Sale of listed investments		-	16,635
Interest received		1,129	1,654
Investment income		39,158	30,824
<b>Net cash used in investing activities</b>		<b>(1,112,771)</b>	<b>(2,121,905)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>142,061</b>	<b>(1,569,956)</b>
Cash and cash equivalents at beginning of year		1,489,437	3,059,393
<b>Cash and cash equivalents at the end of year</b>		<b>1,631,498</b>	<b>1,489,437</b>
<b>Cash and cash equivalents at the end of year comprise:</b>			
Cash at bank and in hand		1,631,498	1,489,437
		<b>1,631,498</b>	<b>1,489,437</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

### 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 company information page and details of the principal activities are given in the strategic report.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006*.

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 Group's accounting policies (see note 2).

The directors consider that the Group is a going concern and have prepared the accounts on a going concern basis. The Group has realised a surplus for the year of £141,129 and have budgeted for a surplus in 2019/20. At 31 March 2019 the aggregate of cash and liquid investments was £3,640,609 and the directors expect to have access to adequate cash and working capital for the foreseeable future. Their assessment covers a period of at least one year from the date of approval of these statutory accounts.

The following principal accounting policies have been applied:

#### 1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form 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.

#### 1.3 Turnover

Turnover represents amounts receivable in respect of membership, examination, registration and centre fees receivable during the year in accordance with applicable accounting standards. Income is recognised on an accruals basis. Membership income is recognised on a straight line basis over the period of membership.

#### 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 and product 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

Product development costs - 3 to 5 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

### 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.

### 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 Consolidated Statement of Comprehensive Income 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 Consolidated Statement of Comprehensive Income 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 Consolidated Statement of Comprehensive Income, except when deferred in other comprehensive income as qualifying cash flow hedges.

### 1.15 Leased assets: the Group as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### 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 payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

### 1.18 Interest income

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

### 1.19 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge 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.

Tax refunds, in respect of research and development claims and similar items, are recognised as income once the directors are virtually certain as to the success of the claim.

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
- 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, 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 9)

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 8)

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 2019

### 3. TURNOVER

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

	2019 £	2018 £
Fees - Awarding body	5,166,053	5,150,874
Professional body	1,022,650	983,006
Other income	3,120,129	3,315,696
	<b>9,308,832</b>	<b>9,449,576</b>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	9,000,748	9,027,327
Rest of the world	308,084	422,249
	<b>9,308,832</b>	<b>9,449,576</b>

### 4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	70,853	62,124
Amortisation of intangible assets, including goodwill	533,340	313,473
Fees payable to the Group's auditor and its associates for the audit of the company's annual accounts	26,000	26,000
<b>Fees payable to the Group's auditors and its associates for other services to the group:</b>		
- Taxation compliance services	-	1,950
- Taxation advisory services	12,000	60,000
- Other non-audit services	-	12,000
Exchange differences	751	1,115
Defined contribution pension cost	391,520	381,223
Payments under operating leases	130,547	92,532



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

### 5. EMPLOYEES

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

	2019 £	2018 £
Wages and salaries	4,212,291	4,086,284
Social security costs	404,727	411,385
Cost of defined contribution scheme	391,520	381,223
	<u>5,008,538</u>	<u>4,878,892</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Office and management	110	109
Directors	3	3
	<u>113</u>	<u>112</u>

### 6. DIRECTORS' REMUNERATION

	2019 £	2018 £
Directors' emoluments	517,520	521,980
Company contributions to defined contribution pension schemes	28,032	42,192
	<u>545,552</u>	<u>564,172</u>

During the year retirement benefits were accruing to two directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £234,863 (2018 - £252,578).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2018 - £Nil).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

### 7. TAXATION

	2019 £	2018 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	<u>(207,040)</u>	<u>(207,867)</u>
<b>Total current tax credit</b>	<u>(207,040)</u>	<u>(207,867)</u>

#### Factors affecting tax credit for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	<u>(65,911)</u>	<u>722,267</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<u>(12,523)</u>	<u>137,231</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	8,821
Capital allowances for year in excess of depreciation	-	(13,885)
Adjustments to tax charge in respect of prior periods	(207,040)	(207,867)
Non-taxable income	(11,958)	(5,857)
Tax losses carried/(utilised) forward	21,904	(127,616)
Other permanent differences	-	1,306
Impact of rate difference between deferred and current tax	2,577	-
<b>Total tax credit for the year</b>	<u>(207,040)</u>	<u>(207,867)</u>

#### Factors that may affect future tax charges

The Institute of the Motor Industry has unutilised gross tax losses carried forward of £3,909,080 (2018 - £2,952,000) available for carry forward against future trading profits of the Institute of the Motor Industry.

The Group has recognised net deferred tax of £Nil comprising a net liability for accelerated capital allowances of £412,242 and a net asset for trading losses carried forward of £412,242. In addition, an unrecognised net asset of £264,623 is carried forward in relation to trading losses. The deferred tax asset has not been recognised due to the uncertain timing of their reversal. All deferred tax has been calculated at an expected tax rate of 17%.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## 8. INTANGIBLE ASSETS GROUP AND COMPANY

	Software and product development costs £	Goodwill £	Total £
<b>Cost</b>			
At 1 April 2018	2,576,171	550,000	3,126,171
Additions	1,097,442	-	1,097,442
At 31 March 2019	3,673,613	550,000	4,223,613
<b>Amortisation</b>			
At 1 April 2018	478,662	183,332	661,994
Charge for the year	487,507	45,833	533,340
At 31 March 2019	966,169	229,165	1,195,334
<b>Net book value</b>			
At 31 March 2019	2,707,444	320,835	3,028,279
At 31 March 2018	2,097,509	366,668	2,464,177

