



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

Report of the Council and Financial Statements
for the year ended
31 March 2022

Company No. 562530

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

INSTITUTE OF ADVANCED MOTORISTS LIMITED(THE)

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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 2022 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	Committee Membership
Stuart Malcolm Donald QPM	Chairman (1,2,3,4)
Jeffrey Willcocks	Vice Chairman
Georgina Gaye Bromage	(Resigned 7 September 2021)
Anthony Steven Cearns	(1-Chair)(Appointed 22 July 2021)
Elizabeth Marguerite Coyle-Camp	(2)
John Mark Jenkins	(1,2-Chair,3)
Samantha Jane Kane	(3-Chair) (Appointed 23 September 2021)
Nicholas David John Lomas	(1, 4-Chair)
Dr Bradley Poulson	
Nicholas John Anthony Stein	(2)

Committees:

1. Finance & Audit Committee
2. Marketing & Communications Committee
3. Remuneration Committee
4. Nominations Committee

Senior Leadership Team

Antony Kildare	Chief Executive (appointed 1 April 2022)
Tony Greenidge	Chief Executive (resigned 31 March 2022)
Simon Boyd	Programme Director (appointed 20 June 2022)
Karolina Brzeska	Head of Membership Engagement (appointed 4 July 2022)
Gordon Clelland	Operations and IT Director
Richard Gladman	Head of Driving & Riding Standards & Product Development
Neil Greig	Policy & Research Director
James Hall	Sales & Marketing Director (resigned 30 April 2022)
Neil Harris	Finance Director (resigned 30 April 2022)
Kat Hyde	Head of Marketing & Communications (appointed 28 July 2021)
Tom Kelman	Interim Finance Director (appointed 19 May 2022)
Amanda Smith	Head of Field Service Delivery
Nicola Smith	Head of HR & Compliance

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

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

Professional Advisers

Statutory Auditor	Crowe U.K. LLP, 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

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

IAM seeks to achieve its objects 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 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.

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 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 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.

REPORT OF THE COUNCIL (continued)

Structure, Governance and Management (continued)

Strategy

Council last reviewed its Mission, Vision and Strategic Goals in 2020/21 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 adapting 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 with the support from the Senior Leadership Team are 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.

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.

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.

Two subsidiaries were made dormant at the beginning of the year, namely IAM Group Services Limited and Professional Drive Services Limited.

REPORT OF THE COUNCIL (continued)

Structure, Governance and Management (continued)

Corporate Governance

Appointments to Council

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 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.

Rotation of trustee appointments

Stuart Malcolm Donald, John Mark Jenkins, and Nicholas John Antony Stein retire from the Council at the next AGM under Article 21 and offer themselves 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 2022/23 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.

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 **Marketing and Communications Committee** has 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.

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 **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.

REPORT OF THE COUNCIL (continued)

Structure, Governance and Management (continued)

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.

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. Diversify the sources of income. Regularly reviewing and revising pricing policies considering cost-of-living pressures.
Decline in the strength of the IAM groups affiliate network and volunteers.	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.
Decline in the capacity of the contracted base of Advanced Driving Instructors ('ADIs').	Developing a recruitment strategy for ADIs and seeking a closer relationship with those ADIs who choose to benefit from working with the IAM Group.
IT systems, including DARTS implementation.	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.
IT – Cybersecurity.	Thorough software update regime, robust backup procedures, 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 underperformance and volatility of investments markets affecting investment valuations.	Maintaining investment portfolios with differing investment strategies and risks. Regular review of investment managers assessing their performance against benchmarks, portfolio construction and asset allocation, portfolio risk attitudes, service levels and costs.
Line management capabilities and succession planning for key staff.	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.
Long term strategy.	Council, and the Senior Leadership Team have established a working group to evolve the strategic review that commenced in 2021.

Fundraising activity

During the year ended 31 March 2022, the IAM Group did not carry out any activities to raise funds from the public.

