

INSTITUTE OF ADVANCED MOTORISTS LIMITED
REPORT OF THE COUNCIL AND FINANCIAL STATEMENTS
31 MARCH 2021

REGISTERED COMPANY NUMBER: 562530

REGISTERED CHARITY NUMBERS: 249002 (England & Wales)
SC041201 (Scotland)

INSTITUTE OF ADVANCED MOTORISTS LIMITED

Statutory Auditor:

Crowe U.K. LLP
St Bride's House
55 Ludgate Hill
London EC4M 7JW

Bankers:

HSBC Bank plc
60 Queen Victoria Street
London EC4N 4TR

Investment Managers:

J M Finn & Co Limited
4 Coleman Street
London EC2R 5TA

Rathbone Investment Management
8 Finsbury Circus
London EC2M 7AZ

Ruffer LLP
80 Victoria Street
London SW1E 5JL

Registered Office:

1 Albany Place
Hyde Way
Welwyn Garden City
Hertfordshire AL7 3BT

INSTITUTE OF ADVANCED MOTORISTS LIMITED

Patron

HRH Prince Edward, The Duke of Kent

President

Nigel Mansell CBE

Vice Presidents

Sir Peter Bottomley
Steven Norris
Nick Ross

Members of the Council (Trustees)

Stuart Malcolm Donald QPM	Chair (from 25 February 2021)	
Derek John McMullan	Chair (to 25 February 2021)	(resigned 25 February 2021)
Georgina Gaye Bromage		
Elizabeth Marguerite Coyle-Camp		
John Mark Jenkins		
Dr Catherine Ann Lloyd		(resigned 31 August 2020)
Nicholas David John Lomas		
Nicholas John Anthony Stein		
Jeffrey Willcocks		(appointed 21 May 2020)
Dr Bradley Poulson		(appointed 19 November 2020)
Anthony Steven Cearn		(appointed 22 July 2021)

Company Secretary

Neil Harris	(resigned 22 July 2021)
ARM Secretaries Limited	(appointed 22 July 2021)

Senior Management

Tony Greenidge	Business Development Director (to 5 May 2020) Interim Chief Executive (from 5 May 2020) Chief Executive (from 30 November 2020)
Mike Quinton	Chief Executive (to 5 May 2020)
Neil Harris	Finance Director
Gordon Clelland	IT & Operations Support Director
Kate Tonge	Marketing, Communications & Membership Director (to 16 October 2020)
Neil Greig	Policy & Research Director
Richard Gladman	Head of Driving & Riding Standards & Product Development
Nicola Smith	Head of Human Resources, Facilities & Compliance
Amanda Smith	Head of Field Service Delivery
James Hall	Sales & Marketing Director (from 1 July 2020)

REPORT OF THE COUNCIL

The Council (trustees who are also directors of the company for the purposes of the Companies Act) submits its annual report and audited financial statements for the year ended 31 March 2021.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") (effective 1 January 2019).

Structure, governance and management

The Institute of Advanced Motorists Limited ("IAM") is a company limited by guarantee and governed by its Memorandum and Articles of Association, which were adopted by Special Resolution on 20 February 2009 and amended by Special Resolution on 18 November 2009.

IAM operates the Advanced Driver and Rider Tests ("Test(s)"). Individuals who successfully pass these Tests (or are eligible for exemption) are IAM RoadSmart Members (or "members") subject to payment of membership subscriptions. Prospective members who have not yet passed the Tests are classed as Associate Members (or "Associates"). IAM's Memorandum and Articles of Association provide that the following matters are subject to the determination of IAM RoadSmart Members at Annual or other General Meetings:

- receiving the Council's report on the Company's activities since the previous Annual General Meeting;
- electing members of the Council; and
- varying the annual membership subscription.

The Council consists of such IAM RoadSmart Members as shall from time to time agree, on the invitation of the Council, to serve as a trustee on the Council. The Nominations Committee of the Council is responsible for identifying potential new trustees and making recommendations to Council. New trustees who join the Council during the year are required to offer themselves for election at the next Annual General Meeting. New trustees are selected on the basis of the skills, expertise and experience they bring to the Council. A role definition for trustees is in place.

All new trustees receive an induction briefing, which includes their general charity and company law responsibilities, IAM's Memorandum and Articles of Association and the functions of IAM's Council, committees and management. Training for trustees is provided when required, including updates on best practice in charity governance.

Trustees who served during the year are listed on page 2.

The Council expresses its sincere gratitude for their dedicated service to Derek McMullan, Dr Catherine Lloyd and Georgina Bromage who resigned as trustees since the previous Council Report. Derek McMullan had been a member of Council for over 11 years with previous experience as an Observer involved with local groups and stepped up to become Chair for a limited period in order to provide continuity and reassurance at a time of significant change in the Council's composition. Stuart Donald was unanimously appointed as Chair on 25th February 2021. Dr Catherine Lloyd stepped down after almost 10 years as a member of Council due to the commitments associated with her new role as a driving instructor for Thames Valley Police. Georgina Bromage felt compelled to resign for health reasons having served IAM in various roles for many years including the last four years as a trustee.

The Council seeks to ensure it has an appropriate mix of skills and experience to discharge its responsibilities effectively and in line with good governance practice. Following the appointment of Stuart Donald, John Jenkins, Nick Lomas, Nick Stein and Jeff Willcocks described in last year's report, the Council has been further strengthened by the appointment of Dr Bradley Poulson who contributes knowledge gained from his career as an information technology professional as well as experience of the charity sector, strategy development and governance. More recently the Council has appointed Anthony Cearns who brings additional knowledge and experience in finance.

Elizabeth Coyle-Camp and Nick Lomas retire from the Council at the next AGM under Article 21 and offer themselves for re-election at the next Annual General Meeting. Dr Bradley Poulson, Anthony Cearns and Samantha Kane retire at the next Annual General Meeting under Article 23 and offers themselves for re-election.

The Finance & Audit Committee, chaired by Jeff Willcocks (Anthony Cearns from 22 July 2021), is responsible for:

- ensuring financial reporting obligations are met for IAM and its subsidiaries (together "the IAM Group");

REPORT OF THE COUNCIL (continued)

- ensuring the statutory financial statements for the IAM Group are properly audited and that accepted recommendations of the auditors are implemented.
- establishing, maintaining, monitoring and reviewing financial controls throughout the IAM Group, in order to safeguard its assets and ensure its financial integrity.
- confirming IAM's investment policy is appropriate and monitoring the performance of those investments;
- confirming IAM's reserves policy is appropriate; and
- ensuring appropriate procedures are in place to identify and minimise risks to the IAM Group, including the risk of fraud.

The Remuneration Committee, chaired by Gina Bromage (Samantha Kane from 23 September 2021), approves the remuneration of IAM's senior management and monitors the overall remuneration policy across the IAM Group. When approving remuneration, the committee considers a number of factors, including:

- individuals' skills, experience and performance;
- the size and scope of the individuals' responsibilities; and
- the market rate for different roles.

The Nominations Committee, chaired by Nick Lomas, is tasked with assessing the structure and composition of the Council, specifying requirements for trustee and senior executive positions, identifying and assessing candidates and making recommendations to the Council regarding appointments to those roles.

A Marketing & Communications Committee, chaired by John Jenkins was established during the year with oversight of the IAM Group's marketing and communications activities including public relations and lobbying, with the aim of advising how to maximise the benefit of those activities, and on strategic growth opportunities and threats.

Day to day management of the IAM Group is delegated to the Chief Executive and the senior management team listed on page 2.

Council initially appointed Tony Greenidge as Interim Chief Executive in May 2020 following Mike Quinton's resignation and confirmed his appointment as Chief Executive in November 2020.

IAM's subsidiary trading companies during the year were:

- IAM Drive & Survive Limited "Drive & Survive" provides corporate risk management and driver training services;
- IAM Driver Retraining Academy Limited ("DRA") which provides drink drive rehabilitation courses;
- Institute of Advanced Motorcyclists Limited which manages the IAM Group's relationship that provides insurance services to IAM RoadSmart Members;
- IAM Group Services Limited which sells books and accessories relating to advanced driving and riding, and road safety; and
- Professional Driver Services Limited ("PDS") which provides administration services to service providers operating courses under the National Driver Offender Retraining Scheme ("NDORS").

"IAM RoadSmart" is the brand name used for the promotion and delivery of services by the IAM Group.

"IAM RoadSmart groups" are geographically based independent charities or other entities that are affiliated to IAM subject to the Group Rules which are maintained by IAM. Accordingly, the IAM Group's consolidated financial statements do not incorporate the financial statements or activity of IAM RoadSmart groups.

Council acknowledges that the success of IAM's membership and related activities is dependent on the goodwill and commitment of volunteers operating within IAM RoadSmart groups. Council expresses its appreciation for the commitment and dedication of those volunteers without whom IAM would be unable undertake core advanced driving and riding programmes and related membership activities in their current guise. Council also takes the opportunity to commend the large number of volunteers and staff who have utilised their advanced driving and riding skills to support the NHS and emergency services during the Covid-19 pandemic; besides such activity being of value in and of itself, it also

REPORT OF THE COUNCIL (continued)

serves to enhance the reputation of IAM and provides the opportunity to demonstrate the value of advanced driving and riding skills to a wider audience.

