



INSTITUTE OF ADVANCED MOTORISTS LIMITED (THE)
(Limited by guarantee)

Report of the Council and Financial Statements
for the year ended
31 March 2023

Company No. 562530

Registered Charity Nos: 249002 (England & Wales) and SC041201 (Scotland)

INSTITUTE OF ADVANCED MOTORISTS LIMITED (THE)

Contents

Report of the Trustees

Reference and Administration

- Patron, President, Vice President, Council - Trustees, and Senior Leadership Team 2
- Company Secretary and Information, and Professional Advisers 2

Structure, Governance, and Management

- Objects 3
- Public benefit 3
- Primary activities 3
- Strategy 4
- Constitution & Membership 5
- Corporate Governance 6
- Decision Making, Committees, and IAM RoadSmart groups 7
- Risk management and internal control 7

Strategic Review

- Review of Activities and Achievements 9
- Future Activities 11
- Financial Review 12

Statement of Trustees' Responsibilities 13

Independent Auditor's Report 15

Group Statement of Financial Activities 18

Balance Sheets 19

Group Cash Flow Statements 20

Notes to the Financial Statements 21

INSTITUTE OF ADVANCED MOTORISTS LIMITED(THE)

REPORT OF THE COUNCIL

Reference and Administration

The Council (trustees who are also directors of the company for the purposes of the Companies Act) present their annual report and the audited financial statements for the year ended 31 March 2023 of the Institute of Advanced Motorists Limited ('IAM'), (Companies House Registered number: 562530; Registered Charity Numbers 249002 (Charity Commission, England and Wales) and SC041201 (Office of the Scottish Registered Charity Regulator)).

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). The names of the Patron, President, Vice President, Council - Trustees, and Senior Leadership Team who served during the year and since the year end are shown below.

Patron HRH Prince Edward, The Duke of Kent

President Nigel Mansell CBE

Vice Presidents Sir Peter Bottomley

Steven Norris

Nick Ross

Council - Trustees

Stuart Malcolm Donald QPM

Jeffrey Willcocks

Anthony Steven Cearns

Elizabeth Marguerite Coyle-Camp

John Mark Jenkins

Samantha Jane Kane

Nicholas David John Lomas

Dr Bradley Poulson

Nicholas John Anthony Stein

Victoria Ann Milford

Tom Kelman

Mark Armitage

Angela Bell

Rupert Newman

Mark Powell

Sarah Whiteside-Jones

Committee Membership

Chairman (1-3)

Vice Chairman

(1-Chair)(Resigned 08 September 2022)

(Resigned 18 July 2023)

(1,2) (Resigned 28 September 2022)

(2-Chair) (Resigned 24 November 2022)

(3 – Chair)

(Resigned 24 November 2022)

(2 – Chair) (Appointed 24 November 2022)

(1 – Chair) (Appointed 1 January 2023)

(Appointed 28 September 2023)

(Appointed 28 September 2023)

(Appointed 28 September 2023)

(Appointed 28 September 2023)

(Appointed 28 September 2023)

Committees:

1. Finance & Audit Committee

2. Remuneration Committee

3. Nominations Committee

Senior Leadership Team

Antony Kildare

Simon Boyd

Neil Greig

Neil Harris

Kat Hyde

Tom Kelman

Nicola Smith

Andrew McLachrie

Chief Executive (appointed 1 April 2022)

Commercial and Operations Director (appointed 01 January 2023)

Policy & Research Director

Finance Director (resigned 30 April 2022)

Marketing & Communications Director (appointed 01 January 2023)

Interim Finance Director (appointed 19 May 2022 – Resigned 30 November 2022)

People & Culture Director (appointed 01 January 2023)

Finance Director (Appointed 07 November 2022)

Company Secretary

ARM Secretaries Limited (resigned 30 March 2023)

Andrew McLachrie (appointed 30 March 2023)

Registered Office

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

Professional Advisers

Statutory Auditor

Bankers

Investment Advisors

Investment Managers

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

HSBC Bank plc, 60 Queen Victoria Street, London, EC4N 4TR

Portfolio Management Consultancy Limited (PMCL), 100 Liverpool St, London, EC2M 2AT

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

INSTITUTE OF ADVANCED MOTORISTS LIMITED(THE)

REPORT OF THE COUNCIL (continued)

Structure, Governance and Management

Objects

IAM's objects are to improve the standard of driving and the promotion of road safety for the public benefit, in particular by (but not limited to) the operation of an advanced test.

Public benefit

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.

Primary activities

Formed in 1956 as the Institute of Advanced Motorists, IAM RoadSmart as we know it today, grew into the UK's largest road safety charity.

With over 60 years' experience educating and upskilling drivers and riders, the charity's purpose has been about making roads safer for all. Course fees and membership, in addition to a commercial offering developed in 2006 have been key in generating income, but the challenges highlighted by the COVID-19 pandemic, and the subsequent cost of living crisis have pointed to the need to change and diversify.

Our federated group structure was developed to support the delivery of services; this provided a semi-autonomous relationship for local groups that drove up membership and raised funds for the charity. The charity's membership peaked in the 1990's but has since declined highlighting a need to change our membership offering and the systems and processes used to deliver it, as well as diversifying our income streams to enable the charity to maximise its contribution.

Where we are now

IAM seeks to achieve its objectives and fulfil its public benefit requirement by funding and evolving the following activities.

