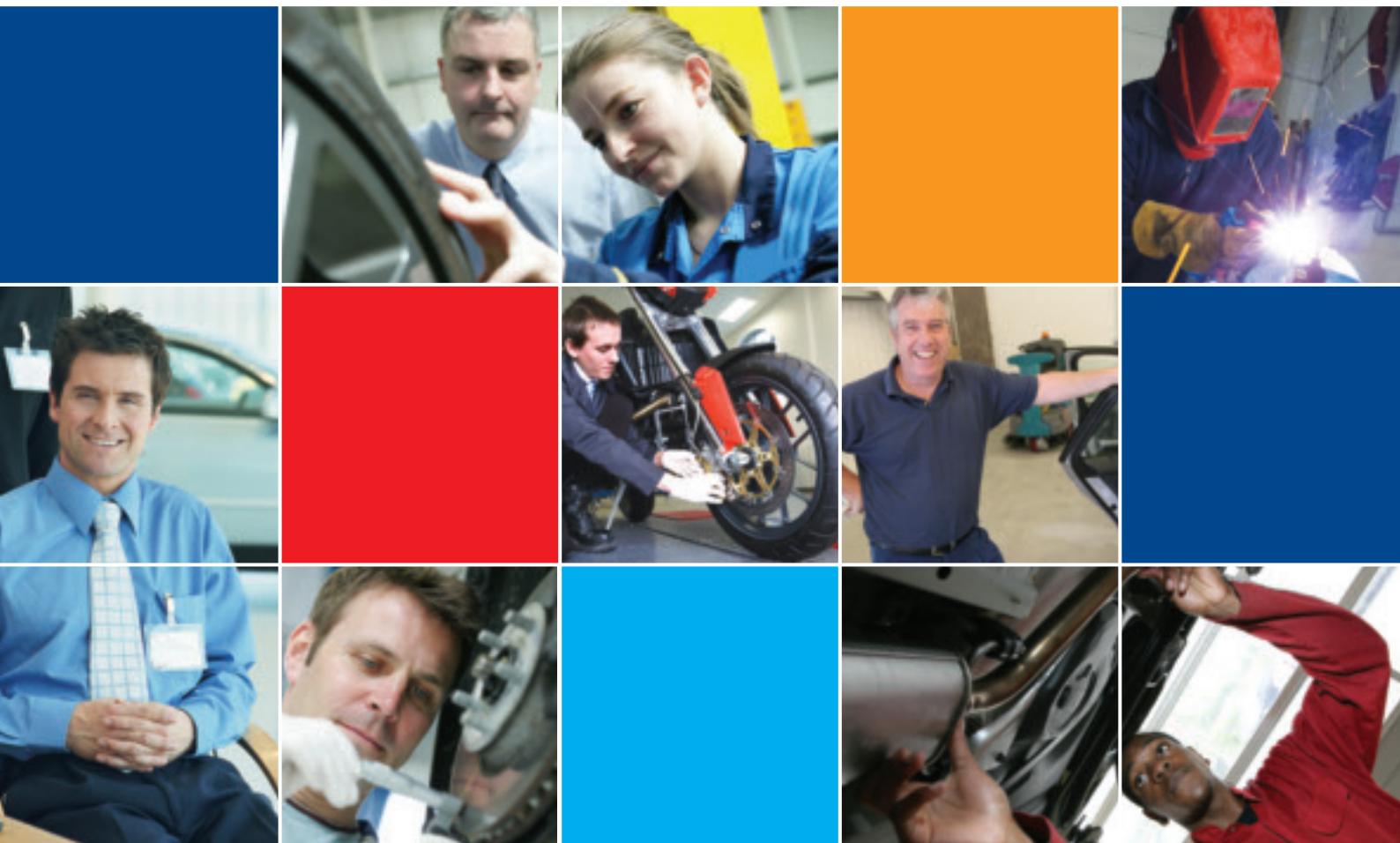


Annual Report 2010



imi

THE INSTITUTE OF THE
MOTOR INDUSTRY

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN

that an Ordinary General Meeting (being the eighty-ninth Annual General Meeting of the Institute) will be held at Fanshaws, Brickendon, Hertford on Thursday 28 October 2010 at 10.15am

AGENDA

1. Apologies for absence
2. Minutes of the Annual General Meeting of 28 October 2009
3. Installation of President – 2010/2011
4. Installation of Vice Presidents – 2010/2011
5. Installation of Honorary Treasurer – 2010/2011
6. Revenue Account and Balance Sheet of the Institute for the year ended 31 March 2010 and the Auditor's Report
7. Annual Report for the year ended 31 March 2010
8. Declaration of Directors
9. Appointment of Auditors
10. Any other business

by Order of the Board

E. YEMBRA

Finance Director

1st July 2010

Fanshaws
Brickendon
Hertford

The Institute's Articles of Association 40 provides: that no member, other than a Corporate Member duly registered, who shall have paid every subscription and other sum (if any) which shall be due and payable to the Institute in respect of his membership, shall be entitled to be present or to vote on any question either personally or by proxy, or as a proxy for another member at any General Meeting.