Charity Governance Code

Trustees on the Council take their governance responsibilities seriously and aim to have a governance framework that is fit for purpose, compliant and efficient.

Our previous review in 2018/19 found that we were substantially compliant with the provisions of the Charity Governance Code issued in 2017. As a result of the significant changes to the composition of the Council, and the short-term imperative to focus on the impact on the IAM Group of the Covid-19 pandemic, together with the appointment of an external professional company secretary in July 2021, a further assessment of compliance with the Charity Governance Code has been deferred until the 2021/22 year. That assessment will include an evaluation of the skills, experience and effectiveness of trustees, the identification of any gaps with what is considered appropriate based on best practice, and recommendations from the charity regulator and appropriate professional associations, along with plans to mitigate and remedy such gaps.

Strategic report

Objectives and activities

IAM's objects are those laid down in its Articles: to improve the standard of driving and riding and the promotion of road safety for the public benefit, by (but not limited to) the operation of an advanced test.

The trustees have considered the requirement for IAM's aims to be demonstrably for the public benefit. In doing so, the trustees have had regard to the Charity Commission's guidance on public benefit.

Council reviewed its Mission, Vision and Strategic Goals during the year with the aim of improving clarity and enhancing their relevance in the face of ongoing changes that impact driving and riding and in societal expectations:

Mission

- to improve road safety through the provision of training, education and rehabilitation programmes underpinned by a nationally recognised Advanced Driving/Riding Test.

Vision

- to create a safer, greener, and highly skilled community of drivers and riders.

Strategic goals

- make our roads safer through the delivery of tailored training and education programmes specific to the needs of each driver and rider;
- maintain financial stability and ensure investment is available to support our charitable objective;
- be an agile and progressive organisation that embraces change and industry innovation and adapts its products and services appropriately;
- be recognised in the transport and road user community as the authority and 'go to' expert on both driving and riding standards;
- grow the organisation and ensure our products and services are relevant and accessible to all, regardless of age, race, gender, disability, or sexual orientation;
- within each local community be a positive advocate for drivers and riders by lobbying key road safety regulators and government stakeholders; and
- to influence key decision and policymakers through our leading expertise in motoring road safety best practice and industry-shaping research, evaluation, and evidenced-based initiatives.

The Council is currently engaged in developing a new long-term strategy for IAM RoadSmart and will revisit the Objectives, Mission, Vision and Strategic Goals in the light of the agreed strategy when finalised.

REPORT OF THE COUNCIL (continued)

The IAM Group's activities are focussed on achievement of the charitable objects as set out above. The IAM Group seeks to do this, and thereby fulfil IAM's public benefit requirement, in the following principal ways:

- 1) IAM's advanced driving test was launched in 1956 and an advanced test for motorcyclists was introduced in 1976. Through programmes delivered by IAM's volunteer network, the skills taught and tested are constantly updated for the ever-changing features and challenges of the UK's roads and vehicle technologies. By improving awareness of hazards and risk and teaching best practice techniques, IAM reduces the likelihood drivers and riders will put themselves into a position of danger through error or omission.

IAM RoadSmart groups exist throughout the UK, with volunteers delivering support and advice to drivers and riders seeking to improve their driving and riding skills, many of whom go on to pass the Test. Since inception, IAM has awarded advanced status to over 500,000 driver and riders.

The IAM Group continues to serve the demand from professional driving organisations seeking to enhance their internal driver training programmes by accrediting them with the Advanced Driver qualification.

- 2) Lobbying and original road safety research, together with publicity using social and broadcast media and the press as well as direct communication to IAM RoadSmart Members are important features of IAM's work to promote road safety. Regular tips, blogs and press releases are also used to help all drivers and riders improve their skills as we seek to "inform and influence" on road safety issues. RoadSmart magazine continues to reinforce IAM RoadSmart Members' knowledge and awareness of road safety issues.
- 3) The IAM Group offers driver training for companies whose workforce undertake business related driving. Drive & Survive training falls into the following categories:
 - licence checking - to ensure that all drivers are legally able to drive and/or entitled to drive specific categories of vehicle;
 - driver audits and risk assessments - to build a profile of drivers and test their basic road knowledge;
 - e-learning - a package of training modules delivered on-line with each focussing on specific aspects of driving skill. Content can be designed to meet specific customer requirements; and
 - on road training - for drivers and riders who have been identified as having the need for a more intensive intervention with a professional fleet trainer.
- 4) Through DRA, the IAM Group offers retraining for offenders through delivery of drink-drive rehabilitation scheme courses.

Achievements and performance

The trustees and senior management use several indicators to monitor the performance of the IAM Group including:

- A comprehensive set of monthly key performance indicators including:
 - membership numbers and movements by type of member, direct debit members and those signed up for Gift Aid;
 - live Cornmarket insurance policies;
 - sales of Advanced Driver/Rider programmes, modules and assessments;
 - Test passes;
 - Observer numbers;
 - court referrals for DRA courses and the proportion converted to sales;
 - bookings for Drive & Survive courses; and
 - staff turnover and sickness information
- Monthly management accounting information including sales and margin information, evaluation of investment portfolio returns, and a comparison to budgets for sales, costs of sales and overheads across the IAM Group.

REPORT OF THE COUNCIL (continued)

Overview of the impact of the Covid-19 pandemic

Plans for the year, together with KPI targets and budgets, were developed by the Senior Management Team and approved by Council in February 2020. Those plans rapidly became outdated due to the Covid-19 pandemic, the associated restrictions and subsequent lockdowns.

The Covid-19 pandemic together with government restrictions and guidelines began to significantly impact the IAM Group during March 2020 and continued throughout the year. The restrictions on people from different households meeting, combined with the working-from-home mandates severely restricted normal business activities.

In the periods where some of the restrictions were temporarily lifted, we were unable to restart many of those activities due to the ongoing uncertainty and remaining restrictions.

The key impacts on the IAM Group's activities of the Covid-19 pandemic were:

- suspension of Advanced Driver/Rider courses;
- suspension of on-road modules and courses in both IAM and Drive & Survive and other activities such as IAM's Skills Days which are held at specialist motor track sites;
- suspension of in-classroom DRA courses;
- extension of membership for Associates unable to take their Tests;
- downturn in recruitment of new Associates due to the unavailability of the programme of observed runs required to prepare for the Tests;
- the closure of IAM's offices and the requirement for staff to work from home rather than the office for extended periods;
- furloughing of staff in accordance with the government's Coronavirus job support scheme; and the
- curtailment of activities in IAM RoadSmart groups.

In addition, considerable resource had to be devoted to managing the cancellation of courses, modules and other bookings and processing refunds for members and customers who had paid in advance.

To deal with the evolving nature of the Covid-19 pandemic and its impact on the IAM Group, the Council implemented weekly meetings with Senior Management Team to discuss potential responses including furlough arrangements for staff and communication to IAM RoadSmart Members, Associates and customers, while the Senior Management Team initially considered the Covid-19 challenges on an almost daily basis. Financial Scenarios were prepared to assess the potential financial impact of the pandemic including a range of dates for the ending of restrictions and the timescales required for activities to "ramp-up" to their previous levels. These scenarios and the tracking of financial performance against them enabled an ongoing assessment to be made as to whether further decisions were needed to reduce costs.

The above had a significant detrimental effect on the IAM Group revenues, although associated cost reductions and careful cost control, including the suspension of general performance related remuneration and pay rises during the year, together with £0.29m of support from the government's Coronavirus Job Retention Scheme for furloughed staff, and the ability to deliver IAM DRA courses on-line, successfully mitigated the impact such that the operating financial result (excluding investment returns) was close to break-even while strong returns from the investment portfolio led to a bottom line surplus of almost £1.5m, as described below and in the Financial Review section of this report.

To maintain customer service and support to members and customers to the extent possible in a pandemic environment, IT and telephony solutions such as online networking and meeting software were successfully implemented to facilitate staff working from home. The Council expresses its thanks to staff for demonstrating the flexibility to adopt new modes of working successfully in a stressful and challenging environment.

IAM RoadSmart Members and groups

IAM RoadSmart Member numbers fell during the year by 8,403 to 75,896 at 31 March 2021 (2020: 84,299). While the retention rate for existing members remained high at 89% (2019/20: 91%), the main reason for the large reduction in members, compared to recent years, was the drop in new members to 1,698 (2019/20: 4,974) which was attributable to the suspension of the Advanced Driver and Rider programme and Tests resulting from the restrictions applicable during the Covid-19 pandemic. The proportion of members paying by direct debit increased to 68% while the proportion signed up for Gift Aid increased to 72%.

Advanced Driver and Rider programme sales decreased to 2,235 (2019/20: 5,457) due to the Covid-19 pandemic as it was not feasible to sell on-road programmes where these could not be delivered. As at 31 March 2021, IAM had 5,161

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Associates (2020: 6,423). Where Associates were unable to complete their Advanced Driver or Rider programme or take their Test due to the Covid pandemic restrictions, IAM has extended their period of Associate membership beyond the normal renewal period of one year.

IAM remains committed to its volunteer group network and will continue to develop and support strategies to encourage IAM RoadSmart Members to participate in IAM RoadSmart group activities. "Inform" is a monthly update, supplemented by weekly news alerts as required, distributed to IAM RoadSmart group officials, examiners and observers, and is IAM's primary method of direct communication with them.