1. Promoting the IAM RoadSmart brand as the UK's leading road safety charity and advocate, helping to improve driving and riding skills through courses and coaching.
2. 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.
3. 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 drivers and riders.
4. IAM 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.
5. 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

REPORT OF THE COUNCIL (continued)

Structure, Governance and Management (continued)

continues to be the communication valued by Members as their primary source to reinforce IAM RoadSmart Members' knowledge and awareness of road safety issues.

6. 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 are 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.

7. Through IAM Driver Retraining Academy (DRA), the IAM Group offers retraining for offenders through delivery of drink-drive rehabilitation scheme courses.

8. Through our partner, we also offer a branded insurance offer to our members. This offer introduces members to insurers who may see our members as lower risk. We receive commission for policies taken out.

9. We offer a number of Skills Days activities across the UK – these provides members and the public the opportunity to practice their driving and riding techniques on a course environment and receive guidance on improvements and safety pointers.

Council acknowledges that the success of IAM's 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 which IAM would be unable to deliver their courses – Thank You.

Strategy

This financial year has been a crucial step forward for the organisation. Alongside our trustees, the CEO and Senior Leadership Team have agreed a new strategy for the organisation.

Council approved a new 3-year strategy with measures needed to futureproof the charity for years ahead; a key outcome is to modernise its appeal to a broader demographic, with Equality, Diversity and Inclusion being at the forefront, and diversification of our membership, and product portfolio.

Our aim is to enhance national recognition of our brand, with our policy and campaigning, building on the IAM RoadSmart name and heritage, and establishing the charity as a 'go to' in the road safety space.

Additionally, our commitment to being 'digital to the core' will challenge how we do things, optimising our systems and processes, to improve the community experience.

Five core pillars have been committed to as part of the strategy, as follows:

1. Grow the brand name and corporate identity to be recognised nationally, with an increased presence and authoritative voice in the policy and campaigning space. We will:

- place road safety at the heart of all we do
- elevate our policy and campaigning activity to make impact on road safety issues in the UK.
- address challenges such as static road death numbers and the evolution of on-road and in-vehicle technology

REPORT OF THE COUNCIL (continued)

Structure, Governance and Management (continued)

2. Increase skills development, knowledge share, competency, and on road confidence through education and coaching. We will:
- make road safety skills and education up to date, relevant and accessible to all
 - diversify and refresh educational tools and products to engage existing and new audiences.
 - reflect new road safety challenges, embracing new learning styles and technologies. engaging with those who put the most drivers and riders on the road and those who use the road for a living.
3. Develop a broad, diverse, and inclusive community of passionate road users across the UK. We will:
- support an increasingly diverse community of road safety experts across the United Kingdom
 - be inclusive, recognising those that have passed the advanced test demonstrate the highest level of skill that is up-to-date and relevant, as well as those that choose not to take the advanced test but still have a passion and interest in road safety
 - provide support to enable our community to ensure it is sustainable and that it can continue to deliver key services.
4. Promote a well led, progressive, ethical charity that lives and breathes by its culture and behaviours. We will:
- be well-run and sustainable, supported by effective leadership, governance, systems, and infrastructure
 - monitor effective stewardship of resources and assets to ensure the charity have an impact on improving road safety.
 - work to mitigate any negative impacts we may cause.
5. Embrace being digital to the core. Enabling and simplifying our service and offerings, growing our reach and enriching the community experience. We will:
- transform using best in show technology to support our growth and diversification ambitions and continuously measure our progress and deliverables
 - work with IT experts, providers, and originators to adopt and apply tried and tested, 'plug and play' market solutions in delivering for our customers and members.

Constitution & Membership

IAM was established on 10 March 1956 as a company limited by guarantee and is governed by a 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.
- Varying the annual Membership subscription.

REPORT OF THE COUNCIL (continued)

Structure, Governance and Management (continued)

Subsidiary Undertakings

IAM's three subsidiary undertakings that were active during the year were as follows.

- 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 provides access to insurance services to Members.

Corporate Governance

Appointments to Council

The Council consists of such IAM RoadSmart Members and suitable individuals 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 based on the skills, expertise and experience they bring to the Council. A role definition for trustees is in place.

Induction and training

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 are also encouraged to seek guidance and support from the Charity Commission website which offers free guidance and learnings to trustees on key aspects of their role.

Rotation of trustee appointments

Tom Kelman and Victoria Milford offer themselves for formal election at the next AGM, joining as Trustees on 1 January 2023 and 24 November 2022 respectively.

Nick Lomas, retires from the Council at the next AGM under Article 21 and offers himself for re-election at the next Annual General Meeting.

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. An assessment of compliance with the Charity Governance Code has been deferred until the 2023/24 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.

INSTITUTE OF ADVANCED MOTORISTS LIMITED(THE)

REPORT OF THE COUNCIL (continued)

Structure, Governance and Management (continued)

Decision Making, Committees, and IAM RoadSmart groups

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 and is assisted in its work by three committees to which certain powers and responsibilities are delegated. The members of the **committees** are set out on page 2 of this report.

The **Finance & Audit Committee** is responsible for ensuring financial reporting obligations are met for IAM and its subsidiaries (together "the IAM Group"). This involves ensuring the statutory financial statements for the IAM Group are properly audited and that accepted recommendations of the auditors are implemented. Whilst also establishing, maintaining, monitoring, and reviewing financial controls throughout the IAM Group, to safeguard its assets and ensure its financial integrity. The Committee also confirms that IAM's investment policy is appropriate and monitors the performance of those investments and confirms IAM's reserves policy is appropriate. The Finance and Audit Committee meet formally once a quarter, with additional meetings as needed.

