

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Ordinary General Meeting (being the ninety first Annual General Meeting of the Institute) will be held at Fanshaws, Brickendon, Hertford, SG13 8PQ on Wednesday 31 October 2012 at 2.00pm.

AGENDA

- 1** Apologies for absence
- 2** Minutes of the Annual General Meeting of 28 October 2011
- 3** Installation of President – 2012/2013
- 4** Installation of Vice Presidents – 2012/2013
- 5** Installation of Honorary Treasurer – 2012/13
- 6** Declaration of Directors
- 7** Profit and Loss Account and Balance Sheet of the Institute for the year ended 31 March 2012 and the Auditor's Report
- 8** Annual Report for the year ended 31 March 2012
- 9** Appointment of Auditors
- 10** Any other business

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

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

Please confirm attendance, or proxy notice, to:
Christopher Thomas, Finance & IT Director
C/O Ann Stillion, IMI, Fanshaws
Brickendon, Hertford SG13 8PQ
or email: ceooffice@theimi.org.uk

by Order of the Board

C THOMAS

Finance & IT Director
1st June 2012

Fanshaws
Brickendon
Hertford SG13 8PQ

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Directors' Report

Group information as at 31 March 2012

The directors of the company during the year were:

G Braddock
G E Clark
K Finn
C Hayden (Resigned 29 June 2011)
D R Lockhart
S Martindale
T Murphy (Appointed 31 August 2011)
S Nash
C Roberts (Appointed 21 December 2011)
M Rogers (Appointed 29 February 2012)
J Rowse (Resigned 31 August 2011)
S Sillars OBE
A J S Smith
L Stansfield
C Thomas (Appointed 29 June 2011)
A J Tomsett

Registered Office

Fanshaws
Brickendon
Hertford
SG13 8PQ

Auditors

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

The directors present their report and the Audited financial statements for the year ended 31 March 2012.

Principal Activity

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

Limited by Guarantee

The company is limited by guarantee. In case of winding up, the current members of the Institute (approximately 18,000, excluding First Gear and Accelerate members) are guarantors for an amount not exceeding £1 each.



President's Foreword

Steve Nash FIMI



The automotive retail sector is vital to the smooth running of the UK. It is at the heart of the economy: keeping 35.3 million UK-registered cars, motorcycles and trucks on the road, transporting goods, people and services. The Institute of the Motor Industry (IMI) has a key role in supporting the workforce and their employers.

I'm delighted that once again the IMI has had another year of significant progress and has successfully completed its ambitious programme of work, creating a solid platform for further growth in its role as the retail motor industry's professional body and Sector Skills Council (SSC).

This is an exciting but challenging time for the IMI, our members, the motor industry and the consumer. Today, the IMI is a step closer to realising its vision of 'a professional and profitable retail motor industry and workforce recognised as consistently working to the highest standards of professionalism, expertise and ethics'.

The IMI is well into its programme of work with industry partners to achieve a critical mass of registered professionals and is working hard to encourage businesses to promote an individual's inclusion on the IMI Professional Register as a means of assuring ethical behaviour and competent work. The ultimate vision is that consumers will both see and demand an individual's professional registration as a mark of professional quality and ethical conduct.

Following this year's successful delivery of work funded by the UK Commission for Employment and Skills (UKCES) Employment Investment Fund (EIF), we are delighted to have secured a further £3 million funding contribution to complete the work on behalf of the sector and deliver projects and services to boost enterprise, jobs and growth over the next two years.

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

Finally, it would be remiss of me not to specifically thank Sarah Sillars for ten years leadership as the IMI's chief executive and her current role as executive chair. Sadly, Sarah will be stepping down as chair this year, and I would like to take the opportunity, on behalf of the IMI and the wider industry, to thank her for the vision, enthusiasm and commitment she has shown and wish her the very best for the future.

A handwritten signature in black ink that reads "Steve Nash". The signature is written in a cursive, flowing style.

Executive Chair's Report

Sarah Sillars OBE FIMI



In all aspects of the IMI's work, 2011/2012 has been a seminal year. Whether we have been recruiting and supporting members, developing and providing access to training and accreditation, awarding qualifications, collating and analysing data to support businesses, engaging and inspiring young people or developing frameworks for apprenticeships – the foundations have been laid to help build 'a professional and profitable retail motor industry'.

As we are all aware the retail motor industry is still feeling the effects of recession and hard economic times. As a result we enhanced the benefits of IMI membership, adding further value (£290 in savings and benefits). I am delighted to report that the increased value of membership, coupled with the hard work of the Professional Development team has resulted in the highest number of new membership applications since 2007/8 and a 6% increase to 93% in members renewing their membership. Our Member Associations (MAs) have also grown both numerically and in terms of activity with 30 active associations hosting 28% more events than in the previous year.