As at 31 March 2021 there were 172 IAM RoadSmart groups in the UK (2020:181), of which 49% are car groups, 33% are bike groups and 18% are combined car/bike groups, with the reduction in groups arising from mergers between groups.

The IAM Group's exclusive insurance scheme, run by Cornmarket Insurance Services, continued to provide attractive pricing and insurance coverage for IAM RoadSmart Members. As at 31 March 2021, a total of 27,537 (2020: 28,647) member policies were in force of which just under 78% were for car or motorcycle insurance.

Drive & Survive

Drive & Survive's activities were impacted severely by the Covid-19 pandemic restrictions which prevented delivery of on-road training and temporarily diminished customer appetite for such training while economic activity was subdued, and customers' employees were furloughed. As a result, its revenues decreased by 62%. In response, focus was placed on promoting e-learning modules which are included as part of the CHOICES offering which integrates licence checking, risk management and e-learning and have a higher gross margin percentage. The opportunity was taken to refresh e-learning modules with enhanced video content and improved educational engagement as a basis for renewing sales campaigns as businesses recover from the Covid-19 pandemic restrictions.

DRA

After a drop in revenue in the initial months of 2020/21 as classroom-based courses were cancelled and suspended due to the Covid-19 pandemic, DRA received the requisite authorisation from the DVSA and Welsh Government and successfully transformed to delivering its drink drive rehabilitation courses on-line so that monthly revenues recovered sharply from August. This transformation was supported by the efforts of the IAM Group's staff and DRA trainers and had the benefit of delivering significantly higher gross margins as the cost of hiring venues was eliminated. 4,065 individuals (2019/20: 4,959) completing their drink drive rehabilitation course during the year.

No impact from a reduction in convictions during Covid-19 lockdown periods when there were far fewer drivers on the road has been experienced to date although this remains a risk as convictions and referrals necessarily lag changes in driving activity. While conscious of that risk, the business remains well placed to continue to benefit from the business review undertaken last year with the number of referrals from the courts totalling 7,078 over the year while the conversion rate for referrals increased to 57%.

Research and lobbying

Despite the pandemic, IAM's policy and research activities continued apace during the year. We helped launch the National Motorcyclists Council to promote safe and sustainable motorcycling and ensure its key position in the transport debate is secured, completed Department for Transport funded research on the opinions of older drivers, and participated in a Parliamentary Council on Transport Safety led report on the future policy for 'alcolocks' in the UK which was also funded by the Department for Transport. IAM also presented a survey of pan European driving schools on training for autonomous vehicles as part of the ongoing EU funded "Drive 2 The Future" project.

During the year, IAM undertook surveys and generated successful media coverage on topics such as the review of the Highway Code, Smart Motorways and returning to driving after lockdowns. IAM also joined the Department for Transport Road's Safety Delivery Group and participated in several ministerial briefings.

Driver and Rider Training System (DARTS)

The core phase of the IAM Group's new system for managing membership and training went live in November 2020. This replaced legacy systems that were at the end of their life, which did not adequately support the IAM Group's

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marketing, operational or management reporting needs, and were difficult to maintain. The design, testing and implementation of the core phase was a complex project requiring input from several IAM teams including field service delivery, membership engagement, commercial sales, customer care, marketing and finance and was led by the IT team reporting to a steering committee chaired by the CEO.

The migration of data to DARTS provided the opportunity to cleanse and standardise data from existing systems reducing the need for manual intervention in preparing management reports and increasing their reliability.

The cost of developing and implementing DARTS, excluding ongoing licence costs, was £0.40m of which £0.17m was incurred in the previous years. Those costs were within the original project plan parameters.

Enhancements to deliver further improvements, including self-service functionality, marketing support and web-site integration are planned for subsequent phases of DARTS development with the aim of delivering maximum benefits in terms of supporting marketing and sales; member, associate and customer experience; IAM RoadSmart group activities; and efficiency, thereby assisting the underpinning of IAM Group's activities in line with IAM's charitable objects.

Support for subsidiaries

IAM Drive & Survive and IAM DRA have net liabilities on their balances sheets at year end of £0.79m (2020: £0.35m) and £0.17m (2020: £0.27m) respectively. Both subsidiaries undertake activities which fall within the charitable objects of IAM and are being supported by IAM.

Fundraising activity

During the year ended 31 March 2021, the IAM Group did not carry out any activities to raise funds from the general public.

Financial review

The Group Statement of Financial Activities on page 22 indicates a net surplus of £1.44m (2019/20: £0.25m deficit). compared to an originally budgeted deficit of £0.42m.

The operating result for the year (before investment income and gains on the investment portfolio) was very close to break-even with a deficit of £0.09m which continues the favourable trend established in the previous year when the operating was reduced to £0.18m from the much high deficit levels experienced in previous years.

As indicated above, the financial results was heavily influenced by Covid-19 pandemic related factors and although the budget for the year became obsolete as a result, the Council was nonetheless pleased to note the result compared favourably to the original budgeted operating deficit of £0.32m due to the mitigating factors described under the heading 'Overview of the impact of the Covid-19 pandemic' in the 'Achievements and Performance section' above.

Investment income and gains of £1.54m (2019/20: £0.07m loss) reflect strong gains throughout the year as markets welcomed governments' and central banks' responses to the initial impact of the Covid-19 pandemic. The investment portfolios have continued to deliver good returns since the year end.

Overall revenues, excluding investment income and the one-off benefit of the government's Coronavirus Job Retention Scheme grant of £0.29m, decreased by 25.3% from the previous year for the reasons summarised under the heading 'Achievements and performance' above. Membership subscriptions, including Gift Aid, decreased by 5.0% reflecting the decrease in IAM RoadSmart Member and Associate Member numbers, partially offset by an increase in member subscription rates approved at the previous annual general meeting of IAM RoadSmart Members.

Test fees from Associates Members decreased 58.7% due to the decline in sales of Advanced Driver/Rider programmes. Drive & Survive revenues were severely impacted by the Covid-19 pandemic, declining 64.6% as on-road training activities were suspended and demand from commercial customers diminished, which frustrated the ability of the refocussed sales team to build on the previous year's gains with enhanced product offerings. Limiting the reduction in IAM DRA revenues arising from the impact of the Covid-19 pandemic to 22.0% was a highly credible outcome reflecting the transformation online of the delivery of drink drive rehabilitation courses together with the continued implementation of the results of the business review undertaken in the previous year.

REPORT OF THE COUNCIL (continued)

IAM Cornmarket insurance commissions fell by 6.0% as the number of policies held by IAM RoadSmart Members continued to decline which was disappointing. PDS, which continues to generate net income but is not regarded as a core service offering, saw a 30.5% fall in income due to the suspension of customers' NDORS courses due to the Covid-19 pandemic.

Gross margin for DRA increased significantly to 60.6% (2019/20: 43.5%) largely reflecting the lower costs of delivering courses on-line, while the gross margin for IAM Drive & Survive declined from 50.6% to 46.3%, as did that for PDS which decreased marginally from 48.0% to 47.2%.

A continued focus in improving efficiency, together with lower costs of sales from the reduction in service delivery due to the Covid-19 pandemic, resulted in a 21.7% reduction in expenditure to £5.67m for the IAM Group.

Although comparisons are difficult because of the impact of the Covid-19 pandemic, this continues the trend of reducing costs from the previous year. Staff costs, which are the largest component of overheads fell by a further 4.1%, with savings arising from the curtailment of services due to Covid-19 and efficiency savings achieved across travel costs, expenditure in support of IAM RoadSmart groups, printing, postage and stationery, media related costs, and marketing and communications. Other efficiency savings were realised in facility costs and telephony/internet costs. IT costs increased which was expected as IAM continues to invest in upgrading its systems and capabilities, as did depreciation charges reflecting the implementation of DARTS in November.

Overall, the Council consider the financial results for the year reflect represent a highly credible outturn in a challenging environment. Although the scope for projecting forwards from the results in a year impacted so heavily by a one-off pandemic is extremely limited, the Council is confident that revenues will return to pre-pandemic levels following the end of Covid-19 pandemic restrictions albeit with a lag as activities ramp-up and confidence returns. The Council recognises the longer-term challenges to grow the top line and for the IAM Group to remain highly relevant in delivering its charitable objects in a world that is forever changing, including in the fields of driving and riding. To that end, the Council has commissioned a strategic review of the IAM Group and its services with the assistance of an expert external consultancy which will report during the first half of 2021/22 so that agreed recommendations can start to be implemented.

The balance sheet on page 22 indicates that the IAM Group's net assets have increased by £1.44 million (2019/2020: decline of £0.25m) to £8.68m (2020: £7.24m) as at 31 March 2021 reflecting the net inflow of funds during the year shown in the Statement of Financial Activities. The main movements in Fixed Assets was the increase in the investment portfolios from £6.43m to £7.90m arising from market gains as no additional funds were committed or funds withdrawn from the portfolios during the year.

Intangible fixed assets at net book value increased marginally during the year to £0.37m as result of £0.17m further expenditure on DARTS offset by depreciation charges on legacy systems which have now be decommissioned and on the DARTS system after it went live in November.

