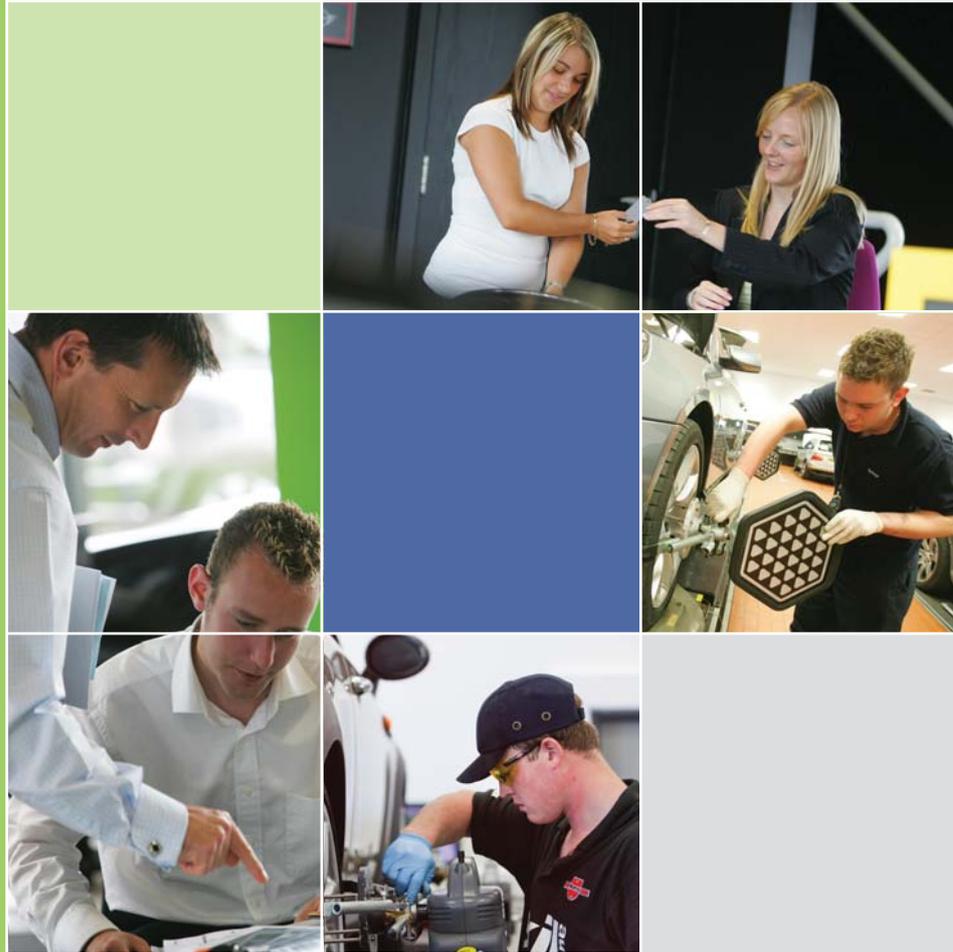


Annual Report 2011



imi

THE INSTITUTE OF THE
MOTOR INDUSTRY

Institute change.

Notice of Annual General Meeting

Notice is hereby given that an Ordinary General Meeting (being the ninetieth Annual General Meeting of the Institute) will be held at Fanshaws, Brickendon, Hertford on Wednesday 26 October 2011 at 10.15am

AGENDA (revised – see item 9)

- 1 Apologies for absence
- 2 Minutes of the Annual General Meeting of 28 October 2010
- 3 Installation of President – 2011/2012
- 4 Installation of Vice Presidents – 2011/2012
- 5 Installation of Honorary Treasurer – 2011/12
- 6 Revenue Account and Balance Sheet of the Institute for the year ended 31 March 2011 and the Auditor's Report
- 7 Annual Report for the year ended 31 March 2011
- 8 Declaration of Directors
- 9 Schedule of Amendments to the Articles of Association (see inside back cover)
- 10 Appointment of Auditors
- 11 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