This year the IMI completed its largest ever research study to establish the skills and training needs of the sector over the next two years, with particular focus on micro and small businesses. The research established these needs for every key job role across all 12 sub-sectors of the automotive retail sector, and is freely available on the IMI website.

This research laid the foundation for the IMI to deliver three development projects during the year having secured £450k matched funding from UK Commission for Employment and Skills (UKCES) Employment Investment Fund (EIF).

With the support of the 'skills and training needs research' the IMI has been able to establish the need, support and structure for developing two new Higher Apprenticeship frameworks.

These Higher Apprenticeship frameworks address management skills, ensuring we have an apprenticeship offer at every stage of an individual's automotive retail sector career, from Level 2 to operational management at Level 5.

As a result of a comprehensive development programme, one framework has been built to include a blended pathway of technical and management skills - 'Advanced diagnostics and

management principles', and the other to include a management only pathway – 'Automotive management and leadership'.

These frameworks were issued in England and Wales on 27 March 2012, and will be issued in Scotland and Northern Ireland as part of our planned review of apprenticeship frameworks in those countries.

The IMI's input into the Welsh Assembly Government's Sector Priorities Fund Pilot (SPFP) programme has been positively received and even attracted international attention. The SPFP involves a range of projects with SSCs that pilot skills delivery initiatives in Wales and identify, through labour market intelligence, gaps provision in Wales. The IMI project in emerging technologies in the motor industry has been selected by Welsh Assembly Government as an exemplar for a German delegation to view during a visit to Wales.

In April 2011, the Professional Register was launched in conjunction with the IMI's Continuous Professional Development (CPD) portfolio making 60 unique courses available through its delivery partners. A comprehensive 55-page catalogue was produced and widely distributed to promote the IMI's new offer. The IMI CPD portfolio opens training opportunities in new vehicle technologies to independent garages, teachers and trainers in FE colleges, something that has never been done before.

We are delighted to have exceeded our EIF project target by adding a further 65 modules to the CPD portfolio against the original target of 50. The portfolio now contains 125 unique courses to support skills development in the sector. Delivered in partnership with 14 CPD delivery partners, these accessible courses, delivered through conventional, e-learning and virtual classroom environments, cover a wide range of skills and training needs.

A pioneering new e-learning course has been developed through the EIF investment, presenting an opportunity to learn about the structure of the automotive industry and how the sub-sectors fit together. The 'This is the UK motor industry' course outlines each sub-sector by taking the learner on a journey following the life of a vehicle from manufacture to end of life and recycling, and has is available free of charge via our website.

In 2011 the IMI published four independent return on investment (ROI) studies. The results clearly showed that employers participating in the IMI's Automotive Technician Accreditation (ATA) programmes achieved an ROI ranging from 98% to 187%, including 7% gains in profitability, increases in productivity, customer retention and satisfaction.

To build on the success of ATA, the IMI is committed to developing the scheme further by making it as simple, relevant and cost effective to maintain accreditation as possible. This has been achieved through a number of ATA developments.

Firstly, in line with industry requests, the ATA validity period has been adjusted from five to three years. This better fits the training and business needs of employers and aligns ATA with the Professional Register. This will allow ATA technicians to have free entry onto the Professional Register in the future.

The introduction of ATA re-accreditation using Assessed Outcome Modules (AOMs) means ATA technicians can now complete bite-size update assessments as opposed to repeating the full assessment. AOMs have been rolled out to the light vehicle and accident repair sectors with others following over the next two years. The introduction of AOMs has also enabled the IMI to respond to a request from the accident repair sector to streamline and improve ATA entry opportunities for those holding NVQ and SVQ.

ATA development has also provided the accident repair sector with an industry-wide agreement on welding assessment, standards and assessor requirements for the first time, which has the potential to improve standards and reduce costs for employers and vehicle manufacturers.

The IMI has also been able to respond to requests for two new ATA routes. ATA Cosmetic Repair was launched at the end of 2011 and ATA Light Vehicle Inspection launched in March 2012. We are delighted that ATA Light Vehicle Inspection has been approved by VOSA as an entry requirement for becoming a MOT tester.

The funding we secured from EIF has enabled the IMI to focus in a number of key areas and achieve a significant amount in a short period of time, however work on core activities continued unabated.

The IMI's partnership with the Society of Operations Engineers (SOE) and the Institute of Road Transport Engineers (IRTE) has led to redeveloping the irtec licensing scheme. There has been significant engagement in irtec, resulting in targets set by both organisations being exceeded by healthy margins.