REPORT OF THE COUNCIL (continued)

Strategic Review

Review of activities and achievements

Our activities continued to be materially impacted by Covid-19 during the year ended 31 March 2022 as the UK remained under unprecedented restrictions for most of the year. This meant IAM Group along with its community of volunteers and IAM RoadSmart groups were severely restricted and/or unable to perform and deliver most of our services face to face with our Members and other third parties seeking our support.

Some of the most notable achievements in the year were as follows.

- We returned to Skills Day events, successfully delivering 15 of the 16 planned, plus Skills Day Plus events, and events with Adventure Bike and Motorcycle Live.
- Successfully lobbied the Driver and Vehicle Standards Agency and Welsh Government to allow online drink drive course delivery and renewed Welsh Licence.
- Increased the profile of IAM RoadSmart in the media utilising research papers and expert commentary.
- Engaged with the Department for Transport and selected to contribute to communications that will support the launch of the new Highway Code.
- Embarked on a webinar programme providing learning and CPD opportunities for Observers.
- Expertise in Drink Rehabilitation Re-education has resulted in requests from the Government to submit recommendations for a new Drug rehabilitation course. Continued development of our core DARTS/CRM system to support member communication, online functionality, and visibility for Groups.
- Increased GDPR capability via DARTS/CRM system, improving the integrity and security of membership data.
- Direct Debit collections started in June 2021.
- Group Event Payments Systems – PDQ Devices and training.
- Successfully implemented SharePoint and OneDrive, improving IT resilience and business continuity.

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

Institute of Advanced Motorists Limited

We finished the year with 73,367 live Members which was above our target of 72,000.

Despite ongoing Covid-19 restrictions, and a slightly staggered return to the roads this year, 3,243 associates passed their Advanced tests this year. Bike groups returned to training in early April, but Car Groups didn't return until later in May due to continued Covid-19 restrictions. Restrictions and Government guidance remained a challenge throughout the year with different nations supporting different guidelines and car groups in particular exercising more caution when returning to all activities.

We ended the year with 1,431 qualified Observers which was slightly behind the target of 1,500 set.

The operations team achieved a 98% success rate against a target set of 95% on incoming calls answered. Whilst 100% of all emails were answered compared to a target of 95%. We have seen a significant increase in call volumes this year with the team fielding c.99k calls and emails in the first nine months of the financial year averaging c.11k calls and emails each month.

REPORT OF THE COUNCIL (continued)

Strategic Review - Review of activities (continued)

Institute of Advanced Motorists Limited (continued)

This year we undertook several activities to build awareness and education. A calendar of webinars was developed and commenced in March 2021. Designed to provide Continued Professional Development opportunities for IAM Observers and a series of interesting, educational topics for all. The topics included Neurodiversity and Observation, Tone of Voice, Hazard Awareness and Smart Motorways. The Drink Drive - The Myths & Facts held in June 2021 received the highest level of interest. In addition, a bespoke session was delivered to The Manufacturing Technology Centre Ltd their apprentices. Further sessions with a wider scope are in development.

RoadSmart Magazine continues to develop, and readers feedback and engagement continues to increase with each issue. Our newsletters, Members Polls and communications regularly attract thousands of 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 upcoming Highway Code changes which were finally announced at the end of January 2022. IAM RoadSmart communicated the upcoming changes to members and through our social media, press and online channels throughout the year. 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, Government announcements and policy updates, latest statistics on speeding, drink driving, towing legislation, MOT issues and changes to rules around mobile phones, e-scooter trials and usage and returning to driving after lockdown. IAM also joined the Department for Transport Road's Safety Delivery Group and participated in several ministerial briefings.

The Older Drivers report, funded by the Department for Transport in collaboration with Dr Carol Hawley, from the University of Warwick was published and publicised in September 2021 and in February 2022 IAM RoadSmart issued its 6th annual Safety Culture Report which generated increased press coverage around key statistics.