The **Remuneration Committee and remuneration policy** approves the remuneration of IAM's Senior Leadership Team and monitors the overall remuneration policy across the IAM Group. The Senior Leadership Team determines the salaries of all other executive staff within budget parameters set by Council. The remuneration Committee meets formally 3 times a year, with additional meetings as needed.

The **Nominations Committee** 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.

The day-to-day management of the IAM Group is delegated by the Council to the Chief Executive and the Senior Leadership Team listed on page 2.

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.

Risk management and internal control

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 departments 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 Finance & Audit Committee also ensures appropriate procedures are in place to identify and minimise financial risk to the IAM Group, including the risk of fraud. The principal risks to which the IAM Group is exposed and the mitigations in place to manage these risks are set out below.

During 2022/23 we have also undertaken a refresh on our approach to risk – with the emphasis on risk mitigation, and transparency of progress on risks. The risks continue to be reviewed regularly at SLT and Quarterly at Committee and Council level.

Risk	Management of risk
Reduction in core income arising from the decline in the number of members. Now also impacted by rising inflation the UK cost of living crisis as well as the ageing demographic of our Membership.	Develop and implement plans to improve the communication and provision of services to members. This includes contacting recently lapsed members to encourage them to renew their membership. Campaigns to encourage members to pay their annual subscriptions by direct debit and encouraging more members to sign up for Gift Aid. Campaigns and product development to attract all generation groups.

INSTITUTE OF ADVANCED MOTORISTS LIMITED(THE)

REPORT OF THE COUNCIL (continued)

	<p>Diversify the sources of income to enable us to further enhance the delivery of our objects.</p> <p>Regularly reviewing and revising pricing policies considering cost-of-living pressures.</p>
Decline in the strength of the IAM groups affiliate network and volunteers.	<p>The dedicated field service team is tasked, inter alia, with supporting IAM RoadSmart groups on a regional basis and assisting them to adopt best practices.</p> <p>Continue to assess the future viability of the current model, ensuring it remains fit for purpose, and adjusting as necessary to ensure both IAM and Groups have a vibrant future.</p>
Decline in the capacity of the contracted base of Advanced Driving Instructors ('ADIs').	<p>A recruitment strategy specifically targeting locations that present both a significant geographical gap of available ADIs and an above average level of requests to deliver on-road training is in place.</p> <p>IAM RoadSmart are seeking a closer relationship with those ADIs who choose to benefit from working with the IAM Group.</p>
IT systems, including DARTS implementation.	<p>Negotiating fixed price contracts or tight budgetary control with IT suppliers, adopting rigorous testing and acceptance procedures, and reviewing regular project plan progress reports with a steering group chaired by the Chief Executive Officer.</p> <p>Ensuring Data integrity and quality, and adherence to associated data protection policies.</p>
IT – Cybersecurity.	<p>Thorough software update regime, robust backup procedures, subject to quarterly firewall penetration testing, carried out by an independent cyber security consultancy.</p> <p>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.</p>
Investment underperformance and volatility of investments markets affecting investment valuations.	<p>Maintaining investment portfolios with differing investment strategies and risks.</p> <p>Regular review of investment managers assessing their performance against benchmarks, portfolio construction and asset allocation, portfolio risk attitudes, service levels and costs.</p> <p>Appointment of specialised Investment Advisors, development of appropriate investment policy to align with the organisations longer term requirements of the fund.</p> <p>Ensure funds are invested inline with our investment policy.</p>
Line management capabilities and succession planning for key staff.	<p>A review was undertaken of succession planning to identify those roles where there was not a 'natural' successor within the IAM Group culminating in key staff recruitment and the formation of a Senior Leadership Team.</p>
Long term strategy.	<p>Council, and the Senior Leadership Team have established a working group to evolve the strategic review that commenced in 2021.</p> <p>The plan was shared as part of the 2022/23 round of group forums as well as the 2022 AGM.</p> <p>3 Year transition strategy is being delivered to ensure we achieve the 5 key strands on that strategy. Progress is reviewed regularly both at an Executive and Trustee level.</p>

REPORT OF THE COUNCIL (continued)

Strategic Report

During the year ended 31 March 2023, the IAM Group did not carry out any activities to raise funds from the public.

Strategic Review of activities and achievements

Our activities progressed during the year ended 31 March 2023. Some of the most notable achievements in the year were:

- An Organisational Redesign, which came into effect in January 2023. The new structure has placed the right people, in the right roles, at the right time, and will help to futureproof the charity for years to come.
- Improvements to internal communications – these included the introduction of Townhall meetings, and onboarding of a new internal communications platform. Both introductions will help us share progress and celebrate successes.
- Exploratory research into a brand review, with several focus groups taking place to consult our existing community on our brand, with further work to follow. Work has also taken place to modernise our collateral - giving us a more modern and relatable look and feel, supporting a strong and united brand. As well as the appointment of 2 brand ambassadors - one of whom who is supporting with young rider training, the other who has been onboarded to represent group and community.
- Delivery of several strategy workshops, to support the development of IAM's new strategy. The respective workshops invited members, group representatives, members of the IAM team and the public, to help influence our organisational strategy.
- Launch of the first IAM RoadSmart member satisfaction survey implemented to gauge feedback from our members, to help us improve our offering and experience to current and future members; the survey will now run every two years.
- A technological capability audit drawing on the advice of a third-party expert to identify the appropriate future needs of the organisation
- Formation of a new Product Development team to help curate and develop our existing products (as well as new) in a structured and strategic way.
- Support of the FIA Best Young Driver competition – after a successful selection process, which included a visit to the Williams Formula One team HQ, two young drivers were sent to the contest final in Madrid last October. The experience was positive for all involved and drove our commitment to support in 2023.
- Successful deliver of 18 Skills Days events, as well as support of Adventure Bike Rider Festival and Motorcycle Live.
- Increased profiling of IAM RoadSmart in the media - gaining more media appearances and coverage this year. This has been helped by carrying out our own research to form the basis of media stories, and utilising IAM RoadSmart internal experts to comment on stories and raise awareness of ongoing issues. This in turn has meant more journalists are approaching us for comments and know we're a reliable and credited source for information
- Continued engagement with key organisations such as the Department for Transport, National Highways, National Police Chiefs Council, Transport Scotland, Transport Focus and the Office of Road and Rail. Provided ongoing campaign input and support to government 'Think' campaigns such as the promotion of the new Highway Code and lobbied the Driver and Vehicle Standards Agency and Welsh Government to allow online drink drive course delivery and renewal of Welsh license.