Two additional suites of National Occupational Standards (NOS) have been added to our portfolio. The development of NOS for electric and hybrid vehicles and vehicle leasing was completed in 2012. These NOS will support new qualifications for the sector.

In partnership with two other Sector Skills Councils, Skillsmart Retail and Skills for Logistics, the IMI was appointed as the provider of NOS, apprenticeship frameworks and qualifications, with specific responsibility for the automotive retail sector. This enabled the IMI to extend its footprint to include autoglazings, bus and coach maintenance and repair.

The IMI's focus on attracting and retaining young people in the industry is gaining momentum with the successful launch of two new communities, 1st Gear for secondary school children and Accelerate for young people in training. Both communities are growing and we have received very positive feedback from career professionals, employers and wider industry.

Successful completion of the development of AutoStart – a programme to develop a vocational programme for 14-16 year-olds, will enable the IMI to provide an enhanced route into an apprenticeship for 16 year olds. The Skills Development team is working with employers, training providers and awarding organisations to ensure the programme provides high-quality vocational qualifications at Level 2, work experience and additional support for literacy and numeracy across the school curriculum. AutoStart will be launched to schools later this year.

Headlight had another successful year with 155 schools registering for the resource. A total of 47 competition entries were received. During 2011 an additional set of resources was developed to complement the Headlight programme. Whilst Headlight is mapped to business and enterprise core curriculum, the IMI has developed a new programme, 'Indicate', mapped to the maths curriculum.

During 2011/12 the IMI started on a significant web development programme including redevelopment and enhancement to AutoCITY and the IMI's website. AutoCITY's website received a good level of traffic, with over 7,500 hours of website film having been watched, either directly through the site or through AutoCITY feeds on other sites. AutoCITY continues to be highly regarded as a career information and advice tool within the education arena.

The IMI's new online provision provides retail motor industry professionals with a fresh new environment to build their network, share their knowledge and promote their skills. The new suite of websites, which have been designed and delivered using the IMI's in-house expertise, include a redeveloped site with new web address - www.theimi.org.uk, a new dedicated motor industry jobs platform - www.mimjobs.org.uk and an online version of the IMI's award winning Motor Industry Magazine (MIM) - www.mimonline.org.uk.

The new IMI website is set to provide more content than ever before, easy navigation, an environment for users to build their own online community, share knowledge and expertise and promote their own professionalism.

MIM Jobs brings motor industry job opportunities into a single online platform. It gives job seekers a single place environment in which to job hunt and manage applications, and provides recruiters and employers with a dedicated platform to find automotive professionals to fill their vacancies.

This year three SkillAuto competitors were selected to represent the UK at the WorldSkills event in London. Ross Varnam won a silver medal in the Autobody Repair category; John Couldridge won

bronze in Automobile Technology and Ben Eaton also scooped a bronze in Car Painting. The event was a great success and the Government have committed to supporting skill competitions for the next three years through funding a UK wide national final event, which will cover 42 skills across multiple sectors.

The new SkillAuto competition cycle began in October with the IMI running another successful online test for entries in three disciplines – body, paint and vehicle repair. The total number of completed entries to the online test reached 1,000 with average scores across all three streams increasing.

This year IMI Awards enjoyed continued success in its position as the leading awarding body for retail automotive qualifications and accreditations, increasing its market share to 77%. Given the current economic climate, changes to qualifications, apprenticeship frameworks and funding cuts, increasing market share by 3% is very encouraging. There was a small downturn in overall candidate registrations from the previous year, which is attributed to the change in air conditioning legislation, resulting in significantly higher registrations in 2010/11.

IMI Awards continues to attract and retain approved centres by adding new and relevant products to their portfolio, and maintains its position as the only awarding body to provide AMA and irtec accreditation routes and a leading provider for ATA.

The IMI Awards e-Portfolio, provided free of charge to approved centres, went live in September 2011, with over 70 centres participating and 1,000 active candidates, this was extremely well received within the approved centre network and continues to grow.

IMI Awards continues to ensure its high level of customer service through various monitoring devices, and this year's Approved Centre Survey shows an extremely positive result with 'overall performance' results increasing for the 5th year running. In addition the organisation received a 'Good Overall' rating during an Ofqual mystery shopping exercise.

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Review of the business

Through last year, the IMI has completed an ambitious programme of work funded by the Employment Investment Fund (EIF), whilst continuing to develop and deliver its core work as a professional association and Sector Skills Council.

Regardless of whether the IMI's work is to fulfil a Government funded contract or 'business as usual' activity, everything we've engaged in is to support the industry in becoming more professional and profitable with a workforce recognised as consistently working to the highest standards of professionalism, expertise and ethics.