Article of Association 41 provides: that votes may be given on a poll either personally or by proxy. On a show of hands a Corporate Member present only by proxy shall have no vote. No person except a Corporate Member shall act as a proxy for a Corporate Member.



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Directors' Report

Group information as at 31 March 2010

The members of the Group Board who were all directors during the year were:

M Austin
M Betts
G Braddock
J Brumfitt
GE Clark
C Jeffries (resigned 28 October 2009)
D Lockhart (appointed 1 March 2010)
M Matthew (resigned 28 October 2009)
S Nash
J Rowse
S Sillars OBE
A Smith
L Stansfield (appointed 16 December 2009)
A Tomsett (appointed 1 March 2010)
E Yembra

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 2010.

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 20 000) are guarantors for an amount not exceeding £1 each. The subsidiary, IMI Awards Limited is a company limited by share capital.



President's Foreword

It has been another progressive year for The Institute of the Motor Industry.

Placing skills development and the recognition of ethical competence at the heart of the retail motor industry remains a key objective for the IMI. We believe that high professional standards benefit the business and the customer. Being recognised by your professional association indicates that you are a person who is committed to best practice and continuing professional development, for the good of your customers and the industry as a whole.

As identified in the IMI's Strategic Plan, the Professional Register Project is one of the key strategies to help deliver the Institute's mission to 'promote and facilitate progressive improvement in the standards of professional competence of those engaged in the automotive industry.' Aiming to help promote competence, accountability and ethical behaviour, the project will become the major focus for the organisation over the coming year. The Professional Register will ensure that all members will gain maximum recognition and benefit from their affiliation with the Institute.

Since I became Chairman of the IMI in 2004, the Institute has gone through a period of tremendous change not least becoming the Sector Skills Council for the automotive retail industry in 2007. The announcement this year that the IMI had been successfully relicensed now significantly strengthens the Institute's mandate to improve standards of professionalism across the motor industry through the qualification, development and recognition of individuals.

Our relicensing news greatly increases our influence and enables the Institute to continue to effect change in the industry and to support the wider constituency more effectively, particularly as regards our relationship with Government, both in Westminster and across the four nations. As President, I have remained as the lead employer voice for the sector when liaising with Government on behalf of the Sector Skills Council and together with our Executive Chair, Sarah Sillars, continue to ensure the work of the IMI is recognised at the highest level.

I am also pleased to report that despite trading conditions remaining difficult for the sector, the IMI Group Board has ensured financial stability for the company enabling the Institute to continue to work hard for the sector as a whole.

The Institute has built a substantial and credible profile across the retail motor sector as the body responsible for the recognition of best practice and continuing professional development. I am privileged in my role as President to have been part of the IMI's major successes over the past year and I would like to thank all the staff, Group Board, committees and members in helping us to achieve these.

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

Executive Chair's Report



The IMI has a privileged and unique place in the motor industry. It serves both individuals and employers across the spectrum as a Professional Body and Sector Skills Council.

While the economy has undoubtedly had a tough time and individuals and businesses in the motor trade have tried to cope with the challenges of the market and the impact this has had on employment and livelihoods, the pragmatism of the IMI Board in recent years has provided an excellent platform for the IMI to continue delivering for the sector at a higher level than previously. With good revenue built over the last few years, our ability to work with the sector has been strengthened not diminished.

The IMI's Strategic Plan 2009-2012, published last year, identified researching and developing the professional registration for the retail automotive sector as being one of the key strategies to help deliver the IMI's mission. The impact of delivering such a strategy is broad ranging and significant as it will not only enhance the public perception and increase consumer confidence in the retail automotive sector by providing a clear method of identifying a competent and professional workforce but it will also provide recognition, status and employability for individuals which will drive up their aspiration to continually develop their skills and knowledge. It also aims to make the motor industry a considered choice for employment and future prospects.