by Order of the Board

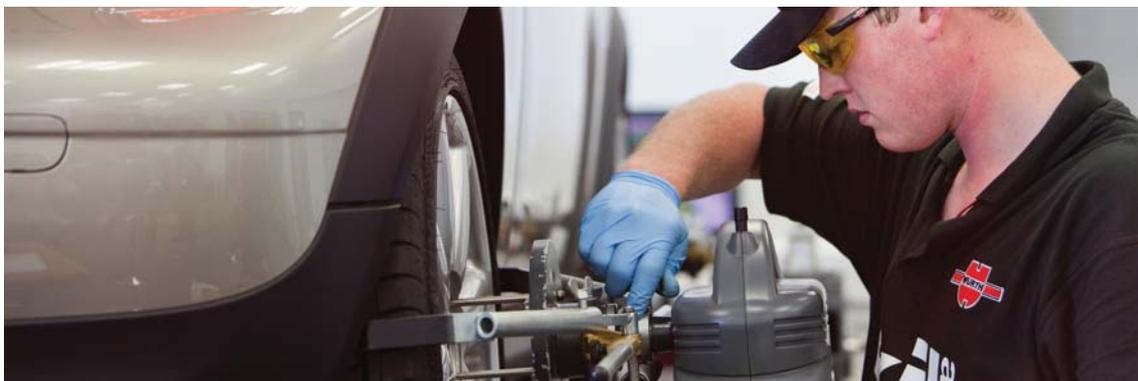
C THOMAS

Finance & IT Director
13th July 2011

Fanshaws
Brickendon
Hertford

Contents

- 3 Directors' Report
- 4 President's Foreword
- 5 Executive Chair's Report
- 9 Review of the Business
- 11 Risk Management
- 12 Future Plans and Development
- 13 Statement on the System of Internal Control
- 19 Independent Auditors' Report
- 20 Financial Statements
- 34 Schedule of Amendments to the Articles of Association



Directors' Report

Group information as at 31 March 2011

The directors of the company during the year were:

M Austin (Resigned 28 October 2010)
M Betts (Resigned 28 October 2010)
G Braddock
J Brumfitt (Resigned 28 October 2010)
G E Clark
S Nash
J Rowse
S Sillars OBE
E Yembra (Resigned 15 December 2010)
A J S Smith
L Stansfield
D R Lockhart
A J Tomsett
C Hayden (Appointed 15 December 2010)
S Martindale (Appointed 15 December 2010)
K Finn (Appointed 23 February 2011)

Although D R Lockhart and A J Tomsett were appointed on 1 March 2010, formal responsibilities were only undertaken with effect from the board meeting held on 30 June 2010.

On 29 June 2011, C Hayden resigned from the Board and C Thomas was appointed.

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 2011.

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 17,343) are guarantors for an amount not exceeding £1 each.

President's Foreword

Steve Nash FIMI



The last year has marked a pivotal period in the Institute's history and one which will significantly strengthen its mandate to improve professional standards in our sector.

The IMI has a clear mission to meet the professional needs of the retail motor industry's workforce and employers through encouraging and enabling individuals to fulfil their potential, improve their performance, increase their productivity and take pride in their career and industry. As President, I am delighted with the achievements and progress the IMI has made.

The concept of a Professional Register was borne out of the recognition of a variety of key factors, including; the need to demonstrably add value to the current membership offer, to reposition the IMI's recognition products given the increase in demand for accreditation routes, and was created, as a direct response following extensive member research.

The Institute's definition of professional status is 'current competence, ethically applied'. This therefore drove us to build a Professional Register model which included a method of determining and maintaining competence together with the requirement for individuals to sign up to a code of ethical behaviour, which is supported by research carried out with our members.

Professional Registration is about continuous investment in skills. Accreditation demonstrates that an individual is competent now, but they must remain up to date. That is why the Professional Register will require individuals to commit to maintaining their skill levels through continuing professional development (CPD).

Over the next three years the IMI will work with all industry partners to achieve a critical mass of professionally registered individuals and encourage businesses to promote individual's

inclusion on the Professional Register as a means of assuring ethical behaviour and competent work. The ultimate vision is that consumers will see and demand individual's inclusion on the Professional Register as a mark of quality.

Our recognition schemes for technicians and managers continue to grow in number and accreditation has brought about a real change in the automotive sector's attitudes to maintaining skills and has provided the bridge from historically acquired skills to demonstrating current competence ethically applied. The call from consumer magazine Which? for the industry to support codes of conduct, was a great boost for our recognition products.

Customers want the reassurance of dealing with people who are respected for their professional attitude and knowledge. The most successful businesses and professionals are able to demonstrate this commitment. Continued commitment through membership of your professional association has never been more important.

I would like to thank the team at the IMI, the Group Board and sub-committees as well as all the other volunteers who support the Institute's endeavours, for their continuing dedication, belief and hard work. The IMI is now well placed to further its influence to benefit all in the sector and we have a strong team to be able to meet the challenges of the future with focus and determination.

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



It has been another progressive year for the IMI and one that marks the start of an eventful new chapter in the work of the Institute as a Professional Body.

Our vision is of a productive and profitable retail motor industry and workforce recognised as consistently working to the highest standards of professionalism, expertise and ethics.

Placing skills development and the recognition of ethical competence at the heart of the retail motor industry remains a key objective. Identifying, researching and developing a Professional Register for the retail automotive sector has been a clear objective to help deliver the IMI's vision.

The impact of delivering such a strategy is broad ranging and significant as it will enhance public perception and consumer confidence in the sector by providing an industry-wide method of identifying competent professionals. It will also provide recognition, status and employability for individuals, which will drive up their aspiration to further develop their skills and knowledge.

This is an exciting time for the IMI, our members, the motor industry and the consumer as we take the final step towards establishing real consumer confidence in our industry.

The Professional Development team have worked extensively over the past 12 months to develop a range of CPD opportunities to be delivered through training provider partners, cutting across many different sectors. The new CPD offer has been developed to meet growing training needs and for the first time brings courses covering areas such as new technology to those who previously couldn't access these types of training opportunities before.