A request to support the building on our long-term relationship with the FIA, IAM RoadSmart have been chosen to select two young drivers from our UK network for the FIA International Best Younger Driver 2022 Competition. IAM RoadSmart will pick two individuals to represent the UK against 16 other countries at the FIA final in October held in Spain.

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

Our commercial modules, assessments (Drive & Survive) and activities continued to be challenged and impacted by the Covid-19 pandemic restrictions. While restrictions eased in June 2021, the guidance was different across the four UK Nations and with guidance being continually changed, a backlog of courses, and fuel prices we have met further challenges along with limited resources at the end of 2021.

As a result, revenue was significantly impacted, and we achieved less than 50% of the sales target of 2,000 courses ending the year at 885 sales. We continued to promote e-learning modules via our newsletters with the refreshed, enhanced video content and improved educational engagement which are included as part of the CHOICES offering integrates licence checking, risk management and e-learning.

In March 2022, we resumed awareness around driving for work by exhibiting at several health and safety and fleet events, giving exposure and attention to the growing number of vans on UK roads, highlighting the pressures and risks associated to van driving.

REPORT OF THE COUNCIL (continued)

Strategic Review - Review of activities (continued)

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

In 2021 despite increased online, marketing and in person activity we achieved 656 sales of new Exemption Members. 66% of the target set. Due to resources, timing, and ongoing Covid-19 guidelines and restrictions we are unable to maximise all planned events.

Total Advanced Courses held were 4,486, significantly higher than the target set of 3,228. Riders account for over 61% of sales achieving 2,743 for the full year, compared to Advanced Driving Courses at 1,743. The increased uptake of riding courses and interest and support for motorcyclists is reflected in the group dynamic. To date we have 174 groups spread across the UK. Of those 64 are Bike, 79 Car and the remaining 31 are a merged group incorporating driving and riding.

IAM Driver Retraining Academy Limited ("DRA")

Our drink drive rehabilitation referrals against original budgeted figures were slightly down this year at 8,086 against a target of 10,900.

Due to relaxed Covid-19 guidelines some courses returned to central classroom venues from 1st July 2021, but the majority have remained as online offerings. We are currently using six venues in Birmingham, Cardiff, Camden, Leeds, Nottingham, Swansea, identified according to demand increasing capacity to accommodate more delegates.

We will continue to deliver the Drink Drive Rehabilitation Scheme in Wales. We received confirmation of our successful Licence renewal in July 2021 which now runs until 23 June 2025.

We delivered several presentations to encourage Magistrate Engagement.

Our course remains a key area of education and rehabilitation for those who exceed drink drive limits. We will continue to work in conjunction with the courts to ensure that education is requested and undertaken versus a fine.

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. The company experienced a 10.8% or £34k reduction in commission income which declined from £315k in the year ended 31st March 2021 to £281k in the year ended 31st March 2022. We continue to work with our partners to ensure our Members' get value for money.

REPORT OF THE COUNCIL (continued)

Strategic Review (continued)

Future activities

As can be noted from the above IAM Group activities have been impacted severely by Covid-19 during 2021-2022. It is also clear that trends in Membership numbers and total income were already on a downward path before the pandemic period (from March 2020 to February 2022).

Given this historic trend and the fact that at the current time when capacity and organisational resilience are already being challenged, it is imperative that the delivery of current services and activities continue, and that momentum and business continuity are maintained. Though these are being managed effectively in the short term, sickness absence, unfilled posts and staff turnover are some of the issues creating challenges on the workforce. Longer term this is unsustainable, and Council has therefore taken decisive action to endeavour to get back to a position that will be sustainable for the IAM Group and its Membership before reserves are at a level which will make it impossible for the Group to continue in its current operational structure to deliver services and benefits.