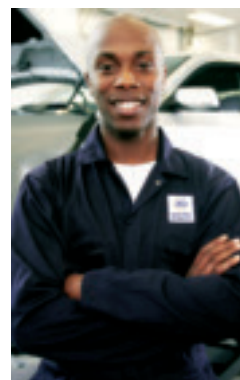
An important focus for the IMI during the financial year 2009/10 has been the extensive programme of research associated with this key strategy together with the continued expansion of the professional

registration concept. The main activities during the year have been three large pieces of research, the findings of which have helped shape the continued development of professional registration.

The ideology behind creating professional registration for the sector supports the increasingly accepted belief that being professionally qualified extends beyond gaining a 'marker' of achievement, and encompasses ongoing commitment to continuing professional development. This has been supported by the research carried out with our members last year, which identified that 88% (of respondents) believed that a Professional Register for the sector was needed, with only 2% of respondents disagreeing.

A well skilled, currently competent and professional workforce, committing to continuing professional development and maintaining standards of practice is at the heart of what the IMI is working towards for the sector. Fully embracing this philosophy heavily influenced the IMI Group Board's decision to relinquish the license with the Engineering Council to award the engineering awards of EngTech and IEng.

For the Professional Development team, the future focus is firmly centred on providing recognition, status and employability for those working in the retail automotive sector. We will achieve this through development of clear career pathways, delivery of good quality careers information, advice and



guidance together with an enhanced membership proposition and professional registration.

The Institute announced a number of planned changes to its governance structure including my move from Chief Executive to the position of Executive Chair and under the new changes; Professor Garel Rhys has stepped down as President of the Institute following five years in this role, moving to become a Vice-President. Steve Nash has become the new President while also retaining his position on the Board.

Through extensive research and consultation with over 400 employers and industry stakeholders within the retail automotive industry, the IMI established that managers often lack support in gaining skills to operate as effective managers and leaders. Less than 18% of managers within the retail automotive industry have gained a Level 4 qualification or assessed training programme compared to the average in all other sectors of 45% and with the sector facing some very real challenges over the next decade, development of strategic and operational management skills is vital.

Through our work on the Automotive Management Accreditation (AMA) scheme, we have tried to develop a product which addresses the previous concerns with management training, but it still offers a robust assessment of competence based along similar lines to the successful ATA model. Overall, it's a powerful solution to help bring about a cultural shift to improve management and leadership development, business improvement and professionalism within the sector.

The Automotive Technician Accreditation (ATA) scheme continues to go from strength to strength with 24,000 individuals now having achieved the standard. As well as the take up of accreditation growing, new developments have enabled ATA

assessors to be recognised and included on the register for the first time. The Institute also announced an agreement with the qualification awarding body City & Guilds to further extend the network of centres offering Automotive Technician Accreditation in addition to those already running assessments via IMI Awards Ltd.

The IMI received widespread industry support on news of its relicensing as the Sector Skills Council for the automotive retail sector.

The announcement followed an independent performance review carried out by the National Audit Office (NAO) on behalf of the UK Commission for Employment and Skills (UKCES) as part of the relicensing process for all 25 sector skills councils.

As part of the relicensing assessment process, the IMI had to submit evidence to the NAO on how it had helped raise skill levels in the sector, was visited by the Commission and were also subject to panel interviews. As a result of this, the IMI achieved an overall score of 'good' although was rated as 'outstanding' in two of the four key themes assessed by the NAO.

The IMI was assessed as being an extremely good organisation that had made outstanding progress in a very short space of time since it took over the SSC licence. Evidence from the NAO report pointed to several key areas where they felt the IMI was particularly strong, these were:

- Development of innovative products including ATA, Autocity and Headlight and coalescing support from employers for these
- Substantial progress achieved by the organisation since taking over the licence 18 months ago in rebuilding the credibility of the SSC with employers.

The ATA scheme was highlighted in the NAO report as an exemplar accreditation model and was one of the 'sector specific solutions' that helped the IMI to achieve a rating of 'outstanding' in this category.

A key focus remains to promote the sector as a dynamic and exciting career choice and our innovative careers website, Autocity, uses case studies of real people in real jobs and in the last year has been visited by over 70,000 people. New developments are planned for the site to allow easier access to information, advice and guidance. Our Headlight programme launched last year in conjunction with specialist teachers through the National Schools Partnership has already proved to be successful. Through the curriculum based programme and competition, pupils are able to develop their business and enterprise knowledge and gain routes into local employers within the sector that helped them witness theory in practice first-hand.