The IMI will continue to grow this offer over the next 12 months to increase its capacity to achieve wider coverage of the sector and its training needs.

Due to the breadth, depth and complexity of the work involved in the Professional Register project, the IMI is taking a 3 year phased approach to delivering the full range of services. The 2010/2011 year is year one with the launch of the register in April 2011. Access to professional registration is free of charge to eligible members.

Focussing hard on the needs of individuals and delivering to members a user friendly, useful service means that despite a downturn being seen across many professional bodies the Institute is proud to be retaining 88% of its members. With the new enhanced member benefits launched, the Institute looks to continue this level of retention and increase its new member numbers.

These and other developments were triggered by member research that revealed a big demand for training, particularly through e-learning and the need to encourage more young people into the industry. In response to this, the IMI will be launching two online communities. 1st Gear will build on our successful Headlight programme and will be open to those aged between 13 and 16 and is designed to help us engage with more young people, informing and motivating them about a career in our industry. Accelerate will be a community for those already involved in training. They will gain access to a host of benefits helping them to make the most of their career in the sector and is a clear stepping stone into full IMI membership when they qualify.



Our Member Association Network forms a core benefit of membership by offering free events and networking opportunities to members across the country. A renewed focus on the network activity and improved communications with local organisers meant Member Associations enjoyed rejuvenation in 2010-11, with an increase in events across the country in pre existing areas. We have also been pleased to see a number of new MAs being started in areas such as Derbyshire and Northamptonshire, alongside a resurgence of activity in some recently inactive areas such as Mid-Hampshire, Northern Ireland and Sheffield. With further MAs in the pipeline in areas such as Merseyside, Warwickshire and Cornwall we hope to build on this success by making MA activity accessible to as many members as possible next year.

The Institute endeavours to deliver high quality careers information, advice and guidance. The Headlight scheme which primarily targets young people in education saw 120 schools register for the educational resource, which delivers information to young people about some of the non technical roles within the industry whilst delivering some key curriculum objectives for teachers. To complement this, the IMI ran its annual Headlight competition which saw 50% of the schools registered for the resources, enter. We were also delighted to announce that Jaguar Land Rover had kindly agreed to sponsor the 2011 competition and have very generously donated a first prize to the project.

The skills competitions run by the Institute continue to highlight the promising talent the industry has to offer. Following on from the on-line entries received in December 2009, the IMI

successfully ran 14 regional heats across all three disciplines, AutoTech, AutoPanel and AutoPaint. The UK finals were held at Thattham and the BMW Academy in June 2010

We applauded the achievements of those individuals selected for the WorldSkills competition which is being held in London in October 2011. The young automotive competitors demonstrated the skill and technical competence needed to work in today's automotive industry and for some, their selection to the national team, allows them now to demonstrate their ability and commitment on a world stage.

The IMI reached over 69,000 people last year with careers information, advice and guidance through the range of products and services offered. The Institute redesigned the way in which its successful careers information website looks and feels and created the World of Work for individuals to find out more about the sector and the job roles within it, using video messaging to tell the story of what the work is really like and providing materials to be used for work experience placements.

To complement this, the IMI has also delivered its career pathways tool, meaning that individuals are easily able to investigate different job roles not only in the skills needed in today's sector but also based on some common attributes such as communication skills. This allows individuals to move away from a linear approach when considering different roles across the sector and potential career opportunities and will be presented with a variety of different roles based on skills and common attributes. With the tool being accessed on average 5600 times every month this



is set to continue to be a huge success for the IMI in its ability to deliver information, advice and guidance to individuals about the sector.

We had the status raised of the Automotive Technician Accreditation (ATA) scheme following last summer's report into garage servicing by consumer watchdog Which? ATA remains the only industry backed, independent accreditation scheme that specifically tests the current competency of individuals working in the automotive retail sector.

The report clearly showed that there was strong consumer support for accredited individuals with over half of those surveyed deeming an individual's commitment to a code of conduct as important when getting their car serviced.

ATA was developed in 2005 in direct response to the sector's requirement for a means of identifying skilled technicians and now over 27,000 individuals have achieved the standard. We welcomed the call by Which? to see a recognised, industry-wide accreditation introduced for all technicians and we continue to encourage the industry to support the voluntary ATA scheme to demonstrate commitment to improving standards within our sector and in turn elevate the status of a highly important and credible profession.

As well as the take up of accreditation continuing to grow, the IMI partnering with the SMMT and Semta developed an industry-wide electric vehicle (EV) route which will ensure that this new technology has a smooth introduction to the marketplace.

We were delighted that the Welsh deputy minister for skills, Lesley Griffiths was able to present the 25,000th person who had achieved accredited status with their certificate. Rose Lewis who works at Mercedes-Benz of Cardiff achieved her ATA in the customer service route and Lesley Griffiths congratulated the IMI and those who have helped us provide recognition of skills through accreditation in the sector.

AMA was launched this year to provide a key supportive role in developing managers for outstanding business performance. The competences are being widely recognised by many in the sector as the catalyst for a culture shift in the way we support our managers and their development.