This action started in mid-2021 with support from an external facilitator, Tomorrow Today Company (TTC), and by May 2022 Council had appointed a new Senior Leadership Team to lead the organisation back to financial stability and growth. 2022/23 and 2023/24 will therefore be a period of transformation as Council and the Senior Leadership Team work together to establish a short-term recovery strategy and then a medium to long term strategy.

Council recognise that the operating environment has changed markedly since the original work with TTC was commissioned. Post pandemic, workforce health and wellbeing, Brexit implementation, the Russia – Ukraine war, global cyber security breaches, oil, gas and fuel prices, food shortages, poverty, low unemployment and increasing job vacancies, fiscal and economic volatility and unpredictability are some of the factor determinants affecting countries and nations globally including the UK, creating greater instability and insecurity. Inflationary pressures are likely to remain high into 2023-24 which could impact demand on our services, donations, Membership and running costs as well as staff attrition/retention.

Building on the work undertaken with TTC and taking account of changes in the operating environment, considerations have been given to move forward with developing an evolving strategy fit for IAM Group and its stakeholders.

Further up to date information about these critical developments will be presented at Autumn Forums and upcoming IAM RoadSmart Question Time Webinars and at the next AGM due to be held on 24 November 2022. The webinars will focus on strategy, government lobbying, and products opened to a wider group of Members vs the Forums which are targeted at Group Chairs.

With regards to the Autumn Forums, there are 7 sessions planned to be held across the UK with forums taking place in each of the devolved Nations, supported by members of the Senior Leadership Team. This is an opportunity for Group Chairs and Secretaries (plus guests) to engage with the Senior Leadership Team and feel considered as part of our strategy and engaged in other discussions.

REPORT OF THE COUNCIL (continued)

Strategic Review - Financial review

Review of finances

The Group Statement of Financial Activities on page 17 shows a net movement in funds of £0.35m surplus (2020/21: £1.44m surplus). However, the underlying operating result for the year (before investment income and gains on the investment portfolio) was a deficit of £0.25m (2020/21 a deficit of £0.1m).

The financial results were partially influenced this year by Covid-19 pandemic restrictions. Council and the Senior Leadership Team are now focussed on identifying and rectifying the inherent factors driving the underperformance that have contributed to these operating deficits to get back to a break-even operating position and then start to replenish reserves for further transformational change to combat the impact of an ageing and thus declining Membership base.

The Balance Sheets on page 18 show that the net assets of the Group have increased by £0.35m from £8.68m to £9.03m due to the net investment returns for the year of £0.60m exceeding the operating deficit in the year of £0.25m. All funds held by the Group at year end were unrestricted and undesignated.

Reserves

The Finance & Audit Committee currently considers it appropriate for the IAM Group to maintain reserves of at least twelve months forward operating costs to meet current and future investment needs and considering the negative impact on the delivery of some services because of the recent pandemic which may recur. This level of reserves is appropriate given the opportunities and challenges Council has identified it needs to tackle in the coming years to get back to a balanced break-even operating budget by no later than 2023/24.

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

As at 31 March 2022, the IAM Group's free reserves were c.£8.60m (2021: c.£8.22m). This level of reserves represents over fifteen months of forward operating costs based on the 2022/23 original budget reviewed by Council in February 2022.

The original 2022/23 budget is now being reviewed by the new Senior Leadership Team to ensure the assumptions underlying it are realistic and robust given the increasing uncertainty and inflationary pressures being experienced across the UK at the current time

It is also recognised by Council that reserves will have to be earmarked for necessary business transformation activities to resolve the lack of underinvestment in key areas in recent years.

Investment policy

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 trustees are actively reviewing the performance of all managers considering recent downturns in valuations and performance due to the material uncertainties at the current time. And the trustees will revisit their risk appetite and the investment policy and strategy. This will also involve determining if the managers offer the correct strategy to meet IAM's future needs and risk appetite agreed by the trustees.

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 2022 was £8.44m (2021: £7.90m) held with three investment managers, JM Finn & Co, Ruffer LLP, and Rathbone Investment Management.