The skills competitions run by the Institute continue to highlight the promising talent the industry has to offer. Registration for Skillauto opened in December 2009 and we saw a huge number of technicians testing their knowledge through an online test. The response was tremendous, with an increase of over 200% from the previous year to around 1000 technicians across the three streams of auto technology, auto paint and autobody repair. The top performing technicians were then invited to take part in regional competitions held across the four nations. The IMI also applauded the achievements of the UK automotive team on their performance at the 2009 Worldskills competition held in Canada. The team won a bronze medal and two medallions of excellence. Their medals were fantastic news not only for the individuals involved but also for the industry as a whole as their achievements demonstrated the high-level of skill needed to work in today's automotive sector.

With over 11,000 young people beginning an automotive apprenticeship in 2008/9, the IMI highlighted the benefits of apprenticeships for businesses in the automotive sector during National Apprenticeship Week and continues to encourage employers to look at the apprenticeship as a means of investing in long-term skills development.

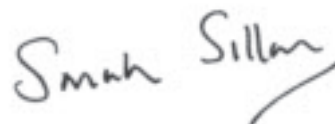
Steps also continue to be taken to encourage more women into the motor industry as while more than 40% of customers in the automotive sector are female, they make up only 20% of the workforce. The IMI are now entering the fourth year of the Women and Work project which is designed to encourage more women into the industry, enable them to develop their skills and progress their careers and earnings potential. In the last year, 450 women in our sector have already benefitted directly from this initiative.

The Skillmiles scheme, launched at the start of 2008, is a pioneering way to recognise the support given to aid skills development across the automotive sector.

It 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. Those organisations and individuals who finished top of their respective categories were honoured at the Skillmiles Recognition Awards held at our Annual Dinner in London in March.

IMI Awards has had another extremely successful year, maintaining its position as the leading awarding body of automotive-specific vocational qualifications. There has been further growth in candidate registrations and the number of centres approved to offer IMI Awards qualifications.

In summary, the IMI continues to strive for the recognition of industry professionals, raising standards through skills development and the recognition of ethical competence into the main body of the retail motor industry. It has been a challenging year for many, but I would like to personally thank all those who have given their time voluntarily to help the work of the Institute and to the membership for their ongoing support.



Review of the Business

Throughout the last year, the structure of the IMI has been further developed 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.

We have completed one full trading year under the new governance structure with the move of the Chief Executive to the role of Executive Chair. Day-to-day operational management of the organisation is carried out by the Chief Operating Officer and the Group Finance Director.

Despite challenging economic trading conditions, the number of individuals elected into membership was only 99 lower than the previous year. Work continues on the development of the Professional Register, which will begin a phased launch in April 2011 and will provide significant benefits and enhanced status to IMI members.

Following a recent review of resource and team structure, the Institute appointed a new Head of Skills Development with the current post holder moving internally to become head of the newly created Accreditation Academy. This now provides an infrastructure to support accreditation of individuals in both technical and management disciplines that can be used in part, as a route into professional registration.

The structure changes arose from the IMI's requirement to increase its Senior Management Team by one to provide a dedicated resource to continuously develop and implement the strategy for the ATA and new Automotive Management Accreditation (AMA) routes. One of the main objectives of the new Accreditation Academy will be to offer training and accreditation of assessors, up-skilling of teachers, trainers and assessors and will support the required CPD for any individual registered on the new Professional Register currently in development.

The Skills Development Team will continue to have responsibility for the core Sector Skills Council (SSC) deliverables of Standards, Qualifications and Labour Market Intelligence (research). There is an increasing demand for SSCs to commit resource to work collaboratively on cross-sector projects

such as the low-carbon agenda and during the next 12-18 months, the Sector Qualifications Reform programme.

As part of the SSC relicensing assessment process, the IMI had to submit evidence to the NAO on how it had helped raise skill levels in the sector, was visited by the Commission and was also subject to panel interviews. We were delighted to receive 220 letters from employers in our sector who supported our bid to be relicensed as the SSC. As a result of this, the IMI achieved an overall score of 'good' although was rated as 'outstanding' in two of the four key themes assessed by the NAO.

A key element of work as an SSC is to provide strong research across our sector footprint. We have already undertaken a comprehensive impact and evaluation survey into automotive apprenticeships and further research continues to be conducted covering employers' skills and training needs. The results of this ongoing labour market intelligence will help the IMI to develop skills solutions in line with our strategic goals.