The IAM Group's balance sheet indicates net current assets of £0.32m (2019: £0.34m). Cash balances declined 18.5% to £0.65m (2020: £0.79m) while debtors and creditors decreased by 10.2% and 17.2% respectively; further analysis is shown in notes 12 and 13 to the financial statements.

Full implementation of a business strategy for growth will require further time and resources, especially given the significant impact on operations during 2020/21 of the Covid-19 pandemic. The IAM Group remains committed to making the necessary investment to deliver that growth and thereby further delivery of its charitable objects. Accordingly, the Council has approved a deficit budget for 2021/22. The Council recognises it will need to reconsider that budget further once the recommendations of the strategic review have been evaluated while it also sees considerable long-term benefit in anchoring budgets within the context of a longer-term strategic plan.

Reserves policy

The Finance & Audit Committee is responsible for ensuring IAM's reserves policy is appropriate and reviews the policy annually. The last review determined that the IAM Group requires reserves to:

- meet ongoing costs of investment to enable the IAM Group to increase its impact and broaden its appeal;
- absorb the impact of planned or unplanned financial deficits;
- facilitate investments in a portfolio of assets likely to provide a higher return, accepting the associated volatility, than that available from cash; and

REPORT OF THE COUNCIL (continued)

- fund business development opportunities to maximise the future profitability of its portfolio of the commercial businesses, which could require additional investment.

The Finance & Audit Committee considered it appropriate for the IAM Group to continue to maintain reserves in order to meet current and future investment needs and, prior to the Covid-19 pandemic, were in the process of determining a long-term reserves policy including a target level for free reserves of around six months' operating expenditure. Given the uncertainty engendered by the Covid-19 pandemic and the potential need for considerable operational and capital expenditure to invest in opportunities in line with the strategic review currently being conducted, together with the higher levels of operating deficits experienced in some recent years, the Finance & Audit Committee also considered it appropriate to hold a higher level of free reserves at present. The Finance & Audit Committee considers the current level of reserves to be appropriate given the opportunities and challenges on the foreseeable horizon together with a prudent level of cover for unforeseeable challenges that may lie ahead.

Free reserves are defined as undesignated, unrestricted funds not including funds representing tangible and intangible fixed assets and represent funds that are available to help IAM meet its objectives.

As at 31 March 2021, the IAM Group's free reserves were £8.22m (2020: £6.76m). The Finance & Audit Committee considers this level of reserves, representing over twelve months' total expenditure, as adequate and in line with the considerations of the Finance & Audit Committee described above. As at 31 March 2021, the IAM Group's total accumulated funds were £8.68m (2020: £7.24m).

Investment policy

IAM's investment policy is reviewed annually by the Council and monitored by the Finance & Audit Committee. The investment policy is aimed at securing the best financial return from its investments with an acceptable level of risk through engaging reputable and experienced external investment managers with specified investment mandates.

Income is not drawn from the investment portfolios on a regular basis and is instead reinvested so that the portfolios have a total return (combined income and capital return) objective, with access to drawdown funds to finance operational needs as and when required.

The market value of IAM's investment portfolios at 31 March 2021 was £7.90m (2020: £6.43m). The increase was attributable to dividends, interest and net market value gains within the portfolios as there were no additional funds invested in or drawdowns from the portfolios during the year.

As set out in the Risk Management section of this report, during 2020/21 the Finance & Audit Committee undertook a comprehensive review of investment portfolio managers. After due consideration, it was decided to retain the services of the three incumbent investment managers:

- JM Finn & Co
- Ruffer LLP
- Rathbone Investment Management

The objective of the JM Finn portfolio is to achieve a combined return from income and capital. The portfolio is managed on a discretionary basis and is invested across a range of asset classes including equities, bonds, property, cash and alternatives using both direct investments and pooled investment vehicles. Performance (net of fees) is assessed against the MSCI/PIMCO WMA Balanced index to take account of non-UK assets, although the formal agreement with JM Finn is to benchmark performance against a 70% FTSE all-share/30% FTSE UK Gilt benchmark. The value of the portfolio as at 31 March 2021 was £3.27m (2020: £2.64m). The portfolio gained 23.5% (2019/20: 1.9% loss) during the year compared to the benchmark gain of 22.0%.

Performance of the Ruffer portfolio, is measured against the objective of never losing money in any twelve-month period and generating returns (net of fees) ahead of the "risk free" alternative of depositing money in a reputable bank, with no benchmark. The Ruffer portfolio is invested in a segregated fund that follows the Ruffer absolute return investment strategy, which manages risk by spreading investment across a variety of conventional assets, including equity, bond, commodity and currency positions, utilising both direct investments and pooled investment vehicles. Over the year, the market value of investments in the portfolio increased by 21.9% (2019/20: 4.3% gain) to £2.32m (2020: £1.90m), compared to the benchmark return of 0.1%, reflecting Ruffer's asset allocation which benefited from strong rises in

REPORT OF THE COUNCIL (continued)

sovereign bonds, indexed-linked bonds and gold as well as equities and a temporary beneficial allocation to cryptocurrencies.

The objective of the Rathbone portfolio, which was valued at £2.32m (2020: £1.88m) at 31 March 2021, is to generate a combined return from capital growth and income of CPI plus 3% over the medium term. Although the investment strategy is a discretionary one, allowing the investment manager to invest the portfolio across diversified asset classes (including cash, bonds, equities, property, hedge funds, structured products, private equity and commodities), to date the portfolio has been invested solely in the Rathbone Active Income & Growth fund (income units) which is similarly diversified. The Rathbone portfolio gained 23.4% (2019/20: 6.8% loss) in the year, compared to a benchmark gain of 3.4%. As part of the review of investment manager performance, the Finance & Audit Committee noted that performance of the Rathbone portfolio has improved considerably compared to the two previous years and that it now comfortably exceeded its benchmark return on a cumulative basis over the three years since 1 April 2018.

IAM's investment policy is that where balances of more than £1.50 million of IAM Group's cash balances are deposited or are likely to be deposited with institutions with a minimum long-term debt rating of below 'A-' this should be communicated to and considered at the next Finance & Audit Committee meeting, but that in any case balances of up to £2.0 million may be deposited with the IAM Group's current principal bankers, HSBC.

Going Concern

The trustees have assessed the ability of IAM and the IAM Group to continue as a going concern. That assessment included consideration of the recent trading performance, the remaining uncertainty regarding the future trajectory of the ongoing Covid-19 pandemic on the IAM Group's trading and finances, the level of investments held as reserves and the associated risk profile of those investments, the key risks faced by the IAM Group as described under 'Risk management' below, together with the underlying budgets for 2021/22 and a roll forward of the budget for 2021/22 using conservative assumptions. The trustees draw additional comfort from the way the IAM Group was able to react to an unprecedented external shock in 2020/21 in which it delivered a very small operating deficit compared to the reduction in revenues. The trustees' assessment is that IAM and the IAM Group will remain going concerns for a period of at least 12 months from the date of approval of this report and of the financial statements.

Risk management

The IAM Group has a formal process for assessing risks and implementing risk management strategies. This involves identifying risks and prioritising them in terms of likelihood of occurrence and potential impact, together with devising and implementing mitigations as considered appropriate. Risks registers maintained by individual department are reviewed by the CEO and those risks identified as strategic in nature are now included as a standing agenda item for the Council meetings for further consideration by trustees.

The Council considers the principal risks to which the IAM Group is exposed and the mitigations in place to manage these risks are:

- Covid-19 pandemic impact on operations and finances.
- Decline in the strength of the IAM groups affiliate network and volunteers.
- Decline in the capacity of the contracted base of Advanced Driving Instructors delivering IAM Group services
- IT systems, including DARTS implementation, and cybersecurity.
- Investment losses.
- Decline in the number of IAM RoadSmart members.
- Line management capabilities and succession planning for key staff.
- Long term strategy.

Covid-19 pandemic impact on operations and finance

As described elsewhere in this report, the Covid-19 pandemic and the attendant restrictions on activities imposed by government has had a significant impact on the IAM Group. Although the current indications from the government are that it will remove those restrictions, the future trajectory of the pandemic and therefore of the government's response remain uncertain.

REPORT OF THE COUNCIL (continued)

Moreover, despite the current success of the Covid-19 vaccination programme in the UK, a resurgence of the pandemic could well affect the confidence of customers to participate in many of the IAM Group's activities, and of volunteers and trainers to deliver those activities, as well as the willingness of staff to commute to, and work in, the IAM office. The IAM Group will need to assess the timing of expenditure on activities such as marketing campaigns to mitigate the risk that the objectives of those campaigns is frustrated by the impact on staff, volunteers, customers, contractors and the public of a resurgence of the pandemic.

Other impacts and potential impacts of a resurgence of the Covid-19 pandemic include:

- increased uncertainty regarding the reliability of budgetary plans;
- increased reliance on IT solutions;
- changes in working practices that may continue for the longer term;
- staff and key person absences due to illness or isolation requirements;
- the diversion of management time to ensure compliance with government guidelines, communication with staff, volunteers and customers to ensure they are aware of the IAM Group's response, and developing appropriate mitigations and plans to recommence training activities when appropriate;
- the ongoing economic impact on individuals and corporate customers leading to more limited budgets for driver and rider training;
- the need to extend membership for Associates who have been unable to complete their Advanced Driver/Rider training and the related inability to sell further Advanced Driver/Rider programmes where on-road activities cannot take place; and
- the cost of providing appropriate safeguards and personal protective equipment in the office and on-road.