Greater value has been provided for the heavy vehicle sector via the collaboration of IMI and SOE in the redevelopment of the irtec licence for technicians. Since the re-launch on 20th January 2011, the uptake from vehicle manufacturers and employers has already been substantial.

The Skillmiles scheme enables the IMI to demonstrate to the industry, employers and Government that many companies and individuals in our sector are making valuable contributions to raising skill levels, much of which had not previously been recognised on a national level before. The level of support received has been tremendous with participants from large, medium and small organisations. In the three years since the scheme was launched, the number of participants has grown to over 200 and we have allocated nearly 364,000 Skillmiles. This represents a cash sum of £3.65million devoted to the training and



development of those working in the sector. A fantastic achievement for all those involved.

In the last year over 12,000 young people have once again chosen to start an automotive apprenticeship and the IMI once again encouraged automotive businesses to support National Apprenticeship Week and to highlight the talents and skills of apprentices and celebrate their value to businesses across the country. The Institute was also confirmed as the issuing authority for English apprenticeship frameworks. As an English issuing authority the IMI has sole authority to issue apprenticeship frameworks in England, for the full range of skills, trades and occupations within our footprint and will be accountable to the Secretary of State for discharging that role.

In 2010/11 IMI Awards had its most successful year to date, maintaining its position as the leading awarding body of retail automotive qualifications and accreditation with a current market share of 74%. IMI Awards' network of over 500 approved centres, both in the UK and internationally, provided the awarding body with a 12% increase in qualification registrations on the previous year.

IMI Awards continually develops products that keep pace with technology and have recently introduced hybrid and electric vehicle qualifications to their extensive offering. They are the only awarding body to provide AMA and irtec accreditation routes and are the leading provider for ATA.

The awarding body successfully redeveloped its IT systems to support new qualifications structures which included enhanced features on its online registration and certification system. IMI Awards

has also developed its own e-Portfolio which will be launched in September 2011, and as a unique selling point will be free of charge to their candidates.

To mark the advent of a new exciting chapter, the Institute has also updated our corporate image. Our refreshed brand, launched at our Annual Dinner, uses a striking green colour to demonstrate our fresh, bold and innovative thinking. The tone of voice is punchy, intriguing and thought provoking and demonstrates what we mean to say.

As a membership organisation our strength is drawn from the people who participate in our community. Our brand and our work must speak to members, potential members, partners and stakeholders and reflect the exciting and challenging motor industry of the future.

In summary, the IMI has evolved significantly this year and is set for a new journey of development over the next few years. I am indebted to those who continue to give their time voluntarily in the interests of the Institute and I would like to thank the membership for its continued support of the IMI and its activity to improve the professionalism of our industry.

Smah Sillan

Review of the business

Throughout the last year, the structure of the IMI has been managed to make the best use of resources in delivering on its responsibilities as a professional association and a Sector Skills Council (SSC).

The IMI Group of Companies includes a separate awarding body company, IMI Awards Ltd.

All strategic activity relating to the IMI's role as a Professional Body and Sector Skills Council have been articulated in the report of the Executive Chair.

A new Finance Director has now been appointed, who joined on the 1st June 2011. He comes to us with considerable experience in areas such as legal and statutory compliance, expertise in VAT issues, management and capital expenditure programmes. He has been operating at director level for the last 13 years during which time he has also operated in the role of Company Secretary.

Whilst we await the outcomes of a review of SSC core operational deliverables and responsibilities in light of the Universal Services Project, new funding arrangements and the changing landscape, our three year Strategic Plan has been extended for a further year to end March 2012.

The Professional Development team have focussed on providing recognition, status and employability through the development and delivery of clear career pathways, good quality information, advice and guidance and an enhanced membership proposition, including the development and delivery of the Professional Register.

This has been a key piece of work throughout 2010/11 with sustained activity to develop a new Continuous Professional Development (CPD) offer in support of the Professional Register's ambition to maintain professional standards and currency of competence to operate in the sector.

Over the past year we have seen significant activity across a number of key strands of work and core deliverables as an SSC which has ensured our business plan and sector specific objectives have been broadly met and exceeded in many areas.

Accreditation continues to grow with the support of over 7,500 businesses and 27,000 accredited individuals selecting Automotive Technician Accreditation (ATA) as their current skills and recognition solution.

This year the IMI teamed up with leading players in the automotive industry (Allparts, Autoglass, Halfords and Mercedes Benz) to commission an independent piece of research assessing the impact of ATA. The research covered accreditation programmes for a number of disciplines, from parts advisors, autoglazing, light vehicle technicians and customer service advisors.

The independent report, carried out by the University of Leicester, showed a return on investment ranging from 98% to 187% with benefits across the board, including raised technical standards, professional status, productivity, profitability, staff retention and customer confidence.

The study has concluded that the introduction of specific training and skills accreditation has provided a cross range of benefits to both individuals and the businesses who have invested in them.