The Skills Development Team continues to work hard to meet the requirements of the UK Vocational Qualifications Reform Programme. The aim of the programme is to simplify the vocational qualifications landscape for both learners and employers, ensuring that reformed qualifications and other learning provisions are recognised, understood, valued and trusted.

The reforms included the following important changes: the implementation of the Qualifications and Credit Framework (QCF) and the development of Sector Qualification Strategy by the Sector Skills Council, with the SSC then approving qualifications to be placed on the QCF. To date we have uploaded 321 units onto the new QCF and these units, together with their associated qualification structures, have now been signed off by all participating Awarding Organisations.

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 will enable the IMI to maximise engagement and to take demand-led solutions back to all employers.



Strategic engagement with employers has been encouraged and tracked via the Skillmiles scheme. To date there are 145 employers registered on our Skillmiles database and 118,000 Skillmiles points have been awarded this year. When we add this to the total awarded last year it's the equivalent of over £2 million worth of support from across the sector for the benefit to the industry as a whole. This is a

fantastic achievement and thanks must go to all the contributors who have helped the IMI to continue to support the wider industry and demonstrates the 'above and beyond' work that many organisations and individuals in our sector do.

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 regards 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

The Institute's business plan for the 2010/11 financial year includes the following objectives to be met by 31 March 2011:

- Develop a Professional Register model based on research ready for launch in the Q2 calendar year 2011 whilst increasing current registrants to 40,000 by the end of March 2011
- Deliver a break even budget by growing existing revenue streams and developing new revenue streams in the financial year 2010/2011
- Achieve Industry support to the cumulative value of £2.5m Skillmiles by 31/3/2011
- Deliver exemplary labour market intelligence: Strategic skills assessment report and 4 Nations reports by December 1st 2010 and increase dissemination of LMI by 5% on 2009/2010 result by 31/3/2011
- Increase the uptake of careers information, advice and guidance to 45,000 by the end of the 2010/2011 year.
- Maximise awareness and usage of IMI products and services by increasing engagement with large employers and stakeholders by 5% and with SMEs by 15% by 31/3/2011
- Upskill 11,000 individuals using IMI products or IMI influenced products by 31/3/2011
- Meet 2010/2011 year contractual obligations of the SSC strategic funding contract
- Develop and implement a promotional strategy to maximise awareness and use of IMI Products and services and measure its impact.
- Ensure organisational capacity and capability to evaluate and implement continuous improvement in the following 5 areas by end March 2011:
 1. Evaluation and impact measurement of projects and products
 2. Speed of recruitment
 3. IT infrastructure
 4. Risk analysis and management
 5. Internal communication

This Business Plan will also be supported by a one year KPI (Key Performance Indicator) plan, linking the above objectives in to the 2009-2012 Strategic Plan. There will also be fully detailed departmental and individual objectives for the Accreditation Academy, Skills Development department, Professional Development department, Internal Services department and External Affairs department.

The 2009-12 strategic aims of the IMI are as follows:

- Retaining influence and creating strategic alliances
- Maintaining financial viability through generating new and keeping existing income streams
- Increased engagement with employers, particularly SMEs
- Raise the value and increase the participation of membership through professional registration
- Expand and enhance National Occupation Standards, qualifications and training provision to meet the needs of employers and individuals
- Create increased demand for skills and professional development

The Institute is pleased to report that at the end of the first year, we are tracking positively against all six strands.

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 IMI 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 am personally responsible, in accordance with the responsibilities assigned to me in managing public money.

The IMI 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 IMI and a member of the Group Board) and comprises the organisation's Executive Chair, 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 is based on an ongoing process designed to identify and prioritise the risks to the achievement of the IMI 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 IMI for the year ending 31 March 2010 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 IMI has an established corporate approach to risk management. The IMI 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 IMI 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 includes mitigating actions to eliminate or reduce each risk and is reviewed quarterly for effectiveness. 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 are trained to identify risks, to implement mitigating strategies and to deal with all issues that arise
- Summaries of the top 10 high likelihood and high impact risks and risks whose level changed are presented twice a year at the Group Board meeting

4 The risk and control framework

The risk management framework, in addition to the organisational risk register, is 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 meets 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 IMI'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 is informed by the work of the internal auditors, the Senior Management Team and other managers within the organisation, who are responsible 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 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 IMI 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 IMI 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 includes ensuring and demonstrating integrity and objectivity in the transactions of the IMI and, wherever possible, following a policy of openness and transparency in the dissemination of decisions
- The Group Board have a duty to enable the organisation to achieve its strategic aims. This responsibility includes considering and approving the organisation's final Strategic Plan, Business Objectives and resource deployment
- The Group Board regularly monitor 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 includes ensuring the solvency of the organisation and safeguarding its assets and receiving and approving the Annual Report and Accounts
- The Group Board have oversight of the organisations 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 achieves 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

The Internal Auditors reported to the Audit & Remuneration Committee and agreed a rolling programme of audit for each forthcoming year according to the Committee's priorities.