REPORT OF THE COUNCIL (continued)

Strategic Review - Review of activities (continued)

The progress made in the IAM Group by company may be summarised as follows:

Institute of Advanced Motorists Limited

We finished the year with 74,795 members.

2,871 associates passed their Advanced tests this year.

We ended the year with 3,027 qualified Observers.

RoadSmart Magazine continues to develop, and readers feedback and engagement continues to increase with each issue. Our newsletters, Members Polls and communications regularly attract opinions which are used by our Policy & Research and Marketing & Comms teams to optimise and build on new campaigns and to create engaging, educational content for broadcast, online and print media and social media channels.

One of our key areas of support is influencing key decision makers and our activities and progress in this area are summarised below.

Research and Lobbying

Building on the previous years, IAM's policy and research activities continued at a steady pace this year. We were invited to participate on the communications steering group for the Highway Code changes which were announced at the end of January 2022. IAM RoadSmart communicated the key changes and refreshed messaging to members through our social media, press and online channels. We benefited in terms of media coverage and engagement, being ahead of the curve with information in line with the launch date at the end of January 2022 resulting in significantly increased traffic and awareness across all audiences.

Key policy updates and legislation

During the year, the IAM RoadSmart Policy & Research team undertook surveys and generated successful media coverage and commentary on topics such as Smart Motorways, automated vehicles, speeding, drink-driving, -scooters, IAM RoadSmart also joined the new Department for Transport Road Safety Education Forum and participated in several online conferences and webinars.

We continued to promote the interests of motorcyclists through our role as one of the founding members of the National Motorcyclists Council (NMC) attending events and briefings to promote the positive role of motorcycling in reducing congestion and decarbonisation.

IAM Drive & Survive Limited ("Drive & Survive")

Our commercial offer continues to be challenged around effective delivery. Whilst this was partly contributed to by Covid, we have seen positive signs in this area. We have continued to ensure we have positive relationships with Advanced Driving Instructors (ADI), which remain a key resource for delivery. We have been enhancing our offer that is more digitally driven to remove any possible volume bottlenecks. We are now focusing on our internal effectiveness, as part of the 3-year transition, to ensure we can accommodate and smoothly facilitate higher volumes across our commercial offerings.

INSTITUTE OF ADVANCED MOTORISTS LIMITED(THE)

REPORT OF THE COUNCIL (continued)

Strategic Review - Review of activities (continued)

IAM Driver Retraining Academy Limited ("DRA")

Our drink drive rehabilitation referrals were slightly down in 2022/23; this seemingly stems from a change in court process than a fall in convictions.

We now deliver both virtual and in person courses and remain the UK's largest provider. We are engaging with Government on the need for a similar course for those convicted of driving and riding under the influence of drugs.

Institute of Advanced Motorcyclists Limited

The company continues to manage the IAM Group's arrangements with insurance brokers and derives its income from commissions on introductions to motor insurers and other bodies. Commission income totalled £303k to the year-end 31 March 2023 – representing an 8% increase on 21/22. We recognise that the current insurance market is proving challenging, with premiums making hefty increases year on year. As part of this, we continue to keep a close eye on our partners competitiveness, whilst acknowledging that one provider will not always be the most competitive on every quote.

Future activities

2023/24 will see the start of the rollout of our new strategy, previously signed off by Council; the strategy will have activity segmented across 3 years, with clear KPIs established to help measure performance as part of a Performance Management Framework, with regular review.

People and community will stem off the strategy, with a People and Culture plan to be established and communicated. Agreed activities will be aligned to the strategy and committed to over the 3 years. Year 1 will include embedding our values, attracting, recruiting and retaining the right people with the right knowledge, skills and behaviours, skills enhancement for our leaders and managers, with review and development of a reward and recognition scheme.

As well as recognition of our people, we are developing plans to recognise our volunteers, to include more member and group stories, with People Power the leading concept. We are also looking to launch Investors in Volunteers, the UK standard for volunteer management and best-practice; this will help us improve the volunteer experience and acknowledge their contribution to the charity, and our partners.

There will be continued focus on policy and campaigning, with the appointment of a new Policy Lead; this work will continue to elevate our brand and raise awareness of our purpose as a national road safety charity; we will be looking to evolve existing campaigns to include drug-driving (and develop new) as well as further collaboration with national brands, to help lobby government.

Forming further partnerships with national brands is key to a sustainable future for us. Not only will it help us with reach, but it will also help establish us as a serious contender in the road safety space. We have plans to evolve partnerships we already have, to include National Highways, Harley-Davidson, and Bike Safe, and we have conversations already in progress with other national membership organisations, national brands and high-profile influencers to help us campaign for safer roads for all.