Accreditation has brought about a step change in the automotive sector's attitudes to qualifications and skills. It has provided significant returns to both the employer, in terms of return on investment and



to employees for their self - esteem, professional development and long term career path. It also continues to improve customer confidence in the industry. This is absolutely vital when competition is so fierce and many businesses are struggling to survive in the market place.

As at the end of March 2011, the migration of automotive qualifications onto the new Qualifications and Credit Framework (QCF) was successfully completed. As a result 23 new suites of National Occupational Standards (NOS) and over 650 new units for awarding organisations to use have been made available.

We also reviewed and redeveloped the Specification of Apprenticeship Standards for England (SASE) and Wales (SASW) compliant frameworks to comply with new legislation.

The IMI has Memoranda of Understanding (MoU) signed with all the major trade associations across the sector as well as those with the Association of Colleges (AoC) and the Association of Learning Providers (ALP). These MoUs continue to enable the IMI to maximise engagement and to take demand-led solutions back to all employers.

We were delighted to receive a nomination for the 'WorldSkills UK Partner of the Year.' This nomination was only available to 'outstanding' competition partners who have exceeded the requirements of UK Skills quality criteria. While sadly we did not win, SkillAuto could not have achieved this nomination without the efforts and commitment from all of those involved. Through our association with UK Skills, the competition continues to highlight the high-level of skill needed to work in today's automotive sector.

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 quarterly 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 Enhance IMI membership and increase the number of individuals using IMI recognition products (providing entry onto the Professional Register) to 51,350 by end March 2012. Deliver milestone 2 of the Professional Register project by the end of March 2012. (Retired Professionals Club, Affiliated to IMI status, intermediate CPD offer)
- 2 Deliver a budget which ensures break even over the 3 year strategic plan period and shows growth in revenue streams to assist in offsetting the reductions in core funding.
- 3 Upskill 20,750 individuals using IMI products or IMI influenced products and services by end March 2012.
- 4 Deliver contractual obligations of an SSC with only minor deviations on the scorecard over the 2011/2012 year.
- 5 Deliver high quality LMI. Strategic Skills Assessment and 4 nations reports by deadline of 1st December 2011 and increase dissemination of research by 10% on 2010 figures. Stakeholder satisfaction with research to increase to 82% by end March 2012.
- 6 Develop a robust sustainable on-line careers information, advice and guidance service in order to increase the number of individuals accessing and understanding the careers opportunities in the Automotive Retail sector to 75,000 in 2011/2012 year.
- 7 Increase engagement with small and medium employers by 7%. 5% of total engagement to be "conquest" new employers and increase stakeholder engagement by 5% during period of 2011/2012 financial year.
- 8 Implement a promotional strategy for IMI products and services and measure its impact to achieve an increase in awareness of IMI products and services - by large and medium employers of 2%, and by small employers of 5% on 2010/2011, through IMI employer survey results. (sample size 1,000)
- 9 Build a new skillmiles database to facilitate the achievement of industry support to the cumulative value of £4.8m Skillmiles by end March 2012.
- 10 Increase organisational capacity and capability to evaluate and implement improvements in the following areas by end March 2012:
 - Develop a customer satisfaction survey, analyse and execute an agreed improvement plan
 - Develop an employee satisfaction survey, analyse and execute an agreed improvement plan
 - Implement new Performance Scorecard performance management system for all managers
 - Develop and implement an IT strategy
 - Develop and implement a data strategy
 - Achieve re-accreditation as an IIP business

Statement on the system of internal control

1 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 - 2012 and Financial Strategy whilst safeguarding the public funds and organisational assets for which I was 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 is 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 & Remuneration Committee of non executives 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.

2 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 2011 and up to the date of the approval of the annual report and accounts, and accords with Treasury guidance.

3 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 effect this 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.

4 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 culminate in a corporate risk register;
- Risk avoidance, mitigation or recovery plans are developed and monitored as necessary.

5 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 & Remuneration Committee and measures to address weaknesses and ensure continuous improvement of the systems is 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 fulfilled its aims and objectives. The main responsibilities of the Group Board are as follows:

- The Group Board is entrusted with public funding and therefore have a particular duty to observe the highest standards of corporate governance. This include 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 & Remuneration Committee.

The Audit & Remuneration Committee

In addition to their other activities, the Audit & 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 & Remuneration Committee, to the Group Board, concerning internal control, risk management and corporate governance.



Internal Audit

Regular audit reports were made as defined by Government Internal Audit Standards. The reports included professional opinion as to the level of assurance that was applicable to the internal controls within the Institute of the Motor Industry. For the year ended 31 March 2010 the auditor's opinion was that the Institute of the Motor Industry had adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives. The report stated:

'In general, our review confirmed, with the exceptions noted below, that staff expenses are being calculated correctly and processed accurately.

Our review confirmed that in general, invoices for Centre candidate and QAA fees, subscriptions and apprenticeship certificate fees are being processed accurately and on a timely basis.

Our review of pension scheme contributions confirmed that contributions are being correctly calculated".