As described elsewhere in this report, the IAM Group successfully implemented strategies to mitigate the impact of the pandemic on its financial position during 2020/21 and is cautiously confident that it would be able to do so should this be required in the future by applying options which could include:

- delaying the implementation of recommendations from the strategic review;
- increasing the resilience of the telephone system to ensure calls can be dealt with more efficiently by staff who are working from home; and
- identifying staff costs and overheads that can be reduced in the short term both during the Covid-19 restriction period and for the longer term.

The Council considers that the level of free reserves is sufficiently large to cover the financial impact of a resurgence of the Covid-19 pandemic.

Decline in the strength of the IAM RoadSmart group affiliate network and volunteers

IAM is dependent on the efforts and goodwill of volunteers and IAM RoadSmart groups to deliver the Advanced Driver and Rider programmes and other services. A decline in the strength of the IAM RoadSmart group affiliate network and/or the number of volunteer observers would impact IAM's ability to deliver on-road training and to provide other support to IAM RoadSmart Members. The field service team is tasked, inter alia, with supporting IAM RoadSmart groups on a regional basis and assisting them to adopt best practices

Decline in the capacity of the contracted base of Advanced Driving Instructors delivering IAM Group services

The IAM Group uses contracted Advanced Driving Instructors ('ADIs') to deliver certain on-road course modules, Driving for Work and other commercially orientated programmes within Drive & Survive. The suspension of driver training for new drivers and driving tests during the Covid-19 pandemic has led to a surge in demand for ADI services as the pandemic restrictions have been lifted. A reduction in the number or availability of ADIs could frustrate the delivery of services by the IAM Group with consequent impact on both revenue and reputation.

In response to this risk, the IAM Group is developing a recruitment strategy for ADIs and seeking a closer relationship with those ADIs who choose to benefit from working with the IAM Group.

REPORT OF THE COUNCIL (continued)

IT systems, including DARTS implementation, and cybersecurity

In common with other complex IT projects, the development and implementation of further phases of DARTS has associated risks that it does not meet the required specification, is delayed or there are cost overruns. The IAM Group seeks to mitigate those risks through negotiating fixed price contracts or tight budgetary control with the IT supplier, adopting rigorous testing and acceptance procedures and reviewing regular project plan progress reports with a steering group chaired by the Chief Executive Officer.

The risk of outages has been reduced and the resilience of the general IT systems infrastructure increased by the provisioning of IAM Group's server infrastructure using cloud-based solutions provided by reputable third-party suppliers with agreed performance criteria. In addition, the recent migration of non-bespoke system electronic file storage to SharePoint/OneDrive increases the resilience of those files.

IT cybersecurity risks present an increasing threat to all organisations. The IAM Group's IT staff keep up to date with current information security best practice. The IAM Group invests in up to date computer equipment and software, has a thorough software update regime, robust backup procedures and is subject to quarterly firewall penetration testing, carried out by an independent cyber security consultancy.

The IAM Group has installed the latest firewall systems and has anti-virus software installed on all devices, with spam/virus filters actively managed and regular software updates on all interfaces with the outside world.

Investment losses

A decline in the value of investments arising from a market fall or poor investment choices would impact the financial results and the resources available to invest in developing product and service offerings to meet the charitable objects.

The IAM Group seeks to mitigate the impact of this risk by maintaining investment portfolios with differing investment strategies and risks, and carrying sufficient reserves so that shorter term market declines are less likely to threaten sustainability or solvency. During 2020/21, the Finance & Audit Committee undertook a comprehensive review of investment portfolio managers assessing their performance, portfolio construction and asset allocation, portfolio risk attitudes, service levels and costs. The performance of the investment portfolios against benchmarks is reported quarterly and considered by the Finance & Audit Committee.

Decline in the number of IAM RoadSmart Members

The average age of IAM RoadSmart Members continues to increase and the number of potential new IAM RoadSmart Members undertaking the Advanced Driver/Rider programme has not met expectations in recent years.

IAM continues to develop and implement plans to improve its communication and provision of services to IAM RoadSmart Members to mitigate any potential for a decrease in its member retention rate. To support this the proactive follow up of recently lapsed members has been brought in-house and early analysis suggests this is having a positive impact.

In addition, continued campaigns to encourage IAM RoadSmart Members to pay their annual subscriptions by direct debit will reduce the risk of losing members as well as reducing the cost of chasing members for payment, while encouraging more members to sign up for Gift Aid will mitigate the financial impact of a reduction in member numbers.

Line management capabilities and succession planning for key staff

The IAM Group's ability to deliver its charitable objects is highly dependent on the capabilities of its staff, and the manner in which those staff are led.

Poor management could give impact staff morale and increase the attrition of employees, while managers who do not feel they have adequate tools to manage their reports could negatively impact the output from their teams.

IAM Group has recently implemented the OpenBlend system to assist in managing and tracking the interactions between line managers and their reports. The OpenBlend approach is more holistic than traditional employee management

REPORT OF THE COUNCIL (continued)

systems as it enables employees to address areas of concern and agree with their line manager what improvements can be made including identifying measurable criteria and the support required.

In addition, training is being provisioned for first time managers while coaching and mentoring is made available as needed with the approval of the Head of Human Resources.

During 2020/21, a review was undertaken of succession planning with an emphasis on identifying those roles where there is not a 'natural' successor within the IAM Group or where recruitment of staff with the correct skills and experience may take considerable time and plans to mitigate that risk including additional training are being developed.

Long term strategy

The lack of an up to date longer term strategy leads to a number of risks including:

- a lack of focus on activities that are likely to deliver fulfilment of the charitable object in the long term;
- pursuing activities and tactics that are not congruent;
- not setting suitable targets and objectives to encourage longer term thinking about how the IAM Group should react to a changing environment for riding and driving;
- budgets and resource allocation being determined without longer term considerations, leading to suboptimal allocation of resources; and
- a failure to engender a sense of common purpose amongst trustees, senior managers and staff.

The Council has commissioned an external expert strategic consultancy to work with trustees and senior managers to develop a strategy for approval by the Council.

This work commenced in May 2021 and initial recommendations will be considered by the Council in the second quarter of 2021/22 with a view to distilling them into a coherent practical multi-year strategy for the IAM Group that can begin to be implemented during 2021/22.

Plans for future periods

In some respects, the Covid-19 pandemic has combined with other factors to create a storm that requires the IAM Group to evaluate how we can ensure that we stay true to our core values whilst addressing the various factors that will shape the future of driving and riding. To meet the challenge of a rapidly changing mix of personal mobility solutions, a comprehensive strategic review of the business is being undertaken. The outcome of this review will provide the basis from which a multi-year strategic plan, underpinned by key milestones at specific intervals will be developed.

The strategic plan will, in the face of significant change, determine how IAM will continue to meet its charitable objectives. As a minimum we expect the outcome of the strategic review to clearly set out how, through the sale of products and services and supported by our research and lobbying activities, the IAM Group will embrace, respond to, and positively contribute to debates on the following issues related to riding and driving:

- Global Warming
- Air Quality
- Legislation (e.g. Ultra-Low Emission Zones, bans on sales of internal combustion engines, road pricing)
- Vehicle technology
- Electric vehicles
- Customer facing technology (Website, Apps etc.)
- Green travel options (e.g. electric scooters)

In the short term there are a number of positive actions included in the business plan for 2021/22

- 1) Embark on phase 2 of the DARTS software upgrade which will deliver a significant number of enhancements for members and customers, the IAM Group and IAM RoadSmart groups.
- 2) Expand the CHOICES web portal with new and innovative online learning modules that will support our Business Drivers, Associates, Observers and Examiners.

REPORT OF THE COUNCIL (continued)

- 3) Roll out a series of webinars to provide Continued Professional Development opportunities for IAM Observers and topics of interest to all IAM RoadSmart Members, and consider the potential to extend these to the wider public.
- 4) Proactively engage with IAM RoadSmart groups to see how IAM can better support local advanced driver/rider recruitment activities and/or initiatives that deliver improved road safety.
- 5) Public relations activities will increasingly focus on gathering and promoting local stories and blogs from IAM RoadSmart group members
- 6) Launch a new benefits portal for IAM RoadSmart Members and use data analytics to measure success and identify opportunities for ongoing improvement through the addition/deletion of products/services.
- 7) Launch our largest ever 'Member by Exemption' recruitment campaign targeting those drivers and riders who already hold the equivalent of the IAM's Advanced Driver/Rider standard. This will positively impact on IAM RoadSmart Member numbers, generate immediate income and avoid placing a strain on IAM RoadSmart groups who are managing a backlog of IAM RoadSmart Associates.
- 8) Embark on a complete rebuild of the current website to reflect the new strategic plan and ensure that this becomes the central hub for all aspects of interaction with the IAM Group.

Related parties

None of the trustees receives remuneration or other benefit from their activities as a trustee with IAM. Any connection between a trustee or senior manager of IAM and a contractual party must be disclosed to the Council. During the year under review, no such related party transactions were reported.