In March the IMI launched its manifesto – Professional and Profitable: Our vision for the UK automotive retail industry. The manifesto outlines how together, the IMI, retail motor industry professionals and employers can make a real difference. It outlines five key challenges facing the industry and our calls to action. The challenges are:

- Changing public perception and increasing consumer confidence
- Attracting and retaining talented individuals
- Ensuring that the current and future skills needs of the sector are met
- Ensuring the sector has the skilled leaders and managers it needs to drive change
- Understanding the business benefits of up-skilling the workforce

The Professional Development team has successfully focussed on using the enhanced member benefits to attract and retain more members, building awareness and confidence in professional registration and developing and making available high quality Continuing Professional Development courses and opportunities.

Our team working in Skills Development helped the IMI assume the role of Issuing Authority in April 2012, meaning it is now the single body responsible to the Secretary of State for issuing apprenticeship frameworks in the automotive sector. In 2011/12 the team completed the IMI's largest ever research study establishing the skills and training needs of the sector.

The Accreditation Academy successfully launched a new ATA reaccreditation offer for the light vehicle and accident repair sub-sectors, and brought two new routes to market. ATA Light Vehicle Inspection received approval from VOSA as an entry requirement to becoming an MOT tester.

IMI Awards maintained its position as the leading awarding body for retail automotive qualifications and accreditations, increasing its market share from 74% to 77%. IMI Awards' network of over 500

UK and international approved centres achieved 109,479 qualification registrations through the year.

This year's achievements would not have happened without the dedication and commitment of our staff. We know that we have committed individuals working throughout the IMI Group and their desire and dedication is crucial to improving standards in the sector by driving the organisation forward.

Each member of staff at the IMI Group has a training budget and over the last year we have made significant progress in the development of our own staff by implementing tailored training interventions across the business to ensure our staff have the knowledge, skills and abilities to provide an optimum service to our members, employers, training providers and other stakeholders.

We have implemented Management & Leadership Development Groups at Level 3, 5 and 7 to ensure our managers are capable of leading and managing their staff effectively, ensuring customer satisfaction service levels remain high and future succession planning is considered.

IMI staff have committed to delivering a further six EIF funded project strands over the next two years. These project concepts were developed by IMI staff, using feedback from sector employers and given the full support of the Group Board. UKCES Commissioners agreed to invest in these projects for the benefit of our sector. Due to the importance of delivering these commitments as well as the core remit of the IMI, an organisational restructure and recruitment programme has been undertaken.

One of the strands of funded work for the next two years is to follow up the successful impact of the ATA Return on Investment (ROI) studies by conducting further studies to cover more sub-sectors, a greater range of skill levels and employers of various sizes. The objective is to be able to provide a convincing case as to why an employer should invest in up-skilling staff, demonstrating that skills investment positively impacts productivity, customer retention and ultimately the business's bottom line. To enable this, a new Return on Investment department has been established and will be led by Dr Paul Spear.

Risk Management

The directors of IMI and IMI Awards Ltd have a robust risk management policy and keep the IMI Group's activities under constant review, particularly with regard to any major risks.

The risk management policy reflects the purpose and approach to risk management and the role of staff and senior management in identifying and reporting risk, and taking mitigating actions to reduce risk levels.

There is an organisational risk register that identifies all known strategic risks assigned to individual risk owners. The risk register includes mitigating actions to eliminate or reduce each risk and is reviewed monthly for effectiveness. All major projects are assessed on commencement for risk and resource implications and regularly reviewed over their life cycle for changes in risk profile.

Risk owners are trained to identify risks, implement mitigating strategies and to deal with issues that arise.

Risks which are considered to be high in impact are reported to the Group Board twice a year. Any interim significant high impact changes in risk levels are reported to the Group Board as they occur.

A number of independent quality assurance committees for both IMI and IMI Awards Ltd continue to function to ensure that the activities of the Group are closely monitored.