Regular audit reports are made as defined by Government Internal Audit Standards. The reports include professional opinion as to the level of assurance that is applicable to the internal controls within the IMI. For the year ending 31 March 2010 the auditor's opinion was that the IMI 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 ending 31 March 2010 reviews of Key Financial Controls, Income & Staff Expenses, Invoicing, PAYE and Pensions Contributions were undertaken. There was also a review of the recommendations made in the audits undertaken during the 2008-2009 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.

6 Significant internal control problems

There are presently no significant internal control problems.

Sarah Sillars OBE

Executive Chair

The Institute of the Motor Industry

31 March 2010



Report of the Directors for the year ending 31 March 2010

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors elect 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 necessary steps 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

Sarah Sillars OBE

Executive Chair

Director

25 August 2010



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 2010 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 2010 and of the group's profit for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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
- The parent company financial statements are not in agreement with the accounting records and returns
- Certain disclosures of directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit

Malcolm Thixton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton, United Kingdom

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 2010

	NOTE	2010 £	2009 £
TURNOVER	2	10,379,966	8,815,936
Cost of Sales		5,105,757	4,359,761
GROSS PROFIT		5,274,209	4,456,175
Administrative Expenses		3,739,623	3,538,542
GROUP OPERATING PROFIT	3	1,534,586	917,633
Income from other fixed asset investments	6	3,264	3,156
Other interest receivable and similar income		9,727	87,351
Profit on disposal of investments		8,061	1,387
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,555,638	1,009,527
Taxation on Profit on Ordinary Activities	7	186,484	206,666
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,369,154	802,861

All of the above relates to continuing activities.

Financial Statements

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2010

	NOTE	2010 £	2009 £
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Profit for the financial year		1,369,154	802,861
Interest receivable on Educational Prize Fund		15	-
TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL YEAR		1,369,169	802,861

Financial Statements

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2010

Company number 00225180		2010		2009	
	NOTE	£	£	£	£
FIXED ASSETS					
Tangible Assets	9		753,896		683,471
Fixed asset investments	10		-		183,414
			753,896		866,885
CURRENT ASSETS					
Stocks	11	5,796		10,240	
Debtors	12	880,848		1,509,673	
Cash at bank and in hand		5,348,087		4,143,339	
		6,234,731		5,663,252	
CREDITORS: Amounts falling due within one year	13	1,978,116		2,888,795	
			4,256,615		2,774,457
NET CURRENT ASSETS					2,774,457
TOTAL ASSETS LESS CURRENT LIABILITIES					3,641,342
RESERVES					
Fanshaws Renovation Fund	15		54,044		48,554
Educational Prize Fund	15		27,598		27,583
Profit and Loss Account	15		4,928,869		3,565,205
	16		5,010,511		3,641,342
<p>The financial statements were approved by the board of directors and authorised for issue on 25th August 2010.</p> <p>A J S Smith</p> <p>Director</p>					

Financial Statements

COMPANY BALANCE SHEET AS AT 31 MARCH 2010

Company number 00225180		2010		2009	
	NOTE	£	£	£	£
FIXED ASSETS					
Tangible Assets	9		753,896		683,471
Fixed asset investments	10		500,000		638,414
			1,253,896		1,321,885
CURRENT ASSETS					
Stocks	11	5,796		10,240	
Debtors	12	1,577,602		1,349,676	
Cash at Bank		2,346,659		2,670,853	
		3,930,057		4,030,769	
CREDITORS: Amounts Falling Due Within One Year	13	1,423,240		2,518,142	
NET CURRENT ASSETS			2,506,817		1,512,627
TOTAL ASSETS LESS CURRENT LIABILITIES			3,760,713		2,834,512
RESERVES					
Fanshaws Renovation Fund	15		54,044		48,554
Educational Prize Fund	15		27,598		27,583
Profit and Loss Account	15		3,679,071		2,758,375
	16		3,760,713		2,834,512
The financial statements were approved by the board of directors and authorised for issue on 25th August 2010.					
A J S Smith					
Director					