Investment into an events schedule is key for the year ahead; this is one of several revenue generating streams for us, and with the appointment of an Events Manager (May 2023), we will be developing a plan for sponsored events, community events (group and member), and non-member paid for events – online and in-person; these events will be in addition to our Skills Days and Autumn Forums.

Our ambition by 1 April 2025, is for all Advanced Driving and Riding courses to be delivered by National Observers; the process to achieve this began on the 31 March 2023. Adopting one standard of observing will create a clear and logical process for our volunteers, customers and partners, with our focus being on 'competency assessment, not experience.'

REPORT OF THE COUNCIL (continued)

Strategic Review (continued)

Finally, we are reviewing 'how' we deliver on regional activity, to build our brand profile and presence in each nation. We are focussing our attention on partnerships in Northern Ireland, and the continued delivery of drink drive rehabilitation in Wales, with media engagement on issues such as the 20mph speed limits and supporting Rider Refinement North with the delivery of motorcycling sessions, with growth opportunities on the horizon.

Review of finances

The Group Statement of Financial Activities on page 18 shows a net movement in funds of £1.77 deficit (2021-22: £0.35m surplus). This headline deficit may well appear of a concern; however, it was caused by 3 key elements, two of which were known about and part of the organisation's transformation.

- Investments: In line with the market, our investments returned losses over the year. In total, they reduced in value by £0.7m. It is recognised that recent market performance has been incredibly challenging, and the revised investment policy adopted should ensure future risk is managed. Our approach on investments is covered further in a later section.
- Transformation Spend: As part of the desire to move the organisation to operational sustainability, we did incur substantial spend on the start of that transformation activity – totalling £0.7m. This spend is part of a 3-year commitment to ensure the organisation achieves financial security and sustainability and at least break even at an operating position within the time of that 3-year plan. Further funds will be incurred in 23/24 as part of the plan.
- Operating Performance: As mentioned, and driving the cause for the 3-year plan, the organisation has made sustained losses at an operating position for many years – 22/23 was no different. The loss in 22/23 was £0.3m. This level of underlying loss has always been prevalent in IAM's results, but historically masked by investment return. The focus of the 3-year plan, amongst other things, is to ensure these operating losses are eliminated moving forward.

The overall deficit remains at £1.77m – but the vast majority of that loss is for known reasons and contributors.

The Balance Sheets on page 19 show that the net assets of the Group have decreased by £1.77m from £9.03m to £7.26m. This movement was contributed to by an operating deficit in the year of £0.3m, Transformation spend of £0.7m and investment losses of £0.7m. All funds held by the Group at year end were unrestricted and undesignated.

Reserves

The Finance and Audit Committee conducted a full review of our reserves policy during the year which was ratified in March 2023 by Council. The outcome of that review provided that the appropriate level of reserves for the organisation to hold is between 6 and 9 months of operating expenses, together with any existing liability or specifically ring-fenced funds. Reserves are held for a number of reasons – in the main to support operating activity should there be a catastrophic impact on income (e.g. pandemic), to service any long term commitments, or any existing known liabilities.

In light of the revised policy, the Finance and Audit Committee consider it prudent to hold 9 months of operating reserves in the current economic climate. Additionally, the necessary funds ring-fenced for delivery of the 3-year plan should also be held.

As at 31 March 2023, free reserves stood at £7.26m – this represents approximately 9 months of operating expenses plus funds to deliver the 3 year plan.

Investment & Investment policy

IAM appointed an independent investment advisor during 2022/23. PMCL are a regulated Investment Advisor who specialise in the Charity and Not-For-Profit sector. They were appointed after an external tender process covering multiple advisors.

Following PMCL's appointment, a review of our Investment Policy was also conducted in-line with our reserves policy. The outcomes from that review have resulted in an adjusted investment Policy that was ratified at the June 2023 Council Meeting.

INSTITUTE OF ADVANCED MOTORISTS LIMITED(THE)

REPORT OF THE COUNCIL (continued)

IAM's 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.

The performance of each fund manager is continuously monitored by PMCL and reported through to Finance and Audit Committee and Council on a regular basis. Any deviations in performance are investigated by PMCL and appropriate action advised.

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 2023 was £7.18m (2022: £8.44m) held with three investment managers, JM Finn & Co, Ruffer LLP, and Rathbone Investment Management. All funds are invested to align with our Investment Policy.

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 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 and internal control' on page 7, together with the underlying budgets for 2023/24 and a roll forward of the budget for 2023/24 using prudent assumptions. 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.

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 member of the Senior Leadership Team 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 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.

REPORT OF THE COUNCIL (continued)

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.

The Report of the Council (including the Strategic Report) was approved on behalf of the Council by



Stuart Malcolm Donald
Chairman

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

28 September 2023

**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 2023 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 2023 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 13, 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, taxation 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.