Future Plans and Development

- 1** Grow IMI membership and Accelerate communities to achieve 19,500 individuals by the end of March 2013.
- 2** Develop and embed the Professional Register as the voluntary licence to practice, to achieve 2,500 professionally registered individuals by the end of March 2013.
- 3** Deliver the agreed budget for 2012-13 and achieve at a minimum financial break even over the 4 year Strategic Plan period 2009-13. Develop a 3-4 year financial strategy which examines and provides for the achievement of financial sustainability of the IMI Group beyond the current funding cycle.
- 4** Achieve 31,080 accredited individuals, and as part of the UK Commission for Employment and Skills Employer Investment Fund (EIF2) contract deliverables, develop and take to market one new ATA route (DAB radio), convert 5 existing ATA routes to assessed outcome module and develop a cost effective management and leadership assessment strategy by 31 March 2013.
- 5** As part of the UK Commission for Employment and Skills Employer Investment Fund (EIF2) contract deliverables, collect and analyse data to produce 4 iteration 1 reports on return on investment studies on Accident Repair, Management and Leadership, irtec (heavy vehicle) and Apprenticeships by 31 March 2013.
- 6** Attract and retain talent in the sector by delivering a sustainable Careers Information Advice and Guidance service resulting in 70,000 individuals accessing IMI careers information by the end of March 2013, as part of the UK Commission for Employment and Skills Employer Investment Fund (EIF2) contract deliverables.
- 7** As per the UK Commission for Employment and Skills Employer Investment Fund (EIF2) contract deliverables, enrol 300 14-16 year olds across 30 UK centres on an automotive-specific vocational education programme by 31 March 2013.
- 8** Develop and maintain National Occupational Standards (NOS), Apprenticeships and qualifications through the delivery of Universal Services contract to agreed deadlines, and fulfil the requirements of holding Issuing Authority and Apprentice certification status.
- 9** Promote IMI products or IMI influenced products and services to achieve up-skilling of 22,970 individuals by the end of the year 2012/13.
- 10** Develop organisational capacity and capability to achieve business objectives for the year 2012/2013.
- 11** Increase employee and customer service satisfaction by 2% by end of March 2013.

Statement on the system of internal control

Scope of responsibility

As Executive Chair, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Institute of the Motor Industry policies, aims and objectives as set out in the IMI Strategic Plan 2009 - 2013 and Financial Strategy whilst safeguarding the public funds and organisational assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

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

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

The Group Board is chaired by a non executive Director (Steven Nash who is the President of the Institute of the Motor Industry and a member of the Group Board) and comprised the organisation's Executive Chair, two executive directors together with non executive members. An Audit and Remuneration Committee of non executive Directors support the Group Board and Executive Chair 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;
- Executive Chair Statements on Internal Control;
- Financial Statements.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based on an ongoing process designed to identify and prioritise the risks to the achievement of the Institute of the Motor Industry policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Institute of the Motor Industry for the year ended 31 March 2012 and up to the date of the approval of the annual report and accounts, and accords with Treasury guidance.



Capacity to handle risk

As an integral element of its system of internal control, the Institute of the Motor Industry has an established corporate approach to risk management. The Institute of the Motor Industry policy on corporate governance and the management of risk is set out in the Risk Policy which has been issued to all staff via the Senior Management Team. This is regularly reviewed and updated as appropriate. As Executive Chair, I also have responsibility for reviewing our capacity to handle risk. To this effect, the Institute of the Motor Industry has implemented the following:

- A risk management policy reflecting the purpose and underlying approach to risk management and the role of the staff and senior management team, accessible to all staff;
- An organisational risk register that identifies all known strategic risks assigned to individual risk owners. The risk register that was implemented includes mitigating actions to eliminate or reduce each risk and is reviewed monthly by the senior management team. All major projects on commencement are assessed for risk and resource implications and regularly reviewed over their lifecycle for changes in risk profile. Risk owners were trained to identify risks, to implement mitigating strategies and to deal with all issues that arise;
- Summaries of the top high likelihood and high impact risks are presented twice a year at the Group Board meeting in June and December. Any significant changes to risk status are reported to the Board as they occur.

The risk and control framework

The risk management framework, in addition to the organisational risk register, was informed by the following processes:

- Regular reports from risk owners and project managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects. Each budget holder is also required to provide corporate governance assurance to the Chief Operating Officer in respect of their management and compliance with internal controls, risk, finance and asset controls;
- Inclusion of risk management as a standing item on the Senior Management Team agenda. There are also regular reviews of the risk implications of operational activities;

- Establishment of key performance and risk indicators and development of the strategic risk framework;
- A Senior Management Team which meet monthly to consider the operational plans, budgets and strategic direction of the organisation;
- The reporting of risks is encouraged, and activities are undertaken to manage risks to the Institute of the Motor Industry's business and strategic objectives;
- A process of continual identification, assessment and reporting of risks throughout the organisation that culminates in a corporate risk register;
- Risk avoidance, mitigation or recovery plans are developed and monitored as necessary.

Review of effectiveness

As Executive Chair I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Senior Management Team and other managers within the organisation, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Group Board and the Audit and Remuneration Committee and measures to address weaknesses and ensure continuous improvement of the systems are in place.