Financial Statements

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	NOTE	2010		2009	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		1,420,598		1,173,458
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		9,742		87,351	
Dividends received		3,264		3,156	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			13,006		90,507
TAXATION					
Corporation tax paid			(207,588)		(29,803)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets		(192,680)		(354,104)	
Payments to acquire fixed asset investments		-		(51,624)	
Receipts from sale of tangible fixed assets		22,852		12,201	
Receipts from sale of fixed asset investments		148,560		4,123	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(21,268)		(389,404)
INCREASE IN CASH	19		1,204,748		844,758

Financial Statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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 2010 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 investment properties and freehold land, 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

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 2010

	2010 £	2009 £
2. TURNOVER		
Analysis by class of business:		
Fees – Awarding body	3,888,949	3,447,075
Fees – Accreditation	704,655	365,925
Professional Body	1,096,039	1,092,819
Advertising Income	37,672	104,471
Apprentice Certification Fees	278,363	232,859
Grants Receivable	4,243,153	3,391,221
Sundry Income	115,135	181,566
Sponsorship income	16,000	-
	-	-
	10,379,966	8,815,936
Turnover arises substantially within the United Kingdom.		
3. OPERATING PROFIT		
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	94,910	111,360
Auditors' remuneration:		
- fees payable to the group's auditor for the audit of the group's annual accounts	25,000	39,344
- non audit services	20,236	39,069
Exchange differences	144	(3,203)
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 2010

	2010 £	2009 £
4. EMPLOYEES		
Staff costs (including directors) consist of:		
Wages and salaries	2,528,968	2,546,801
Social security costs	269,440	276,957
Other pension costs	207,343	205,707
	3,005,751	3,029,465
The average number of employees (including directors) during the year was as follows:		
Office and management	68	67
Directors	4	2
	72	69
5. DIRECTORS' REMUNERATION		
Directors' emoluments	389,198	347,528
Company contributions to money purchase pension schemes	43,087	37,642
There were 4 directors in the group's defined contribution pension scheme during the year (2009 - 2).		
The total amount payable to the highest paid director in respect of emoluments was £110,146 (2009 - £205,991). Company pension contributions of £25,519 (2009 - £33,651) 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	3,156

Financial Statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2010 £	2009 £
7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
UK Corporation tax		
Current tax on profits of the year	185,625	215,060
Adjustment in respect of previous periods	859	(8,394)
Total current tax	186,484	206,666
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	1,555,638	1,009,527
Profit on ordinary activities at the standard rate of corporation tax in the UK of (-)	370,296	282,668
Effect of:		
Expenses not deductible for tax purposes	12,600	733
Capital allowances for period in excess of depreciation	(15,981)	(5,811)
Adjustment to tax charge in respect of previous periods	859	(4,197)
Income not taxable	(87,365)	(80,206)
Other adjustments	(13,883)	20,142
Effect of change in tax rate	-	(6,663)
Marginal relief	(1,566)	-
Unrelieved tax losses	(79,921)	-
Chargeable gains	1,445	-
Current tax charge for the year	186,484	206,666
The tax charge has been reduced as a result of tax losses brought forward, there remain approximately £433,000 losses to carry forward against future trading profits of IMI Awards 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 the financial statements. The group profit for the year includes a profit after tax of £926,186 (2009 – £73,766) 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 2010

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
9. TANGIBLE FIXED ASSETS					
Group					
Cost or valuation					
At 1 April 2009	396,653	347,217	930,974	-	1,674,844
Additions	-	67,791	15,323	109,567	192,681
Disposals	-	(67,060)	-	-	(67,060)
At 31 March 2010	396,653	347,948	946,297	109,567	1,800,465
Depreciation					
At 1 April 2009	-	139,591	851,782	-	991,373
Provided for the year	-	58,968	17,264	18,678	94,910
Disposals	-	(39,714)	-	-	(39,714)
At 31 March 2010	-	158,845	869,046	18,678	1,046,569
Net book value					
At 31 March 2010	396,653	189,103	77,251	90,889	753,896
At 31 March 2009	396,653	207,626	79,192	-	683,471
Company					
Cost or valuation					
At 1 April 2009	396,653	347,217	930,974	-	1,674,844
Additions	-	67,791	15,323	109,567	192,681
Disposals	-	(67,060)	-	-	(67,060)
At 31 March 2010	396,653	347,948	946,297	109,567	1,800,465
Depreciation					
At 1 April 2009	-	139,591	851,782	-	991,373
Provided for the year	-	58,968	17,264	18,678	94,910
Disposals	-	(39,714)	-	-	(39,714)
At 31 March 2010	-	158,845	869,046	18,678	1,046,569
Net book value					
At 31 March 2010	396,653	189,103	77,251	90,889	753,896
At 31 March 2009	396,653	207,626	79,192	-	683,471