During the financial year ended 31 March 2011 reviews of Key Financial Controls, Income & Staff Expenses, Invoicing, PAYE and Pensions Contributions was undertaken. There was also a

review of the recommendations made in the audits undertaken during the 2009 / 2010 financial year. The reviews concluded that there were adequate and effective risk management, control and governance processes in place to manage the achievement of the organisation's objectives, with a number of instances of good practices identified. In light of work performed in the prior year, 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 current year.

■ Significant internal control problems

There are presently no significant internal control problems.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom



Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

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

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

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

Auditors

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

BDO LLP have expressed their willingness to continue in office and a resolution to re appoint them will be proposed at the annual general meeting.

On behalf of the board

S Sillars OBE
Director

Date: 9 August 2011

Independent auditors' report

To the Members of The Institute of the Motor Industry

We have audited the financial statements of The Institute of the Motor Industry for the year ended 31 March 2011 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses 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 2011 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

Date: 9 August 2011

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 2011

	NOTE	2011 £	2010 £
TURNOVER	2	9,795,681	10,379,966
Cost of Sales		3,758,759	5,105,757
GROSS PROFIT		6,036,922	5,274,209
Administrative Expenses		4,781,966	3,739,623
GROUP OPERATING PROFIT	3	1,254,956	1,534,586
Income from other fixed asset investments	6	-	3,264
Other interest receivable and similar income		18,873	9,727
Amounts written off investments		-	8,061
Interest payable and similar charges	7	(12)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,273,817	1,555,638
Taxation on Profit on Ordinary Activities	8	183,955	186,484
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,089,862	1,369,154
All of the above relates to continuing activities.			

Financial Statements

Consolidated statement of total recognised gains and losses for the year ended 31 March 2011

	NOTE	2011 £	2010 £
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Profit for the financial year		1,089,862	1,369,154
Interest receivable on Educational Prize Fund		-	15
<hr/>			
TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL YEAR		1,089,862	1,369,169
<hr/>			

Financial Statements

Consolidated balance sheet at 31 March 2011

Company number 00225180		2011		2010	
	NOTE	£	£	£	£
FIXED ASSETS					
Tangible Assets	10		785,329		753,896
CURRENT ASSETS					
Stocks	12	4,014		5,796	
Debtors	13	825,776		880,848	
Cash at bank and in hand		5,881,723		5,348,087	
CREDITORS: Amounts falling due within one year					
	14	6,711,513		6,234,731	
		1,396,469		1,978,116	
NET CURRENT ASSETS			5,315,044		4,256,615
TOTAL ASSETS LESS CURRENT LIABILITIES			6,100,373		5,010,511
CAPITAL AND RESERVES					
Fanshaws Renovation Fund	16		16,934		54,044
Educational Prize Fund	16		27,598		27,598
Profit and Loss Account	16		6,055,841		4,928,869
SHAREHOLDERS' FUNDS			6,100,373		5,010,511
<p>The financial statements were approved by the board of directors and authorised for issue on 9 August 2011.</p> <p>A J S Smith Director</p>					

Financial Statements

Company balance sheet as at 31 March 2011

Company number 00225180	NOTE	2011		2010	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	10		777,207		753,896
Fixed asset investments	11		500,000		500,000
			1,277,207		1,253,896
CURRENT ASSETS					
Stocks	12	4,014		5,796	
Debtors	13	491,312		1,577,602	
Cash at bank and in hand		3,269,021		2,346,659	
		3,764,347		3,930,057	
CREDITORS: Amounts falling Due within one year	14	1,004,205		1,423,240	
			2,760,142		2,506,817
NET CURRENT ASSETS			2,760,142		2,506,817
TOTAL ASSETS LESS CURRENT LIABILITIES			4,037,349		3,760,713
CAPITAL AND RESERVES					
Fanshaws Renovation Fund	16		16,934		54,044
Educational Prize Fund	16		27,598		27,598
Profit and Loss Account	16		3,992,817		3,679,071
SHAREHOLDERS' FUNDS	17		4,037,349		3,760,713
<p>The financial statements were approved by the board of directors and authorised for issue on 9 August 2011.</p> <p>A J S Smith Director</p>					

Financial Statements

Consolidated cashflow statement for the year ended 31 March 2011

	NOTE	2011		2010	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	19		866,269		1,420,598
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		18,873		9,742	
Interest paid: bank loans		(12)		-	
Dividends received		-		3,264	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			18,861		13,006
TAXATION					
Corporation tax paid			(185,665)		(207,588)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets		(177,404)		(192,680)	
Receipts from sale of tangible fixed assets		11,575		22,852	
Receipts from sale of fixed asset investments		-		148,560	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(165,829)		(21,268)
INCREASE IN CASH	20		533,636		1,204,748

Financial Statements

Notes forming part of the financial statements for the year ended 31 March 2011

	2011 £	2010 £
2 TURNOVER		
Analysis by class of business:		
Fees – Awarding body	4,436,647	3,888,949
Fees – Accreditation	760,250	704,655
Professional Body	963,647	1,096,039
Advertising Income	56,176	37,672
Apprentice Certification Fees	362,700	278,363
Grants Receivable	2,987,899	4,243,153
Sundry Income	161,158	115,135
Sponsorship income	67,204	16,000
	9,795,681	10,379,966
Turnover arises solely within the United Kingdom.		
3 OPERATING PROFIT		
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	120,069	94,910
Auditors' remuneration:		
▪ fees payable to the group's auditor for the audit of the group's annual accounts	30,000	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	40,025	20,236
Exchange differences	(1,837)	144
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 2011