## 9. TANGIBLE FIXED ASSETS GROUP AND COMPANY

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 April 2018	396,653	19,037	1,022,856	421,450	1,859,996
Additions	-	-	42,243	13,373	55,616
At 31 March 2019	396,653	19,037	1,065,099	434,823	1,915,612
<b>Depreciation</b>					
At 1 April 2018	-	18,045	969,625	346,422	1,334,092
Charge for the year	-	331	26,032	44,490	70,853
At 31 March 2019	-	18,376	995,657	390,912	1,404,945
<b>Net book value</b>					
At 31 March 2019	396,653	661	69,442	43,911	510,667
At 31 March 2018	396,653	992	53,231	75,028	525,904



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## 10. FIXED ASSET INVESTMENTS GROUP

	Listed investments £
<b>Cost or valuation</b>	
At 1 April 2018	1,981,292
Revaluations	27,819
At 31 March 2019	<u>2,009,111</u>
<b>Net book value</b>	
At 31 March 2019	<u>2,009,111</u>
At 31 March 2018	<u>1,981,292</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
IMI Awards Limited	Ordinary shares	100%	Dormant
Motor Industry Management Limited	Ordinary shares	100%	Dormant
The College of the Motor Industry Limited	Ordinary shares	100%	Dormant

The above subsidiaries share a registered office address with the company, which can be found on the company information page.

## COMPANY

	Investments in subsidiary companies £	Listed investments £	Total £
<b>Cost or valuation</b>			
At 1 April 2018	1	1,981,292	1,981,293
Additions	-	-	-
Disposals	-	-	-
Revaluations	-	27,819	27,819
At 31 March 2019	<u>1</u>	<u>2,009,111</u>	<u>2,009,112</u>
<b>Net book value</b>			
At 31 March 2019	<u>1</u>	<u>2,009,111</u>	<u>2,009,112</u>
At 31 March 2018	<u>1</u>	<u>1,981,292</u>	<u>1,981,293</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## 11. STOCKS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Finished goods and goods for resale	<u>27,938</u>	<u>27,938</u>	<u>27,938</u>	<u>27,938</u>

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 (2018 - £Nil).

## 12. DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	<b>1,527,016</b>	1,469,082	<b>1,527,016</b>	1,469,082
Other debtors	<b>268,283</b>	353,299	<b>268,283</b>	353,299
Prepayments and accrued income	<b>461,643</b>	610,456	<b>461,643</b>	610,456
	<u><b>2,256,942</b></u>	<u>2,432,837</u>	<u><b>2,256,942</b></u>	<u>2,432,837</u>

The impairment loss recognised in the group statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £7,779 (2018 - £27,297). The impairment loss recognised in the company statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £7,779 (2018 - £27,297).

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	<b>328,059</b>	320,907	<b>328,059</b>	320,907
Amounts owed to group undertakings	-	-	<b>1</b>	1
Taxation and social security	<b>258,985</b>	215,095	<b>258,985</b>	215,095
Other creditors	<b>148,998</b>	4,029	<b>148,998</b>	4,029
Accruals and deferred income	<b>1,054,217</b>	848,507	<b>1,054,217</b>	954,847
	<u><b>1,790,259</b></u>	<u>1,388,538</u>	<u><b>1,790,260</b></u>	<u>1,494,879</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## 14. FINANCIAL INSTRUMENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £ As Restated (see note 1.19)
Financial assets measured at fair value through profit or loss	<b>2,009,111</b>	1,981,292	<b>2,009,111</b>	1,981,292
Financial assets that are equity instruments measured at cost less impairment	-	-	<b>1</b>	1
Financial assets that are debt instruments measured at amortised cost	<b>3,158,514</b>	2,958,519	<b>3,158,514</b>	2,958,519
	<b>5,167,625</b>	4,939,811	<b>5,167,626</b>	4,939,812
Financial liabilities measured at amortised cost	<b>(1,531,274)</b>	(1,173,443)	<b>(1,531,275)</b>	(1,279,784)
	<b>(1,531,274)</b>	(1,173,443)	<b>(1,531,275)</b>	(1,279,784)

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

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

## 15. 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.

## 16. 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 £391,520 (2018 - £381,223). Contributions totalling £40,777 (2018 - £37,715) were payable to the fund at the reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

### 17. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2019 the Group and the Company had future minimum lease payments under non cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	123,594	130,547	123,594	130,547
Later than 1 year and not later than 5 years	92,410	216,004	92,410	216,004
<b>Total</b>	<b>216,004</b>	<b>346,551</b>	<b>216,004</b>	<b>346,551</b>

### 18. RELATED PARTY TRANSACTIONS

During the year the Institute made sales to the following entities, with directors in common.

	2019 £	2018 £
Scottish Motor Trade Association	79,560	109,230
Autologic Diagnostics Limited	2,611	-
RMI S&C and Retail Motor Industry	38,545	3,957

During the year the Institute paid rents amounting to £4,559 (2018 - £4,559) to Scottish Motor Trade Association, a company of which A J S Smith is a director.

At the reporting date £13,780 (2018: £16,500) has been provided by the Institute as charitable donation to BEN, a charity of which S Nash is a trustee.

At the reporting date £4,917 (2018 - £4,167) was outstanding from S James, a director during the period.

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 £1,261,724 (2018 - £1,648,767).

### 19. CONTROLLING PARTY

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



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