The objective of the JM Finn & Co 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/PIMCA 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 2022 was £3.51m (2021: £3.27m). The portfolio gained 7.35% (2020/21: 23.5% gain) during the year compared to the benchmark gain of 7.8%.

REPORT OF THE COUNCIL (continued)

Strategic Review - Financial review (continued)

Investment policy (continued)

Performance of the Ruffer LLP 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 LLP portfolio is invested in a segregated fund that follows the Ruffer LLP 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 7.0% (2020/21: 21.9% gain) to £2.48m (2021: £2.32m), compared to the benchmark return of 7.0%, reflecting Ruffer LLP's asset allocation which benefited from strong rises in sovereign bonds, and indexed-linked bonds.

The objective of the Rathbone Investment Management portfolio, which was valued on 31 March 2022 at £2.46m (2021: £2.32m), 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 6.30% (2020/21: 23.4% gain) in the year, compared to a benchmark gain of 10.22%.

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 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 6, together with the underlying budgets for 2022/23 and a roll forward of the budget for 2022/23 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

7 September 2022

**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 2022 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 2022 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.



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

London

Date 20 September 2022

**GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2022
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**

	Note	2022 £000	2021 £000
Income from:			
<i>Donations and legacies</i>			
Subscriptions (including Gift Aid)		3,568	3,443
Other income	3.1	14	340
<i>Charitable activities</i>			
Test fees		487	178
<i>Other trading activities</i>			
Training and related services	3.2	2,076	1,612
Investments	10	174	153
Total income		<u>6,319</u>	<u>5,726</u>
Expenditure on:			
<i>Raising funds</i>			
Fundraising and publicity	3.4	770	603
Training and related services	3.4	1,775	1,629
		<u>2,545</u>	<u>2,232</u>
<i>Charitable activities</i>			
Research and advocacy	3.4	523	488
Membership services	3.4	1,793	2,004
Tests	3.4	924	540
Quality assurance	3.4	611	403
		<u>3,851</u>	<u>3,435</u>
Total expenditure	3.4	<u>6,396</u>	<u>5,667</u>
Net (expenditure) / income		(77)	59
Net gains on listed investment portfolio	9	425	1,383
Net income for the year	4	348	1,442
<i>Other recognised gains</i>			
Exchange losses		-	(1)
Net movement of funds in year		348	1,441
Balances brought forward at 1 April		8,680	7,239
Balances carried forward at 31 March		<u>9,028</u>	<u>8,680</u>

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

The notes on pages 20 to 34 form part of these accounts.

COMPANY NUMBER 562530

BALANCE SHEETS AS AT 31 MARCH 2022

	Note	Group		IAM	
		2022	2021	2022	2021
		£000	£000	£000	£000
Fixed assets					
Intangible assets	7	367	373	367	373
Tangible assets	8	65	90	65	90
Investments	9	8,444	7,901	8,574	8,031
		<u>8,876</u>	<u>8,364</u>	<u>9,006</u>	<u>8,494</u>
Current assets					
Stocks	11	91	86	56	-
Debtors	12	701	665	1,579	1,239
Cash at bank and in hand		763	646	629	462
		<u>1,555</u>	<u>1,397</u>	<u>2,264</u>	<u>1,701</u>
Current liabilities					
Creditors: amounts due within one year	13	(1,403)	(1,081)	(3,709)	(2,838)
Net current assets/(liabilities)		<u>152</u>	<u>316</u>	<u>(1,445)</u>	<u>(1,137)</u>
Total assets less current liabilities		<u>9,028</u>	<u>8,680</u>	<u>7,561</u>	<u>7,357</u>
Net assets		<u>9,028</u>	<u>8,680</u>	<u>7,561</u>	<u>7,357</u>
Unrestricted funds					
General fund	14	9,028	8,680	7,561	7,357
		<u>9,028</u>	<u>8,680</u>	<u>7,561</u>	<u>7,357</u>

IAM has taken advantage of the option to present Group only income and expenditure accounts under section 408 of the Companies Act 2006. The net income of the charity in 2022 was £204k (2021: net income of £1,508k).