Financial Statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	Listed investments £	Unlisted investments £	Total £	
10. FIXED ASSET INVESTMENTS				
Group				
Cost or valuation				
At 1 April 2009	135,240	48,174	183,414	
Disposals	(135,240)	(3,174)	(138,414)	
Impairment adjustment	-	(45,000)	(45,000)	
At 31 March 2010	-	-	-	
Company				
Cost or valuation				
At 1 April 2009	135,240	503,174	638,414	
Disposals	(135,240)	(3,174)	(138,414)	
At 31 March 2010	-	500,000	500,000	
	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Listed investments:				
Market value	-	119,356	-	119,356
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 2010

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
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11. STOCKS

Books and merchandise	5,796	10,240	5,796	10,240
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There is no material difference between the replacement cost of stocks and the amounts stated above.

12. DEBTORS

Trade debtors	563,593	933,443	102,692	468,590
Amounts owed by group undertakings	-	-	1,183,448	335,981
Other debtors	221,377	274,799	209,766	243,674
Prepayments and accrued income	95,878	301,431	81,696	301,431
	880,848	1,509,673	1,577,602	1,349,676

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

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	594,545	644,003	477,769	563,763
Corporation tax	185,625	210,863	2,252	13,067
Other taxation and social security	106,326	151,376	70,950	111,655
Other creditors	10,273	21,103	6,610	11,117
Accruals and deferred income	1,081,347	1,861,450	865,659	1,818,540
	1,978,116	2,888,795	1,423,240	2,518,142

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 £207,343 (2009 - £205,707). Contributions amounting to £8,718 (2009 - £105,424) 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 2010

	Fanshaws Renovation Account £	Prize Fund £	Profit and Loss Account £	
15. RESERVES				
Group				
At 1 April 2009	48,554	27,583	3,565,205	
Profit for the year	-	-	1,369,154	
Transfers	(11,280)	-	11,280	
Transfers	16,770	-	(16,770)	
Interest receivable	-	15	-	
At 31 March 2010	54,044	27,598	4,928,869	
Company				
At 1 April 2009	48,554	27,583	2,758,375	
Profit for the year	-	-	926,186	
Fanshaws renovation costs	(11,280)	-	11,280	
Levy recovered from members	16,770	-	(16,770)	
Interest receivable	-	15	-	
At 31 March 2010	54,044	27,598	3,679,071	
	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
16. RECONCILIATION OF MOVEMENTS IN MEMBERS INTERESTS				
Profit for the year	1,369,154	802,861	926,186	73,766
Other net recognised gains and losses relating to the year				
- Interest receivable	15	-	15	-
Net additions to members interests	1,369,169	802,861	926,201	73,766
Opening members interests	3,641,342	2,838,481	2,834,512	2,760,746
Closing members interests	5,010,511	3,641,342	3,760,713	2,834,512
17. RELATED PARTY DISCLOSURES				
<p>During the year the Institute paid rents amounting to £3,275 (2009 - £3,636), subscriptions amounting to £700 (2009 - £678) and miscellaneous expenses amounting to £1,960 (2009 - £268) to Scottish Motor Trade Association, a company of which Adrian Smith is a director.</p> <p>In addition, consultancy fees amounting to £58,914 (2009 - £18,662) 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>				

Financial Statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2010 £	2009 £	
18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit	1,534,586	917,633	
Depreciation of tangible fixed assets	94,910	111,360	
Loss on sale of tangible fixed assets	4,494	10,477	
Decrease in stocks	4,444	4,008	
Decrease in debtors	622,542	357,659	
Decrease in creditors	(885,378)	(227,679)	
Impairment of investments	45,000	-	
Net cash inflow from operating activities	1,420,598	1,173,458	
19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash	1,204,748	844,758	
Opening net funds	4,143,339	3,298,581	
Closing net funds	5,348,087	4,143,339	
	At 1 April 2009 £	Cashflow £	At 31 March 2010 £
20. ANALYSIS OF NET FUNDS			
Cash at bank and in hand	4,143,339	1,204,748	5,348,087
Total	4,143,339	1,204,748	5,348,087

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