In maintaining and reviewing the effectiveness of the system of internal control the role of the Institute of the Motor Industry bodies which informed my review are detailed below:



The Institute of the Motor Industry Group Board

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

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



The Audit and Remuneration Committee

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

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

Internal Audit

In light of work performed in the prior year (2010/11), the external audit feedback and the work performed by the Audit and Remuneration Committee, the Group Board concluded that there was no formal need for an internal audit in the 2011/12 year. This remains the view of the Group Board for 2012/13.

Significant internal control problems

There are presently no significant internal control problems.



Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP has expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

On behalf of the board

S Sillars OBE FIMI
Director

Date: 6th July 2012



Independent auditors report

To the Members of The Institute of the Motor Industry

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 2012 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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
6th July 2012

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

Financial Statements

Consolidated profit and loss account for the year ended 31 March 2012

	Note	2012 £	2011 £
TURNOVER	2	8,834,429	9,795,681
Cost of sales		3,293,303	3,758,759
GROSS PROFIT		5,541,126	6,036,922
Administrative expenses		4,271,560	4,781,966
GROUP OPERATING PROFIT	3	1,269,566	1,254,956
Other interest receivable and similar income		36,988	18,873
Interest payable and similar charges	6	-	(12)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,306,554	1,273,817
Taxation on profit on ordinary activities	7	255,191	183,955
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,051,363	1,089,862
All amounts relate to continuing activities.			
All recognised gains and losses in the current and prior year are included in the profit and loss account.			

Financial Statements

Consolidated balance sheet at 31 March 2012

Company number 00225180	Note	2012		2011	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9	-	693,427	-	785,329
CURRENT ASSETS					
Stocks	11	2,851	-	4,014	-
Debtors	12	1,254,066	-	825,776	-
Cash at bank and in hand		6,504,595	-	5,881,723	-
		7,761,512	-	6,711,513	-
CREDITORS: Amounts falling due within one year	13	1,303,203	-	1,396,469	-
NET CURRENT ASSETS		-	6,458,309	-	5,315,044
TOTAL ASSETS LESS CURRENT LIABILITIES		-	7,151,736	-	6,100,373
CAPITAL AND RESERVES					
Fanshaws Renovation Fund	15	-	32,956	-	16,934
Educational Prize Fund	15	-	27,598	-	27,598
Profit and loss account	15	-	7,091,182	-	6,055,841
SHAREHOLDERS' FUNDS	16	-	7,151,736	-	6,100,373
<p>The financial statements were approved by the board of directors and authorised for issue on 6th July 2012</p> <p>A J S Smith Director</p>					

Financial Statements

Company balance sheet at 31 March 2012

Company number 00225180	Note	2012		2011	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9	-	688,660	-	777,207
Fixed asset investments	10	-	500,000	-	500,000
		-	1,188,660	-	1,277,207
CURRENT ASSETS					
Stocks	11	2,851	-	4,014	-
Debtors	12	733,642	-	491,312	-
Cash at bank and in hand		3,374,907	-	3,269,021	-
		4,111,400	-	3,764,347	-
CREDITORS: amounts falling due within one year	13	977,511	-	1,004,205	-
NET CURRENT ASSETS		-	3,133,889	-	2,760,142
TOTAL ASSETS LESS CURRENT LIABILITIES		-	4,322,549	-	4,037,349
CAPITAL AND RESERVES					
Fanshaws Renovation Fund	15	-	32,956	-	16,934
Educational Prize Fund	15	-	27,598	-	27,598
Profit and loss account	15	-	4,261,995	-	3,992,817
SHAREHOLDERS' FUNDS	16	-	4,322,549	-	4,037,349

The financial statements were approved by the board of directors and authorised for issue on 6th July 2012

A J S Smith
Director

Financial Statements

Consolidated cashflow statement for the year ended 31 March 2012

	Note	2012		2011	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	-	849,701	-	866,269
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		36,988	-	18,873	-
Interest paid: bank loans		-	-	(12)	-
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		-	36,988	-	18,861
TAXATION					
Corporation tax paid		-	(214,154)	-	(185,665)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets		(75,713)	-	(177,404)	-
Receipts from sale of tangible fixed assets		26,050	-	11,575	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		-	(49,663)	-	(165,829)
INCREASE IN CASH		-	622,872	-	533,636

Financial Statements

Notes forming part of the financial statements for the year ended 31 March 2012

1 Accounting policies

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

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of The Institute of the Motor Industry and all of its subsidiary undertakings as at 31 March 2012 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Turnover

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

Depreciation

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

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

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

Stocks

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

Foreign currency

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

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

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

Deferred taxation

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

Deferred tax balances are not discounted.