Vincent Marke
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date

**GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2023
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**

	Note	GROUP 2023 £000	2022 £000	2023 £000	IAM 2022 £000
Income from:					
<i>Donations and legacies</i>					
Subscriptions (including Gift Aid)		3,474	3,568	3,474	3,568
Other income	3.1	24	14	24	14
<i>Charitable activities</i>					
Test fees		503	487	503	487
<i>Other trading activities</i>					
Training and related services	3.2	1,946	2,076	-	-
Investments	10	222	174	222	174
Total income		6,169	6,319	4,223	4,243
Expenditure on:					
<i>Raising funds</i>					
Fundraising and publicity	3.4	807	770	807	102
Training and related services	3.4	2,292	1,775	660	511
		3,099	2,545	1,467	613
<i>Charitable activities</i>					
Research and advocacy	3.4	549	523	549	523
Membership services	3.4	1,769	1,793	1,769	1,793
Tests	3.4	1,176	924	1,176	924
Quality assurance	3.4	627	611	627	611
		4,121	3,851	4,121	3,851
Total expenditure	3.4	7,220	6,396	5,588	4,464
Net (expenditure) / income		(1,051)	(77)	(1,365)	(221)
Net (loss)/gains on listed investment portfolio	9	(718)	425	(718)	425
Net (Loss)/Income for the year	4	(1,769)	348	(2,083)	204
<i>Other recognised gains</i>					
Net movement of funds in year		(1,769)	348	(2,083)	204
Balances brought forward at 1 April		9,028	8,680	7,561	7,357
Balances carried forward at 31 March		7,259	9,028	5,478	7,561

The above results are from continuing activities and there are no other gains and losses except as stated above.

The notes on pages 21 to 35 form part of these accounts.

COMPANY NUMBER 562530

BALANCE SHEETS AS AT 31 MARCH 2023

		Group		IAM	
	Note	2023 £000	2022 £000	2023 £000	2022 £000
Fixed assets					
Intangible assets	7	318	367	318	367
Tangible assets	8	47	65	47	65
Investments	9	7,046	8,444	7,176	8,574
		<u>7,411</u>	<u>8,876</u>	<u>7,541</u>	<u>9,006</u>
Current assets					
Stocks	11	50	91	47	56
Debtors	12	795	701	1,486	1,579
Cash at bank and in hand		641	763	520	629
		<u>1,486</u>	<u>1,555</u>	<u>2,053</u>	<u>2,264</u>
Current liabilities					
Creditors: amounts due within one year	13	(1,638)	(1,403)	(4,116)	(3,709)
Net current assets/(liabilities)		<u>(152)</u>	<u>152</u>	<u>(2,063)</u>	<u>(1,445)</u>
Total assets less current liabilities		<u>7,259</u>	<u>9,028</u>	<u>5,478</u>	<u>7,561</u>
Net assets		<u>7,259</u>	<u>9,028</u>	<u>5,478</u>	<u>7,561</u>
Unrestricted funds					
General fund	14	7,259	9,028	5,478	7,561
		<u>7,259</u>	<u>9,028</u>	<u>5,478</u>	<u>7,561</u>

The financial statements on pages 21 to 35 were approved by the Council on 28 September 2023 and authorised for issue and signed on its behalf by



Stuart Malcolm Donald
Trustee

The notes on pages 21 to 35 form part of these accounts.

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

		2023		2022	
	Note	£000	£000	£000	£000
Cash flows from operating activities:					
Net cash generated in operating activities	17		(973)		179
Cash flows from investing activities:					
Payments to acquire intangible fixed assets	7	(37)		(83)	
Payments to acquire tangible fixed assets	8	(15)		(35)	
Net drawdown from/(additions) to investments	9	592		13	
Movement in cash investments	9	88		(131)	
Listed investment income	10	221		173	
Bank interest received	10	1		1	
Net cash provided /(utilised) by investing activities			851		(62)
Change in cash and cash equivalents in the year			(122)		117
Cash and cash equivalents at start of the year			763		646
Cash and cash equivalents at end of the year			641		763

The notes on pages 21 to 35 form part of these accounts.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

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.

The trustees' consideration of going concern also considered 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 2023. 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.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

2 Accounting policies (continued)

(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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

2 Accounting policies (continued)

(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%

(j) Intangible fixed assets – capitalisation, amortisation and impairment

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%
-------------------	---	-----

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.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

2 Accounting policies (continued)

(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.

3.1 Other income

	2023 £000	2022 £000
Government grant – Coronavirus Job Retention Scheme	-	-
Non-Government grants	3	14
Donations	5	-
Sundry income	16	-
	24	14

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

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
	Year ended 31 March 2023					
	£000	£000	£000	£000	£000	£000
Turnover:						
Sale of goods	812	-	303	-	832	1,947
Cost of sales	(615)	-	-	-	(343)	(958)
Gross profit	197	-	303	-	489	989
Administrative expenses	(95)	-	(4)	-	(59)	(158)
Management charges	(221)	-	(29)	-	(310)	(560)
Operating (loss)/profit	(119)	-	270	-	119	270
Interest payable to related parties	(15)	-	-	-	-	(15)
Interest receivable from related parties	-	-	53	-	6	59
(Loss)/profit before and after taxation	(134)	-	323	-	125	314
	Year ended 31 March 2022					
	£000	£000	£000	£000	£000	£000
Turnover:						
Sale of goods	865	-	281	-	930	2,076
Cost of sales	(482)	-	-	-	(389)	(871)
Gross profit	383	-	281	-	541	1,205
Administrative expenses	(88)	-	(3)	-	(59)	(150)
Management charges	(615)	-	(27)	-	(300)	(942)
Operating (loss)/profit	(320)	-	251	-	182	113
Interest payable to related parties	(15)	-	-	-	2	(13)
Interest receivable from related parties	-	-	44	-	-	44
(Loss)/profit before and after taxation	(335)	-	295	-	184	144

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 £42K gift aid payments made to the charity in respect of financial year ended 2022 during the financial year ended 2023 (whilst no gift aid payments in respect of 2021 was paid during the financial year ended 2022).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

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	Drive & Survive UK Limited	IAM Roadsmart Limited	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current assets	351	169	-	2,755	227	513	-	-	4,015
Creditors	(1,612)	-	(55)	(129)	-	(375)	(218)	-	(2,389)
Net (liabilities)/assets	(1,261)	169	(55)	2,626	227	138	(218)	-	1,626