Statement of trustees' responsibilities

The trustees (who are also directors of IAM for the purposes of company law) are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business,

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE COUNCIL (continued)

Statement as to disclosure of information to the auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company and group's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Crowe U.K. LLP has indicated its willingness to continue in office. The Report of the Council (including the Strategic Report) was approved on behalf of the Council by



Jeffrey Willcocks
Trustee

1 Albany Place
Hyde Way
Welwyn Garden City
Hertfordshire
AL7 3BT

23 September 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS AND THE TRUSTEES OF THE INSTITUTE OF ADVANCED MOTORISTS LIMITED**

Opinion

We have audited the financial statements of the Institute of Advanced Motorists Limited ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2021 and of the group's income and expenditure, 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 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company/group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS AND THE TRUSTEES OF THE INSTITUTE OF ADVANCED MOTORISTS LIMITED
(continued)

- prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS AND THE TRUSTEES OF THE INSTITUTE OF ADVANCED MOTORISTS LIMITED
(continued)

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulations, Health and Safety legislation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Thomas
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date 5 October 2021

**GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**

	Note	2021 £000	2020 £000
Income from:			
<i>Donations and legacies</i>			
Subscriptions (including Gift Aid)		3,443	3,624
Other income	3.1	340	53
<i>Charitable activities</i>			
Test fees		178	431
<i>Other trading activities</i>			
Training and related services	3.2	1,612	2,953
Investments	10	153	278
Total income		5,726	7,339
Expenditure on:			
<i>Generating funds</i>			
Fundraising and publicity	3.4	603	860
Training and related services	3.4	1,629	2,664
		2,232	3,524
<i>Charitable activities</i>			
Research and advocacy	3.4	488	606
Membership services	3.4	2,004	1,946
Tests	3.4	540	487
Quality assurance	3.4	403	673
		3,435	3,712
Total expenditure	3.4	5,667	7,236
Net income		59	103
Net gains/(losses) on listed investment portfolio	9	1,383	(350)
Net expenditure for the year	4	1,442	(247)
<i>Other recognised gains</i>			
Exchange losses		(1)	(1)
Net movement of funds in year		1,441	(248)
Balances brought forward at 1 April		7,239	7,487
Balances carried forward at 31 March		8,680	7,239

The notes on pages 24 to 38 form part of these accounts.

COMPANY NUMBER 562530

BALANCE SHEETS AS AT 31 MARCH 2021

	Note	Group 2021 £000	2020 £000	IAM 2021 £000	2020 £000
Fixed assets					
Intangible assets	7	373	359	373	359
Tangible assets	8	90	116	90	116
Investments	9	7,901	6,425	8,031	6,555
		<u>8,364</u>	<u>6,900</u>	<u>8,494</u>	<u>7,030</u>
Current assets					
Stocks	11	86	111	-	-
Debtors	12	665	741	1,239	1,008
Cash at bank and in hand		646	793	462	678
		<u>1,397</u>	<u>1,645</u>	<u>1,701</u>	<u>1,686</u>
Current liabilities					
Creditors: amounts due within one year	13	(1,081)	(1,306)	(2,838)	(2,867)
Net current assets/(liabilities)		316	339	(1,137)	(1,181)
Total assets less current liabilities		<u>8,680</u>	<u>7,239</u>	<u>7,357</u>	<u>5,849</u>
Net assets		<u>8,680</u>	<u>7,239</u>	<u>7,357</u>	<u>5,849</u>
Unrestricted funds					
General fund	14	8,680	7,239	7,357	5,849
		<u>8,680</u>	<u>7,239</u>	<u>7,357</u>	<u>5,849</u>

IAM has taken advantage of the to present a Charity only income and expenditure account under section 408 of the Companies Act 2006. The net income of the charity in 2021 was £1,508,000 (2020: net expenditure of £400,000).

The financial statements on pages 21 to 38 were approved by the Council on 23 September 2021 and authorised for issue and signed on its behalf by



Jeffrey Willcocks
Trustee

The notes on pages 24 to 38 form part of these accounts.

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020	
	Note	£000	£000	£000	£000
Cash flows from operating activities:					
Net cash (used)/generated in operating activities	17		13		196
Cash flows from investing activities:					
Payments to acquire intangible fixed assets	7	(165)		(234)	
Payments to acquire tangible fixed assets	8	(55)		(23)	
Net drawdown from/(additions) to investments	9	(135)		525	
Movement in cash investments	9	42		(15)	
Listed investment income	10	152		276	
Bank interest received	10	1		2	
Net cash (utilised)/provided by investing activities			(160)		531
Change in cash and cash equivalents in the year			(147)		727
Cash and cash equivalents at start of the year			793		66
Cash and cash equivalents at end of the year			646		793

The notes on pages 24 to 38 form part of these accounts.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021**

1 General information

The Institute of Advanced Motorists Limited (IAM) is a company limited by guarantee incorporated in England and has no share capital. The liability of members in the event of winding-up is limited to 25p per member.

The address of IAM's registered office and principal place of business is 1 Albany Place, Hyde Way, Welwyn Garden City AL7 3BT.

IAM's and the IAM Group's principal activities are detailed in the Report of the Council.

2 Accounting policies

(a) Basis of accounting and going concern

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. A separate statement of financial activities for IAM is not presented as permitted by the SORP.

Monetary amounts in these financial statements are rounded to the nearest £1,000 except where otherwise indicated.

IAM meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The trustees assess whether use of the going concern basis of accounting is appropriate i.e. whether there are material uncertainties related to events or conditions that may cast doubt on the ability of the charitable company and the group to continue as a going concern. The trustees review forecasts and projections covering a period of at least one year from the date of approval of the financial statements in making that assessment. The trustees do not consider there are any such material uncertainties but have given particular consideration to the uncertainties concerning the future trajectory and impact of the Covid-19 pandemic as described below.

The trustees have considered the impact of the Covid-19 pandemic on the charitable company and the group. That consideration including assessing the likely potential loss of income arising from sales of Advance Courses including Test fees and from other activities requiring on-road or in-classroom training where social distancing is impractical. It also included an assessment of the impacts of the potential reluctance of individuals and corporate customers to attend such courses due to concern for their safety regarding Covid-19 and for such customers to seek to control and reduce discretionary spending once formal restrictions on conducting on-road and in-classroom activities are lifted, as well as reduced membership retention rates as members experiencing financial and other pressures review discretionary and charitable outgoings.

The overall impact of the Covid-19 pandemic on IAM's finances is dependent on the duration and nature of restrictions on social contact, whether government imposed or due to general concerns regarding the safety of staff, volunteers, or attendees at training and other events, which by their nature are subject to a high degree of uncertainty. The trustees' assessment of that impact on the going concern basis took into account the manner in which the IAM Group was able to react to the circumstances that the pandemic gave rise to during 2020/21 and the resultant mitigation of the financial impact as shown in the results for the year, the availability of similar options to mitigate the impact in the future and the level of liquid reserves available to cover those potential financial impacts that might not be mitigated. In particular, the trustees noted that liquid investments of £7.9m at 31 March 2021 had increased by a further £0.3m by 31 May 2021 and that those investments together with net current assets of £0.3m at both 31 March and 31 May 2021 represented over 1.4 times the total expenditure incurred in 2020/21 (i.e. without taking any account of income during the going concern review period).

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021**

The trustees' consideration of going concern also took into account a stress test utilising the potential for circumstances which although unlikely would have a significant impact. Those unlikely circumstances included significant reductions in income from membership, other courses and assessments, and commercial activities, while assuming that operating and capital expenditure was maintained at budgeted and forecast levels, and the potential for investment portfolios to fall by up to 50%. The stress test indicated that the going concern basis of accounting would remain appropriate as at the date of approval of the financial statements.

Accordingly, the trustees consider that the going concern assumption remains valid.

(b) Basis of consolidation

The consolidated financial statements include on a line-by-line basis the financial statements of IAM and its subsidiary companies made up to 31 March 2021. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the net assets acquired is capitalised as purchased goodwill and amortised through the income and expenditure account over an estimated useful economic life.

(c) Functional and presentational currencies

The consolidated financial statements are presented in sterling which is also the functional currency of the Group.

(d) Goodwill

Goodwill (representing the excess of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised and amortised by equal annual instalments over its estimated useful life.

Goodwill is reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the goodwill may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated, and an impairment loss recognised whenever the carrying amount of the asset or its income generating business exceeds its recoverable amount. Impairment losses are recognised in the Group Statement of Financial Activities.

(e) Turnover

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Subscriptions received in advance of their due date are treated as income received in advance. Otherwise, subscriptions are credited to the Statement of Financial Activities when received. Test fee income is credited to the Statement of Financial Activities when received. Provision is made at the year-end for the costs of outstanding tests for which the income has already been received. All other income is credited in the period to which it relates.

(f) Investments and investment income

Listed investments are included in the financial statements at the quoted bid price at the balance sheet date. Listed investment income is credited when received and realised gains and losses on disposals of listed investments are recognised on the date of disposal. Unrealised gains and losses on listed investments held at the year-end are recognised in the Statement of Financial Activities. Bank interest receivable is credited in the period to which it relates.