The financial statements on pages 20 to 34 were approved by the Council on 7 September 2022 and authorised for issue and signed on its behalf by



Stuart Malcolm Donald
Chairman

The notes on pages 20 to 34 form part of these accounts.

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022		2021	
		£000	£000	£000	£000
Cash flows from operating activities:					
Net cash generated in operating activities	17		179		13
Cash flows from investing activities:					
Payments to acquire intangible fixed assets	7	(83)		(165)	
Payments to acquire tangible fixed assets	8	(35)		(55)	
Net drawdown from/(additions) to investments	9	13		(135)	
Movement in cash investments	9	(131)		42	
Listed investment income	10	173		152	
Bank interest received	10	1		1	
Net cash provided /(utilised) by investing activities			(62)		(160)
Change in cash and cash equivalents in the year					
Cash and cash equivalents at start of the year			646		793
Cash and cash equivalents at end of the year			763		646

The notes on pages 20 to 34 form part of these accounts.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022**

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 2022. 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 2022**

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 2022**

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%
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.

(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 2022**

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.

(r) 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

	2022	2021
	£000	£000
Government grant – Coronavirus Job Retention Scheme	-	293
Non-Government grants	14	43
Donations	-	2
Sundry income	-	2
	<u>14</u>	<u>340</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022**

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 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
	----- Year ended 31 March 2021 -----					
	£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)

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 no gift aid payments made to the charity in respect of financial year ended 2021 during the financial year ended 2022 (whilst £63,000 in respect of 2020 was paid during the financial year ended 2021).

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022**

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
----- 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
----- 31 March 2021 -----									
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current assets	107	230	-	2,012	237	153	-	-	2,739
Creditors	(899)	(61)	(55)	(3)	(9)	(324)	(218)	-	(1,569)
Net (liabilities)/assets	(792)	169	(55)	2,009	228	(171)	(218)	-	1,170

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022**

3.4 Total expenditure

	Direct staff £000	Other direct costs £000	Support costs £000	Total 2022 £000	Total 2021 £000
Costs of raising funds					
Membership subscriptions and Publicity	232	169	369	770	603
Training and related services	753	1,022	-	1,775	1,629
	<u>985</u>	<u>1,191</u>	<u>369</u>	<u>2,545</u>	<u>2,232</u>
Charitable activities					
Research and advocacy	156	120	247	523	488
Membership services	519	451	823	1,793	2,004
Tests	257	258	409	924	540
Quality assurance	206	77	328	611	403
	<u>1,138</u>	<u>906</u>	<u>1,807</u>	<u>3,851</u>	<u>3,435</u>
Total expenditure	<u>2,123</u>	<u>2,097</u>	<u>2,176</u>	<u>6,396</u>	<u>5,667</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022**

3.5 Council expenses

	2022	2021
	£000	£000
Travel and subsistence:		
Expenses reimbursed to 2 trustees (2021: 2 trustees)	4	-

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 (2021: £nil).

No pension payments were made in respect of directors/trustees (2021: £nil).

3.7 Employees whose emoluments exceed £60,000

	2022	2021
	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	1	3
£70,001 to £80,000	1	2
£80,001 to £90,000	1	1
£90,001 to £100,000	-	-
£100,001 to £110,000	1	1
£110,001 to £120,000	1	1
£120,001 to £130,000	1	1
£130,001 to £140,000	-	1
£140,001 to £150,000	1	-
	<u>7</u>	<u>10</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

	2022	2021
	£000	£000
Wages and salaries	2,428	2,536
Social security costs	262	282
Defined contribution pension costs	137	126
	<u>2,827</u>	<u>2,944</u>

During the year, the IAM Group incurred redundancy costs of £9,676 (2021: £6,614).