	GROUP 2011 £	GROUP 2010 £
4 EMPLOYEES		
Staff costs (including directors) consist of:		
Wages and salaries	2,473,507	2,528,968
Social security costs	313,983	269,440
Other pension costs	179,939	207,343
	2,967,429	3,005,751
The average number of employees (including directors) during the year was as follows:	GROUP 2011 NUMBER	GROUP 2010 NUMBER
Office and management	76	68
Directors	4	4
	80	72
5 DIRECTORS' REMUNERATION	2011 £	2010 £
Directors' emoluments	175,979	298,222
Company contributions to money purchase pension schemes	22,746	38,213
Compensation for loss of office	63,150	-
There were 4 directors in the group's defined contribution pension scheme during the year (2010 - 4).		
The total amount payable to the highest paid director in respect of emoluments was £108,104 (2010 - £110,146). Company pension contributions of £17,892 (2010 - £25,519) were made to a money purchase scheme on their behalf.		
6 INCOME FROM OTHER FIXED ASSET INVESTMENTS		
Income from listed fixed asset investment	-	3,264

Financial Statements

Notes forming part of the financial statements for the year ended 31 March 2011

	2011 £	2010 £
7 INTEREST PAYABLE AND SIMILAR CHARGES		
Bank loans and overdrafts	12	-
8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
UK Corporation tax		
Current tax on profits of the year	186,837	185,625
Adjustment in respect of previous periods	(2,882)	859
Total current tax	183,955	186,484
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	1,273,817	1,555,638
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010 - 30%)	356,669	370,296
Effect of:		
Expenses not deductible for tax purposes	820	12,600
Capital allowances for period in excess of depreciation	(13,073)	(15,981)
Adjustment to tax charge in respect of previous periods	(2,882)	859
Income not taxable	(152,967)	(87,365)
Other adjustments	-	(13,883)
Marginal relief	-	(1,566)
Unrelieved tax losses	-	(79,921)
Chargeable gains	-	1,445
Short term timing differences	(2,268)	-
Small profit relief	(2,344)	-
Current tax charge for the year	183,955	186,484
The tax charge has been reduced as a result of tax losses brought forward, there remain approximately £351,000 (2010 - £433,000) losses to carry forward against future trading profits of IMI Awards Limited.		
9 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 the financial statements. The group profit for the year includes a profit after tax of £276,636 (2010 - £926,186) 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 2011

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
10 TANGIBLE FIXED ASSETS					
Group					
Cost or valuation					
At 1 April 2010	396,653	347,948	946,297	109,567	1,800,465
Additions	-	61,000	47,324	69,080	177,404
Disposals	-	(66,295)	-	-	(66,295)
At 31 March 2011	396,653	342,653	993,621	178,647	1,911,574
Depreciation					
At 1 April 2010	-	158,845	869,046	18,678	1,046,569
Provided for the year	-	50,182	18,253	51,633	120,068
Disposals	-	(40,392)	-	-	(40,392)
At 31 March 2011	-	168,635	887,299	70,311	1,126,245
Net book value					
At 31 March 2011	396,653	174,018	106,322	108,336	785,329
At 31 March 2010	396,653	189,103	77,251	90,889	753,896
Company					
Cost or valuation					
At 1 April 2010	396,653	347,948	946,297	109,567	1,800,465
Additions	-	61,000	47,323	58,914	167,237
Disposals	-	(66,295)	-	-	(66,295)
At 31 March 2011	396,653	342,653	993,620	168,481	1,901,407
Depreciation					
At 1 April 2010	-	158,845	869,046	18,678	1,046,569
Provided for the year	-	50,182	18,253	49,588	118,023
Disposals	-	(40,392)	-	-	(40,392)
At 31 March 2011	-	168,635	887,299	68,266	1,124,200
Net book value					
At 31 March 2011	396,653	174,018	106,321	100,215	777,207
At 31 March 2010	396,653	189,103	77,251	90,889	753,896

Financial Statements

Notes forming part of the financial statements for the year ended 31 March 2011

Group
Undertakings
£

■ FIXED ASSET INVESTMENTS

Group

Cost or valuation

At 1 April 2010 and 31 March 2011

500,000

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	Ordinary shares	100%	An awarding body and provider of educational services
Motor Industry Management Limited	England and Wales	Ordinary shares	100%	Dormant
College of Motor Industry Limited	England and Wales	Ordinary shares	100%	Dormant

Financial Statements

Notes forming part of the financial statements for the year ended 31 March 2011

Group 2011 Group 2010 Company 2011 Company 2010
£ £ £ £

12 STOCKS

Books and merchandise	4,014	5,796	4,014	5,796
-----------------------	-------	-------	-------	-------