	----- 31 March 2022 -----								
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current assets	370	169	-	2,306	227	356	-	-	3,428
Creditors	(1,496)	-	(55)	(3)	-	(343)	(218)	-	(2,115)
Net (liabilities)/assets	(1,126)	169	(55)	2,303	227	13	(218)	-	1,313

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

3.4 Total expenditure

Costs of raising funds
Membership subscriptions and Publicity
Training and related services

	Direct staff £000	Other direct costs £000	Support costs £000	Total 2023 £000	Total 2022 £000
	198	181	428	807	770
	753	1,539	-	2,292	1,775
	951	1,720	428	3,099	2,545

Charitable activities

Research and advocacy
Membership services
Tests
Quality assurance

Total expenditure

	135	173	241	549	523
	478	488	803	1,769	1,793
	224	553	399	1,176	924
	185	122	319	626	611
	1,022	1,336	1,762	4,120	3,851
	1,973	3,056	2,190	7,219	6,396

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

3.5 Council expenses

	2023 £000	2022 £000
Travel and subsistence: Expenses reimbursed to 2 trustees (2022: 2 trustees)	2	4

Expenses reimbursed to trustees in 2022/23 amounted to £2K. 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 (2022: £nil).

No pension payments were made in respect of directors/trustees (2022: £nil).

3.7 Employees whose emoluments exceed £60,000

	2023 Number	2022 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	2	1
£70,001 to £80,000	1	1
£80,001 to £90,000	2	1
£90,001 to £100,000	1	-
£100,001 to £110,000	-	1
£110,001 to £120,000	-	1
£120,001 to £130,000	1	1
£130,001 to £140,000	-	-
£140,001 to £150,000	-	1
£150,001 to £160,000	1	-
£160,001 to £170,000	-	-
£170,001 to £180,000	1	-
	<u>9</u>	<u>7</u>

Pension contributions of £59,690 (2021: £61,220) were made during the year to a defined contribution scheme in respect of 7 employees (2021: 9 employees) included in the above analysis. The average number of employees was 60 (2021: 61).

3.8 Staff costs

	2023 £000	2022 £000
Wages and salaries	2,779	2,428
Social security costs	303	262
Defined contribution pension costs	129	137
	<u>3,211</u>	<u>2,827</u>

During the year, the IAM Group incurred redundancy costs of £176,735 (2022: £9,676).

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.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

The total remuneration including employers' national insurance of the current Senior Leadership Team (as per page 2) who are considered to be the key management personnel of the IAM Group was £779,457 (2022: £974,791).

4. Net expenditure for the year

	2023 £000	2022 £000
Net expenditure for the year is stated after charging:		
Depreciation	32	60
Amortisation of intangible assets	86	89
Auditor's remuneration - audit fees current year	35	22
Auditors remuneration - audit fees - prior year	30	-
Auditors remuneration - tax services - current year	6	6
Operating lease payments - motor vehicles	65	68

5 Allocation of support costs

	Cost of generating funds £000	Membership services £000	Tests £000	Quality assurance £000	Research and advocacy £000	Total 2023 £000	Total 2022 £000
Management	47	105	52	42	32	278	272
Finance	163	211	105	84	63	626	524
Information technology	116	259	129	103	78	685	805
Facilities	62	139	69	55	42	367	344
Human resources	11	23	12	9	7	62	72
Governance (See note 6)	29	65	32	26	19	172	159
	428	802	399	319	241	2,190	2,176

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

6 Governance – Group and IAM

	2023 £000	2022 £000
Direct costs:		
Audit and accounting fees	39	28
Professional fees	66	68
Council costs	1	6
Salary costs	66	57
	172	159

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

7 Intangible fixed assets

	Goodwill	Computer Software	Assets under construction (See note)	Total
	£000	£000	£000	£000
Group				
Cost				
At 1 April 2022	2,927	446	83	3,456
Additions	-	-	37	37
Transfer	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	2,927	446	120	3,493
Amortisation				
At 1 April 2022	2,927	162	-	3,089
Charge	-	86	-	86
Transfer	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	2,927	248	-	3,175
Net book value				
At 31 March 2023	-	198	120	318
At 31 March 2022	-	284	83	367
IAM				
Cost				
At 1 April 2022	-	446	83	529
Additions	-	-	37	37
Transfer	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	-	446	120	566
Amortisation				
At 1 April 2022	-	162	-	162
Charge	-	86	-	86
Transfer	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	-	248	-	248
Net book value				
At 31 March 2023	-	198	120	318
At 31 March 2022	-	284	83	367

Note: Assets under construction relates to the ongoing development of DARTS, (the Groups CRM system). These costs are transferred to computer software and amortised from the first month of going live once developments are released and go live.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

8 Tangible fixed assets

	Leasehold Improvements	Computer equipment	Office equipment	Total
	£000	£000	£000	£000
Group				
Cost				
At 1 April 2022	54	91	285	430
Additions	-	15	-	15
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	54	106	285	445
Depreciation				
At 1 April 2022	54	63	248	365
Charge	-	17	16	33
Disposals	-	-	-	-
At 31 March 2023	54	80	264	398
Net book value				
At 31 March 2023	-	26	21	47
At 31 March 2022	-	28	37	65
IAM				
Cost				
At 1 April 2022	54	91	285	430
Additions	-	15	-	15
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	54	106	285	445
Depreciation				
At 1 April 2022	54	63	248	365
Charge	-	17	16	33
Disposals	-	-	-	-
At 31 March 2023	54	80	264	398
Net book value				
At 31 March 2023	-	26	21	47
At 31 March 2022	-	28	37	65