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 current Senior Leadership Team (as per page 2) who are considered to be the key management personnel of the IAM Group was £974,791 (2021: £1,121,303).

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022**

4. Net expenditure for the year

	2022	2021
	£000	£000
Net expenditure for the year is stated after charging:		
Depreciation	60	81
Amortisation of intangible assets	89	151
Auditor's remuneration - audit fees current year	22	30
Auditors remuneration - audit fees - prior year	-	4
Auditors remuneration - tax services - current year	6	8
Operating lease payments - motor vehicles	68	55

5 Allocation of support costs

	Cost of generating funds	Membership services	Tests	Quality assurance	Research and advocacy	Total 2022	Total 2021
	£000	£000	£000	£000	£000	£000	£000
Management	46	103	51	41	31	272	287
Finance	89	198	98	79	60	524	594
Information technology	137	305	151	121	91	805	734
Facilities	58	130	65	52	39	344	276
Human resources	12	27	14	11	8	72	99
Governance (See note 6)	27	60	30	24	18	159	120
	<u>369</u>	<u>823</u>	<u>409</u>	<u>328</u>	<u>247</u>	<u>2,176</u>	<u>2,110</u>

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

6 Governance – Group and IAM

	2022	2021
	£000	£000
Direct costs:		
Audit and accounting fees	28	42
Professional fees	68	1
Council costs	6	-
Salary costs	57	77
	<u>159</u>	<u>120</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

7 Intangible fixed assets

	Goodwill	Computer Software	Assets under construction (See note)	Total
	£000	£000	£000	£000
Group				
Cost				
At 1 April 2021	2,927	446	-	3,373
Additions	-	-	83	83
Transfer	-	-	-	-
Disposals	-	-	-	-
At 31 March 2022	2,927	446	83	3,456
Amortisation				
At 1 April 2021	2,927	73	-	3,000
Charge	-	89	-	89
Transfer	-	-	-	-
Disposals	-	-	-	-
At 31 March 2022	2,927	162	-	3,089
Net book value				
At 31 March 2022	-	284	83	367
At 31 March 2021	-	373	-	373
IAM				
Cost				
At 1 April 2021	-	446	-	446
Additions	-	-	83	83
Transfer	-	-	-	-
Disposals	-	-	-	-
At 31 March 2022	-	446	83	529
Amortisation				
At 1 April 2021	-	73	-	73
Charge	-	89	-	89
Transfer	-	-	-	-
Disposals	-	-	-	-
At 31 March 2022	-	162	-	162
Net book value				
At 31 March 2022	-	284	83	367
At 31 March 2021	-	373	-	373

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 2022

8 Tangible fixed assets

	Leasehold Improvements	Computer equipment	Office equipment	Total
	£000	£000	£000	£000
Group				
Cost				
At 1 April 2021	70	141	253	464
Additions	-	19	16	35
Transfers	(16)	-	16	-
Disposals	-	(69)	-	(69)
At 31 March 2022	<u>54</u>	<u>91</u>	<u>285</u>	<u>430</u>
Depreciation				
At 1 April 2021	51	107	216	374
Charge	3	25	32	60
Disposals	-	(69)	-	(69)
At 31 March 2022	<u>54</u>	<u>63</u>	<u>248</u>	<u>365</u>
Net book value				
At 31 March 2022	<u>-</u>	<u>28</u>	<u>37</u>	<u>65</u>
At 31 March 2021	<u>19</u>	<u>34</u>	<u>37</u>	<u>90</u>
IAM				
Cost				
At 1 April 2021	70	141	253	464
Additions	-	19	16	35
Transfers	(16)	-	16	-
Disposals	-	(69)	-	(69)
At 31 March 2022	<u>54</u>	<u>91</u>	<u>285</u>	<u>430</u>
Depreciation				
At 1 April 2021	51	107	216	374
Charge	3	25	32	60
Disposals	-	(69)	-	(69)
At 31 March 2022	<u>54</u>	<u>63</u>	<u>248</u>	<u>365</u>
Net book value				
At 31 March 2022	<u>-</u>	<u>28</u>	<u>37</u>	<u>65</u>
At 31 March 2021	<u>19</u>	<u>34</u>	<u>37</u>	<u>90</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022**