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

13 DEBTORS

Trade debtors	608,576	563,593	107,154	102,692
Amounts owed by group undertakings	-	-	231,675	1,183,448
Corporation tax recoverable	1,447	-	1,447	-
Other debtors	85,529	221,377	57,463	209,766
Prepayments and accrued income	130,224	95,878	93,573	81,696
	825,776	880,848	491,312	1,577,602

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

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	229,078	594,545	214,621	477,769
Corporation tax	185,362	185,625	-	2,252
Other taxation and social security	118,271	106,326	78,532	70,950
Other creditors	12,192	10,273	3,716	6,610
Accruals and deferred income	851,566	1,081,347	707,336	865,659
	1,396,469	1,978,116	1,004,205	1,423,240

15 PENSIONS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £179,939 (2010 - £207,343). Contributions amounting to £618 (2010 - £8,718) 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 2011

Fanshaws
Renovation
Account
£

Educational
Prize
Fund
£

Profit and
Loss
Account
£

16 RESERVES

Group

At 1 April 2010	54,044	27,598	4,928,869
Profit for the year	-	-	1,089,862
Fanshaws renovation costs	(52,691)	-	52,691
Levy recovered from members	15,581	-	(15,581)
At 31 March 2011	16,934	27,598	6,055,841

Company

At 1 April 2010	54,044	27,598	3,679,071
Profit for the year	-	-	276,636
Fanshaws renovation costs	(52,691)	-	52,691
Levy recovered from members	15,581	-	(15,581)
At 31 March 2011	16,934	27,598	3,992,817

17 RECONCILIATION OF MOVEMENTS IN MEMBERS INTERESTS

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Profit for the year	1,089,862	1,369,154	276,636	926,186
Other net recognised gains and losses relating to the year				
- Interest receivable on Educational Prize Fund	-	15	-	15
Net additions to shareholders' funds	1,089,862	1,369,169	276,636	926,201
Opening shareholders' funds	5,010,511	3,641,342	3,760,713	2,834,512
Closing shareholders' funds	6,100,373	5,010,511	4,037,349	3,760,713

18 RELATED PARTY DISCLOSURES

During the year the Institute paid rents amounting to £3,275 (2010 - £3,275), subscriptions amounting to £700 (2010 - £700) and miscellaneous expenses amounting to £2,703 (2010 - £1,960) to Scottish Motor Trade Association, a company of which Adrian Smith is a director.

In addition, consultancy fees amounting to £116,455 (2010 - £58,914) were paid to Sillars and Co Limited, a company in which Sarah Sillars, director, has a controlling interest.

The transactions were undertaken at arms length.

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.

Financial Statements

Notes forming part of the financial statements for the year ended 31 March 2011

	2011 £	2010 £	
19 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit	1,254,956	1,534,586	
Depreciation of tangible fixed assets	120,068	94,910	
Loss on sale of tangible fixed assets	14,328	4,494	
Decrease in stocks	1,782	4,444	
(Increase)/decrease in debtors	(3,606)	622,542	
Decrease in creditors	(521,259)	(885,378)	
Impairment of investments	-	45,000	
Net cash inflow from operating activities	866,269	1,420,598	
20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash	533,636	1,204,748	
Opening net funds	5,348,087	4,143,339	
Closing net funds	5,881,723	5,348,087	
	At 1 April 2010 £	Cashflow £	At 31 March 2011 £
21 ANALYSIS OF NET FUNDS			
Cash at bank and in hand	5,348,087	533,636	5,881,723
Total	5,348,087	533,636	5,881,723

Schedule of amendments to the articles of association of the Institute of the Motor Industry

(a company limited by guarantee and not having a share capital)

SPECIAL RESOLUTION

That the Articles of Association of the Company be and are hereby amended in the following manner, that is to say:

Memorandum of Association

- 3 (v) – 4 (d) inclusive
Delete the words ‘Group Board’ and insert the word ‘Board’

Articles of Association

- Objects 3.1
Insert the words ‘(c) To be provider of educational services for the retail motor industry’
- Article 6.1
Delete the number ‘13’ and insert the number ‘15 (14 + 1 co-opted)’ in line 2
- Articles 6.1 – 15.2 inclusive
Delete the word ‘Chairman’ and insert the word ‘Chair’
- Articles 6.3 & 11.13
Delete the words ‘Group Board’ and insert the word ‘Board’

- Article 6.11
Delete the words ‘Chief Operating Officer & Finance Director’ and insert the words ‘Executive Directors’ in the title and in line 4
Delete the words ‘Chief Operating Officer & Finance Director’ and insert the words ‘up to four Executive Directors’ in line 4
Insert the words ‘or Chief Executive Officer in the case of a Non-Executive Chair’ in line 6
- Article 7.1 (d)
Insert the words ‘if any’ in line 1
Insert the words ‘or Non-Executive Chair’ in line 1, 3 & 5
Delete the words ‘Chief Operating Officer & Finance Director’ and insert the words ‘Executive Directors’