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

9 Fixed asset investments

	Group		IAM	
	£000	£000	£000	£000
Shares in subsidiary companies (see below)				
Cost at 1 April 2022 and 31 March 2023		-		130
Listed investments				
Market value at 1 April 2022	8,195		8,195	
Net additions / (disposals)	(592)		(592)	
Net (loss)/gain on investment assets	(718)		(718)	
Market value at 31 March 2023		6,885		6,885
Cash				
At 1 April 2022	248		248	
Decrease in cash	(88)		(88)	
At 31 March 2023		161		161
		<u>7,046</u>		<u>7,176</u>
Shares in subsidiary companies (see below)				
Cost at 1 April 2021 and 31 March 2022		-		130
Listed investments				
Market value at 1 April 2021	7,784		7,784	
Net acquisitions	(13)		(13)	
Net gain on investment assets	425		425	
Market value at 31 March 2022		8,196		8,196
Cash				
At 1 April 2021	117		117	
Increase/ (decrease) in cash	131		131	
At 31 March 2022		248		248
		<u>8,444</u>		<u>8,574</u>

9.1 Subsidiary companies

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

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

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 owns 100% of the issued share capital of Drive & Survive UK Limited, IAM Motoring Trust Trading Limited, Professional Driver Services LTD, IAM Group Services LTD, and IAM RoadSmart Limited, all of which are registered in England and none of which has traded during the year.

9.2 Listed investments

The cost of listed investments at 31 March 2023 was £7,045,616 (2022: £6,825,620). There were no underlying holdings with an individual market value in excess of 5% of the total market value at 31 March 2023 (2022: none).

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

10 Investment income

	Group	
	2023	2022
	£000	£000
Income from investments	221	173
Bank interest receivable	1	1
	<u>222</u>	<u>174</u>

11 Stocks

	Group		IAM	
	2023	2022	2023	2022
	£000	£000	£000	£000
Goods for resale and consumables	50	91	47	56

12 Debtors

	Group		IAM	
	2023	2022	2023	2022
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	290	380	11	40
Taxation recoverable	140	104	140	104
Amounts due from group undertakings	-	-	984	1268
Other debtors	1	29	1	2
Prepayments and accrued income	364	188	350	165
	<u>795</u>	<u>701</u>	<u>1,486</u>	<u>1,579</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	
	2023	2022	2023	2022
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade creditors	419	457	354	346
Amounts due to group undertakings	-	-	3,148	2,832
Other taxation and social security	85	81	83	81
Accruals and deferred income	1,098	833	495	418
Other creditors	36	32	36	32
	<u>1,638</u>	<u>1,403</u>	<u>4,116</u>	<u>3,709</u>

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

	Group	IAM
	£000	£000
Deferred income at 1 April 2022	490	93
Amount deferred in year	422	225
Amount released in year	(177)	(159)
Deferred income at 31 March 2023	<u>735</u>	<u>159</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

14 General funds

	Group		IAM	
	2023	2022	2023	2022
	£000	£000	£000	£000
At 1 April	9,028	8,680	7,561	7,357
Gain/(deficit) for the year	(1,769)	348	(2,084)	204
At 31 March	<u>7,259</u>	<u>9,028</u>	<u>5,478</u>	<u>7,561</u>

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	
	2023	2022	2023	2022
	£000	£000	£000	£000
Amounts due:				
Within one year	141	124	61	72
Between one and five years	482	582	42	108
	<u>623</u>	<u>706</u>	<u>103</u>	<u>180</u>

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 to June 2022.

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

	Group	
	2023	2022
	£000	£000
Net operating income/(expenditure)	(1,051)	(77)
- Investment income	(222)	(174)
	<u>(1,273)</u>	<u>(251)</u>
Depreciation	32	60
Amortisation of computer software	86	89
(Increase)/decrease in stocks	41	(5)
(Increase)/decrease in debtors	(94)	(36)
Increase/(decrease) in creditors	235	322
Net cash inflow from operating activities	<u>(973)</u>	<u>179</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

18 Reconciliation of net debt

The Group has no borrowings and has not entered into any finance leases. The analysis of the changes in net debt are summarised in the table below.

	Group		IAM	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash at start of year	763	646	629	462
Cash flows	(122)	117	(109)	167
Cash at end of year	641	763	520	629

19 Contingent liabilities

There are no contingent liabilities for the year ended 31 March 2023 (2022: £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.

20 Capital commitments

At 31 March 2023, there were capital commitments contracted but not provided totalling £37,000 (2022: £80,000).

21 Financial instruments

	Group		IAM	
	2023	2022	2023	2022
	£000	£000	£000	£000
<i>Financial assets</i>				
Equity and debt instruments measured at fair value through income and expenditure	6,900	8,196	6,900	8,196

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 3.2 and comprised management fees and interest receivable/payable on inter-company loans with IAM.

At 31 March 2023, IAM owed £415k (2022: £199k owed) to IAM Driver Retraining Limited
 At 31 March 2023, IAM owed £224k (2022: £222k owed) to Professional Driver Services LTD.
 At 31 March 2023, IAM owed £1,398 from (2022: £1,304k owed from) IAM Drive and Survive Ltd.
 At 31 March 2023, IAM owed £175k (2022: £168k owed to) IAM Group Services Limited
 At 31 March 2023, IAM owed £2,749k (2022: £2,278k owed from) Institute of Advanced Motorcyclists Ltd

No other related party transactions were incurred in the period.