Leased assets

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

Pension costs

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

Financial Statements

Notes forming part of the financial statements
for the year ended 31 March 2012

	2012 £	2011 £
2 TURNOVER		
Analysis by class of business:		
Fees - Awarding body	4,394,684	4,436,647
Fees - Accreditation Professional Body	727,689	760,250
Advertising Income	966,751	963,647
Apprentice Certification Fees	64,395	56,176
Grants Receivable	218,107	362,700
Sundry Income	2,274,778	2,987,899
Sponsorship Income	161,235	161,158
	26,790	67,204
	8,834,429	9,795,681
Turnover arises solely within the United Kingdom.		
3 OPERATING PROFIT		
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	123,275	120,069
Loss on disposal of tangible fixed assets	18,290	14,328
Auditors' remuneration:		
- fees payable to the group's auditor for the audit of the group's annual accounts	18,000	30,000
- fees payable to the group's auditor for the preparation of the group's annual accounts	4,000	4,000
- other taxation services	3,000	3,000
- all other services	5,000	40,025
Exchange differences	123	(1,837)
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.		

Financial Statements

Notes forming part of the financial statements
for the year ended 31 March 2012

	GROUP 2012 £	GROUP 2011 £
4 EMPLOYEES		
Staff costs (including directors) consist of:		
Wages and salaries	2,814,735	2,473,507
Social security costs	307,766	313,983
Other pension costs	242,730	179,939
	3,365,231	2,967,429
The average number of employees (including directors) during the year was as follows:	GROUP 2012 £	GROUP 2011 £
Office and management	84	76
Directors	4	4
	88	80
5 DIRECTORS' REMUNERATION	2012 £	2011 £
Directors' emoluments	187,790	175,979
Company contributions to money purchase pension schemes	45,738	22,746
Compensation for loss of office	-	63,150
There were 3 directors in the group's defined contribution pension scheme during the year (2011 - 3).		
The total amount payable to the highest paid director in respect of emoluments was £110,587 (2011 - £108,104). Company pension contributions of £40,509 (2011 - £17,892) were made to a money purchase scheme on their behalf.		

Financial Statements

Notes forming part of the financial statements
for the year ended 31 March 2012

	2012 £	2011 £
6 INTEREST PAYABLE AND SIMILAR CHARGES		
Bank loans and overdrafts	-	12
7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
UK Corporation tax		
Current tax on profits of the year	245,038	186,837
Adjustment in respect of previous periods	11,702	(2,882)
Total current tax	255,191	183,955
The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:		
Profit on ordinary activities before tax	1,306,553	1,273,817
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26% (2011 - 28%)	339,704	356,669
Effect of:		
Expenses not deductible for tax purposes	1,262	820
Capital allowances for period in excess of depreciation	11,702	(13,073)
Adjustment to tax charge in respect of previous periods	10,153	(2,882)
Income not taxable	(111,885)	(152,967)
Short term timing differences	5,247	(2,268)
Small profit relief	(992)	(2,344)
Current tax charge for the year	255,191	183,955
IMI Limited has unutilised tax losses brought forward of £341,000 (2011 - £351,000) available to carry forward against future trading profits of the IMI Limited.		
8 PROFIT FOR THE FINANCIAL YEAR		
The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £285,200 (2011 - £276,636) which is dealt with in the financial statements of the parent company.		

Financial Statements

Notes forming part of the financial statements
for the year ended 31 March 2012

	Freehold land and buildings	Motor vehicles	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
9 TANGIBLE FIXED ASSETS					
Group					
Cost or valuation					
At 1 April 2011	396,653	342,653	993,621	178,647	1,911,574
Additions	-	46,395	17,968	11,350	75,713
Disposals	-	(103,229)	-	-	(103,229)
At 31 March 2012	396,653	285,819	1,011,589	189,997	1,884,058
Depreciation					
At 1 April 2011	-	168,635	887,299	70,311	1,126,245
Provided for the year	-	43,198	25,491	54,586	123,275
Disposals	-	(58,889)	-	-	(58,889)
At 31 March 2012	-	152,944	912,790	124,897	1,190,631
Net book value					
At 31 March 2012	396,653	132,875	98,799	65,100	693,427
At 31 March 2011	396,653	174,018	106,322	108,336	785,329
Company					
Cost or valuation					
At 1 April 2011	396,653	342,653	993,620	168,481	1,901,407
Additions	-	46,395	17,969	11,349	75,713
Disposals	-	(103,229)	-	-	(103,229)
At 31 March 2012	396,653	285,819	1,011,589	179,830	1,873,891
Depreciation					
At 1 April 2011	-	168,635	887,299	68,266	1,124,200
Provided for the year	-	43,198	25,491	51,231	119,920
Disposals	-	(58,889)	-	-	(58,889)
At 31 March 2012	-	152,944	912,790	119,497	1,185,231
Net book value					
At 31 March 2012	396,653	132,875	98,799	60,333	688,660
At 31 March 2011	396,653	174,018	106,321	100,215	777,207