(g) Expenditure

Expenditure is recognised when a liability is incurred. Costs of generating funds are those incurred in the IAM's Group's fundraising and publicity activities, together with the trading activities of IAM's subsidiaries. Charitable activities include expenditure associated with membership services, advanced driving and motorcycle tests, research and advocacy and the "RoadSmart" magazine. Expenditure includes direct costs and support costs relating to these activities.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021**

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Governance costs are allocated on the basis of the staff cost incurred on each activity. Support costs include central functions and the amortisation of goodwill and have been allocated to activity cost categories on a basis consistent with the percentage use of resources expended.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(h) Fund accounting

The general fund is an unrestricted fund which is available for use at the discretion of the trustees in furtherance of the general objectives of the charity and has not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of any designated fund is set out in the notes to the financial statements.

Restricted funds are funds subject to specific restrictions imposed by donors.

(i) Tangible fixed assets and depreciation

Tangible fixed assets with a cost in excess of £1,000 are capitalised at cost. Depreciation of fixed assets is charged at rates estimated to write off their cost or valuation less any residual value over the expected useful lives commencing with the year of acquisition. The following annual rates of depreciation have been used:

Leasehold improvements	-	20%
Computer equipment	-	20% to 33⅓%
Office equipment	-	20%

Intangible fixed assets – capitalisation, amortisation and impairment

- (j)** Intangible fixed assets are capitalised at cost. Amortisation of fixed assets is charged at rates estimated to write off their cost or valuation (less any residual value) over the estimated useful lives commencing with the year of acquisition. The following annual straight-line rates of amortisation have been used:

Computer software	-	20%
Goodwill	-	20%

Where factors, such as technological advancement, changes in the nature of the markets served by utilisation of intangible assets, or changes in market price indicate that the residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

Assets under construction are assets pending completion and transfer into the relevant fixed asset category. These assets are capitalised at cost and not subject to depreciation or impairment unless extraordinary circumstances have occurred which would require provision to be made.

All other assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired. If there is an indication of impairment, the recoverable amount of the asset is compared to the carrying amount of the asset. The recoverable amount is the higher of the fair value less costs to sell and value in use. If the recoverable amount is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount by recognising an impairment loss in the Statement of Financial Activities.

(k) Stocks

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

(l) Pensions

The cost to the group in respect of its pension arrangements is charged to the Statement of Financial Activities on a payable basis. These arrangements are with a defined contribution group personal pension plan, with defined employer contributions.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021**

(m) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Exchange differences are recognised in the Statement of Financial Activities.

(n) Operating leases

Operating lease rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

(o) Redundancy costs

Accruals for redundancy costs are recognised when there is a legal or constructive obligation at the balance sheet date.

(p) Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at fair value.

(q) Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Critical estimates include:

(i) Assessment of the net realisable value of stock

The net realisable value of stock is assessed by reviewing reports from the outsourced fulfilment houses that hold the stock, with a focus on identifying slow moving or obsolescent products and comparing expected sales price to cost.

(ii) Recoverability of debtors

Recoverability of debtors is assessed by reference to the aging of debts and the payment record of debtors. Provision is made where recoverability is assessed as doubtful following consultation with the relevant IAM relationship manager.

(pr) Coronavirus Job Retention Scheme

Government grants are recognised on the accruals basis, when there is reasonable assurance that the charity will comply with the conditions attaching to the grant and the grant will be received. The grant in connection to the job retention scheme, has been recognised in the period to which the underlying furloughed staff costs relate to.

3.1 Other income

	2021	2020
	£000	£000
Government grant – Coronavirus Job Retention Scheme	293	-
Non-Government grants	43	53
Donations	2	0
Sundry income	2	-
	340	53

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

3.2 Trading activities of subsidiaries

IAM is a registered charity and derives income from its wholly owned trading subsidiaries. These subsidiaries are incorporated in Great Britain and their activities are described in note 9. All subsidiaries receive/pay interest at market rates on any indebtedness due from/to IAM. A summary of their results is shown below:

	IAM Drive Survive Limited	IAM Group Services Limited	Institute of Advanced Motorcyclists	Professional Driver Services Limited	IAM Driver Retraining Academy Limited	Total
	£000	£000	£000	£000	£000	£000
Turnover:						
Sale of goods	451	59	314	123	665	1,612
Cost of sales	(242)	(69)	-	(65)	(262)	(638)
Gross profit	209	(10)	314	58	403	974
Administrative expenses	(123)	(10)	(4)	(8)	(58)	(203)
Management charges	(516)	(63)	(26)	(21)	(248)	(874)
Operating (loss)/profit	(430)	(83)	284	29	97	(103)
Interest payable to related parties	(8)	-	-	-	-	(8)
Interest receivable from related parties	-	5	38	4	-	47
(Loss)/profit before and after taxation	(438)	(78)	322	33	97	(64)

	£000	£000	£000	£000	£000	£000
Turnover:						
Sale of goods	1,274	315	334	177	853	2,953
Cost of sales	(629)	(260)	-	(92)	(482)	(1,463)
Gross profit	645	55	334	85	371	1,490
Administrative expenses	(190)	(9)	(5)	(6)	(81)	(291)
Management charges	(650)	(47)	(23)	(57)	(307)	(1,084)
Operating (loss)/profit	(195)	(1)	306	22	(17)	115
Interest payable to related parties	(10)	-	-	-	(4)	(14)
Interest receivable from related parties	-	7	40	3	-	50
(Loss)/profit before and after taxation	(205)	6	346	25	(21)	151

The profits of UK subsidiaries, after group relief, are distributed to the charity and there is, therefore, no liability to corporation tax for those entities. Management charges represent reimbursement of costs incurred by IAM on behalf of the subsidiaries. There were gift aid payments made to the charity in respect of financial year ended 2020 during the financial year ended 2021 £63,000 (2020 – NIL).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

3.3 Net assets of subsidiaries

	IAM Drive & Survive Limited	IAM Group Services Limited	IAM Motoring Trust Trading Limited	Institute of Advanced Motorcyclists Limited	Professional Driver Services Limited	IAM Driver Retraining Academy Limited	Total
	£000	£000	£000	£000	£000	£000	£000
Current assets	107	230	-	2,012	237	153	2,739
Creditors	(899)	(61)	(55)	(3)	(9)	(324)	(1,351)
Net (liabilities)/assets	(792)	169	(55)	2,009	228	(171)	1,388
<hr/>							
	£000	£000	£000	£000	£000	£000	£000
Current assets	298	349	-	1,689	207	100	2,643
Creditors	(652)	(101)	(55)	(4)	(11)	(368)	(1,191)
Net (liabilities)/assets	(354)	248	(55)	1,685	196	(268)	1,452

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

3.4 Total expenditure

Costs of generating funds
Fundraising and publicity
Training and related services

	Direct staff £000	Other direct costs £000	Support costs £000	Total 2021 £000	Total 2020 £000
	175	110	318	603	860
	790	839	0	1,629	2,664
	965	949	318	2,232	3,524

Charitable activities

Research and advocacy
Membership services
Tests
Quality assurance

	146	77	265	488	606
	584	361	1,059	2,004	1,946
	174	51	315	540	487
	188	62	153	403	673
	1,092	551	1,792	3,435	3,712
	2,057	1,500	2,110	5,667	7,236

Total expenditure

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

3.5 Council expenses

	2021	2020
	£000	£000
Travel and subsistence:		
Expenses reimbursed to 2 trustees (2020: 10)	0	12

Expenses reimbursed to trustees in 2020/21 amounted to less than £500.

The cost of trustee indemnity insurance was included in IAM's general insurance premium for the year and not separately identified.

3.6 Directors' emoluments

No director/trustee received emoluments during the year (2020: £nil).

No pension payments were made in respect of directors/trustees (2020: £nil).

3.7 Employees whose emoluments exceed £60,000

	2021	2020
	Number	Number
The number of employees whose emoluments (including taxable benefits but not employer pension costs) exceeded £60,000 during the year was as follows:		
£60,001 to £70,000	3	2
£70,001 to £80,000	2	2
£80,001 to £90,000	1	1
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-
£110,001 to £120,000	1	2
£120,001 to £130,000	1	1
£130,001 to £140,000	1	-
£200,001 to £210,000	-	1
	<u>10</u>	<u>10</u>

Pension contributions of £61,220 (2020: £60,023) were made during the year to a defined contribution scheme in respect of 9 employees (2020: 9 employees) included in the above analysis. The average number of employees was 61 (2020: 61).

3.8 Staff costs

	2021	2020
	£000	£000
Wages and salaries	2,536	2,646
Social security costs	282	295
Defined contribution pension costs	126	130
	<u>2,944</u>	<u>3,071</u>

During the year, the IAM Group incurred redundancy costs of £6,614 (2020: £8,567).

All group staff salaries are paid by IAM. IAM charges subsidiaries a management fee incorporating a charge for the utilisation of staff employed by IAM.

The total remuneration including employers' national insurance of the Senior Management Team (as per page 2) who are considered to be the key management personnel of the IAM Group was £1,121,303 (2020: £1,077,679).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

4. Net expenditure for the year

	2021	2020
	£000	£000
Net expenditure for the year is stated after charging:		
Depreciation	81	90
Amortisation of intangible assets	151	63
Auditor's remuneration - audit fees current year	30	30
Auditors remuneration - audit fees - prior year	4	9
Auditors remuneration - tax services - current year	8	8
Operating lease payments - motor vehicles	55	63

5 Allocation of support costs

	Cost of generating funds	Membership services	Tests	Quality assurance	Research and advocacy	Total 2021	Total 2020
	£000	£000	£000	£000	£000	£000	£000
Management	43	144	43	21	36	287	346
Finance	90	298	88	43	75	594	454
Information technology	110	369	110	53	92	734	666
Facilities	42	138	41	20	35	276	289
Human resources	15	50	15	7	12	99	140
Governance (See note 6)	18	60	18	9	15	120	122
	318	1,059	315	153	265	2,110	2,017

Support costs are allocated using a combination of headcount and floor space applicable to the service provided.

6 Governance – Group and IAM

	2021	2020
	£000	£000
Direct costs:		
Audit and accounting fees	42	39
Professional fees	1	3
Council costs	-	12
Salary costs	77	68
	120	122

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

7 Intangible fixed assets

	Goodwill	Computer Software	Assets under construction	Total
	£000	£000	£000	£000
Group				
Cost				
At 1 April 2020	2,927	336	234	3,497
Additions	-	-	165	165
Transfer	-	399	(399)	-
Disposals	-	(289)	-	(289)
At 31 March 2021	2,927	446	0	3,373
Amortisation				
At 1 April 2020	2,927	211	-	3,138
Charge	-	151	-	151
Transfer	-	-	-	-
Disposals	-	(289)	-	(289)
At 31 March 2021	2,927	73	-	3,000
Net book value				
At 31 March 2021	-	373	-	373
At 31 March 2020	-	125	234	359
IAM				
Cost				
At 1 April 2020	-	336	234	570
Additions	-	-	165	165
Transfer	-	399	(399)	-
Disposals	-	(289)	-	(289)
At 31 March 2021	-	446	0	446
Amortisation				
At 1 April 2020	-	211	-	211
Charge	-	151	-	151
Transfer	-	-	-	-
Disposals	-	(289)	-	(289)
At 31 March 2021	-	73	-	73
Net book value				
At 31 March 2021	-	373	-	373
At 31 March 2020	-	125	234	359

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

8 Tangible fixed assets

	Leasehold Improvements	Computer equipment	Office equipment	Total
	£000	£000	£000	£000
Group				
Cost				
At 1 April 2020	56	175	241	472
Additions	14	21	20	55
Disposals	-	(55)	(8)	(63)
At 31 March 2021	70	141	253	464
Depreciation				
At 1 April 2020	40	142	174	356
Charge	11	20	50	81
Disposals	-	(55)	(8)	(63)
At 31 March 2021	51	107	216	374
Net book value				
At 31 March 2021	19	34	37	90
At 31 March 2020	16	33	67	116
IAM				
Cost				
At 1 April 2020	56	175	241	472
Additions	14	21	20	55
Disposals	-	(55)	(8)	(63)
At 31 March 2021	70	141	253	464
Depreciation				
At 1 April 2020	40	142	174	356
Charge	11	20	50	81
Disposals	-	(55)	(8)	(63)
At 31 March 2021	51	107	216	374
Net book value				
At 31 March 2021	19	34	37	90
At 31 March 2020	16	33	67	116

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021**

9 Fixed asset investments

	Group		IAM	
	£000	£000	£000	£000
Shares in subsidiary companies (see below)				
Cost at 1 April 2020 and 31 March 2021		-		130
Listed investments				
Market value at 1 April 2020	6,266		6,266	
Net disposals	135		135	
Net gain on investment assets	1,383		1,383	
Market value at 31 March 2021		7,784		7,784
Cash				
At 1 April 2020	159		159	
Decrease in cash	(42)		(42)	
At 31 March 2021		117		117
		7,901		8,031
Shares in subsidiary companies (see below)				
Cost at 1 April 2019 and 31 March 2020				130
Listed investments				
Market value at 1 April 2019	7,141		7,136	
Net disposals	(525)		(520)	
Net loss on investment assets	(350)		(350)	
Market value at 31 March 2020		6,266		6,266
Cash				
At 1 April 2019	144		149	
Increase in cash	15		10	
At 31 March 2020		159		159
		6,425		6,555

9.1 Subsidiary companies

IAM Drive & Survive Limited (registered number 2019635) provides risk management and corporate driver training services.

Professional Driver Services Limited (registered number 04498365) provides administration services to service providers for National Driver Offender Retraining Scheme courses.

IAM Driver Retraining Academy Limited (registered number 08248082) provides Drink Drive Rehabilitation Scheme courses.

IAM Group Services Limited (registered number 650927) sells books and road safety accessories to IAM members.

Institute of Advanced Motorcyclists Limited (registered number 5889513) manages arrangements with brokers for the IAM Group's exclusive insurance scheme for IAM RoadSmart members.

IAM owns 100% of the issued share capital of the above companies, all of which are incorporated and registered in England and have the same registered address as IAM. IAM also indirectly owns 100% of the issued share capital of Drive & Survive UK Limited, IAM Motoring Trust Trading Limited and IAM RoadSmart Limited, all of which are registered in England and none of which has traded during the year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

9.2 Listed investments

The cost of listed investments at 31 March 2021 was £6,531,225 (2020: £6,353,406). There were no underlying holdings with an individual market value in excess of 5% of the total market value at 31 March 2021 (2020: none).

10 Investment income

	Group	
	2021	2020
	£000	£000
Income from investments	152	276
Intercompany interest	-	-
Bank interest receivable	1	2
	<u>153</u>	<u>278</u>

11 Stocks

	Group		IAM	
	2021	2020	2021	2020
	£000	£000	£000	£000
Goods for resale and consumables	86	111	-	-

12 Debtors

	Group		IAM	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	228	344	69	47
Taxation recoverable	215	152	215	152
Amounts due from group undertakings	-	-	776	653
Other debtors	64	73	34	17
Prepayments and accrued income	158	172	145	139
	<u>665</u>	<u>741</u>	<u>1,239</u>	<u>1,008</u>

Amounts due from group undertakings include amounts owed by trading subsidiaries to IAM, which carry interest at 2% above base rate. There are no other terms to these advances. No interest is charged on amounts due from dormant subsidiaries.

13 Creditors

	Group		IAM	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade creditors	431	613	332	438
Amounts due to group undertakings	-	-	2,124	2,031
Other taxation and social security	72	82	70	82
Accruals and deferred income	525	608	287	313
Other creditors	53	3	25	3
	<u>1081</u>	<u>1,306</u>	<u>2,838</u>	<u>2,867</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021**

Deferred income represents payments in advance for Drink Drive Rehabilitation Scheme courses, skills days and on-road driver training.

	Group £000	IAM £000
Deferred income at 1 April 2020	300	42
Amount released in year	(223)	(12)
Amount deferred in year	195	38
Deferred income at 31 March 2021	272	68

14 General funds

	Group		IAM	
	2021 £000	2020 £000	2021 £000	2020 £000
At 1 April	7,239	7,487	5,849	6,249
Gain/deficit for the year	1,441	(248)	1,508	(400)
At 31 March	8,680	7,239	7,357	5,849

15 Taxation

The IAM is a registered charity and is exempt from corporation tax on its charitable income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

16 Operating leases – Group

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Rental of office premises		Motor vehicles	
Amounts due:	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	165	165	33	42
Between one and five years	-	-	51	5
	165	165	84	47

A variation to the existing lease for the office premises was entered into during the year which provides for an additional rent-free period from September 2021 through June 2022.

17 Reconciliation of net expenditure resources to net cash outflow from operating activities

	Group	
	2021 £000	2020 £000
Net operating income/(expenditure)	59	104
- Investment income	(153)	(278)
- Exchange gains	(1)	(1)
	(95)	(175)
Depreciation	81	90
Amortisation of computer software	151	63
Decrease in stocks	25	19
Decrease/(increase) in debtors	76	179
(Decrease)/increase in creditors	(225)	20
Net cash (outflow)/inflow from operating activities	13	196

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

18 Contingent liabilities

There are no contingent liabilities for the year ended 31 March 2021 (2020: £nil).

The IAM is a member of a VAT group which also comprises certain subsidiaries: IAM Drive & Survive Limited, IAM Group Services Limited and Professional Driver Services Limited. The IAM will be liable for any VAT amounts payable by these entities.

19 Capital commitments

At 31 March 2021, there were capital commitments contracted but not provided totalling £16,000 (2020: £241,000).

20 Financial instruments

	Group		IAM	
	2021	2020	2021	2020
	£000	£000	£000	£000
<i>Financial assets</i>				
Equity and debt instruments measured at fair value through income and expenditure	7,784	6,266	7,784	6,266

Financial assets measured at fair value through income and expenditure include assets held in the listed investment portfolios (see note 9) for which there is a readily obtainable price quoted in an active market.

22 Related parties

Transactions between group entities for the year are detailed in note 3.1 and comprised management fees and interest receivable/payable on inter-company loans with IAM.

At 31 March 2021, IAM was owed £143k (2020: £140k) from IAM Driver Retraining Limited.

At 31 March 2021, IAM owed £170k (2020: £151k) to Professional Driver Services Limited.

At 31 March 2021, IAM was owed £776k (2020: £513k) from IAM Drive and Survive Limited.

At year end, IAM owed £137k (2020: £247k) to IAM Group Services Limited

At year end, IAM owed £1,960k (2020: £1,633k) to Institute of Advanced Motorcyclists Limited.

No other related party transactions were incurred in the period.