Financial Statements

Notes forming part of the financial statements
for the year ended 31 March 2012

		Group undertakings £		
10 FIXED ASSET INVESTMENTS				
Company				
Cost or valuation				
At 1 April 2011 and 31 March 2012		500,000		
<hr/>				
Subsidiary undertakings, associated undertakings and other investments				
The principal undertakings in which the company's interest at the year end is 20% or more are as follows:				
Company	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
IMI Awards Limited	England and Wales of educational	Ordinary shares	100% provider	An awarding body and services
Motor Industry Management Limited	England and Wales	Ordinary shares	100%	Dormant
College of Motor Industry Limited	England and Wales	Ordinary shares	100%	Dormant

Financial Statements

Notes forming part of the financial statements
for the year ended 31 March 2012

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
11 STOCKS				
Books and merchandise	2,851	4,014	2,851	4,014
There is no material difference between the replacement cost of stocks and the amounts stated above.				
12 DEBTORS				
Trade debtors	532,534	608,576	109,911	107,154
Amounts owed by group undertakings	-	-	34,115	231,675
Corporation tax recoverable	-	1,447	-	1,447
Other debtors	101,007	85,529	72,630	57,463
Prepayments and accrued income	620,525	130,224	516,986	93,573
	1,254,066	825,776	733,642	491,312
All amounts shown under debtors fall due for payment within one year.				
13 CREDITORS				
Trade creditors	246,041	229,078	233,647	214,621
Amounts owed to group undertakings	2,192	-	-	-
Corporation tax	224,952	185,362	3,310	-
Other taxation and social security	140,187	118,271	95,379	78,532
Other creditors	60,024	12,192	38,288	3,716
Accruals and deferred income	629,807	851,566	606,887	707,336
	1,303,203	1,396,469	977,511	1,004,205
14 PENSIONS				
The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £242,730 (2011 - £179,939). Contributions amounting to £21,115 (2011 - £618) were payable to the fund and are included in creditors.				

Financial Statements

Notes forming part of the financial statements
for the year ended 31 March 2012

	Fanshaws Renovation Fund £	Educational Prize Fund £	Profit and loss account £	
15 RESERVES				
Group				
At 1 April 2011	16,934	27,598	6,055,841	
Profit for the year	-	-	1,051,363	
Levy recovered from members	16,022	-	(16,022)	
At 31 March 2012	32,956	27,598	7,091,182	
Company				
At 1 April 2011	16,934	27,598	3,992,817	
Profit for the year	-	-	285,200	
At 31 March 2012	32,956	27,598	4,261,995	
16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS				
	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Profit for the year	1,051,362	1,089,862	285,200	276,636
Opening shareholders' funds	6,100,373	5,010,511	4,037,349	3,760,713
Closing shareholders' funds	7,151,736	6,100,373	4,322,549	4,037,349
17 RELATED PARTY DISCLOSURES				
<p>During the year the Institute paid rents amounting to £3,875 (2011 - £3,275), subscriptions amounting to £Nil (2011 - £700) and miscellaneous expenses amounting to £478 (2011 - £2,703) to Scottish Motor Trade Association, a company of which Adrian Smith is a director.</p> <p>In addition, consultancy fees amounting to £123,701 (2011 - £116,455) were paid to Sillars and Co Limited, a company in which Sarah Sillars, director, has a controlling interest.</p> <p>The transactions were undertaken at arms length.</p>				
Controlling parties				
<p>The company is controlled by its members, and as such has no ultimate controlling party.</p> <p>Advantage has been taken of the exemption allowed by FRS 8 "Related Party Transactions" not to disclose any transactions with any entities that are included in the consolidated financial statements.</p>				

Financial Statements

Notes forming part of the financial statements
for the year ended 31 March 2012

	2012 £	2011 £	
18 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit	1,269,566	1,254,956	
Depreciation of tangible fixed assets	123,275	120,068	
Loss on sale of tangible fixed assets	18,290	14,328	
Decrease in stocks	1,163	1,782	
Increase in debtors	(429,736)	(3,606)	
Decrease in creditors	(132,856)	(521,259)	
Net cash inflow from operating activities	849,701	866,269	
19 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Increase in cash	622,872	533,636	
Opening net funds	5,881,723	5,348,087	
Net cash inflow from operating activities	6,504,595	5,881,723	
20 ANALYSIS OF NET FUNDS	At 1 April 2011 £	Cash flow £	At 31 March 2012 £
Cash at bank and in hand	5,881,723	622,872	6,504,595
Total	5,881,723	622,872	6,504,595