9 Fixed asset investments

	Group		IAM	
	£000	£000	£000	£000
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 additions / (disposals)	(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 in cash	131		131	
At 31 March 2022		248		248
		<u>8,444</u>		<u>8,574</u>
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 acquisitions	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
		<u>7,901</u>		<u>8,031</u>

Post balance sheet update: Due to the high level of economic and geopolitical uncertainty affecting UK and global investment markets the IAM portfolio like others has suffered a decline since 31 March 2022. The value of the portfolio at 31 August 2022 was £7,352k after £600k had been disinvested to fund operating activities, or a decline of £492k or -6.3% after the disinvestment is taken into account from the year end valuation stated above.

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 2022 was £6,825,620 (2021: £6,531,225). There were no underlying holdings with an individual market value in excess of 5% of the total market value at 31 March 2022 (2021: none).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

10 Investment income

	Group	
	2022	2021
	£000	£000
Income from investments	173	152
Bank interest receivable	1	1
	174	153
	174	153

11 Stocks

	Group		IAM	
	2022	2021	2022	2021
	£000	£000	£000	£000
Goods for resale and consumables	91	86	56	-
	91	86	56	-
	91	86	56	-

12 Debtors

	Group		IAM	
	2022	2021	2022	2021
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	380	228	40	69
Taxation recoverable	104	215	104	215
Amounts due from group undertakings	-	-	1,268	776
Other debtors	29	64	2	34
Prepayments and accrued income	188	158	165	145
	701	665	1,579	1,239
	701	665	1,579	1,239

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	
	2022	2021	2022	2021
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade creditors	457	431	346	332
Amounts due to group undertakings	-	-	2,832	2,124
Other taxation and social security	81	72	81	70
Accruals and deferred income	833	525	418	287
Other creditors	32	53	32	25
	1,403	1,081	3,709	2,838
	1,403	1,081	3,709	2,838

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 2021	272	68
Amount deferred in year	497	138
Amount released in year	(279)	(113)
Deferred income at 31 March 2022	490	93
	490	93

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022**

14 General funds

	Group		IAM	
	2022 £000	2021 £000	2022 £000	2021 £000
At 1 April	8,680	7,239	7,357	5,849
Gain/deficit for the year	348	1,441	204	1,508
At 31 March	<u>9,028</u>	<u>8,680</u>	<u>7,561</u>	<u>7,357</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:

Amounts due:	Rental of office premises		Motor vehicles	
	2022 £000	2021 £000	2022 £000	2021 £000
Within one year	124	165	72	33
Between one and five years	582	-	108	51
	<u>706</u>	<u>165</u>	<u>180</u>	<u>84</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	
	2022 £000	2021 £000
Net operating income/(expenditure)	(77)	59
- Investment income	(174)	(153)
- Exchange gains	-	(1)
	<u>(251)</u>	<u>(95)</u>
Depreciation	60	81
Amortisation of computer software	89	151
(Increase)/decrease in stocks	(5)	25
(Increase)/decrease in debtors	(36)	76
Increase/(decrease) in creditors	322	(225)
Net cash inflow from operating activities	<u>179</u>	<u>13</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022**

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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash at start of year	646	793	462	678
Cash flows	117	(147)	167	(216)
Cash at end of year	763	646	629	462

19 Contingent liabilities

There are no contingent liabilities for the year ended 31 March 2022 (2021: £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 2022, there were capital commitments contracted but not provided totalling £80,000 (2021: £16,000).

21 Financial instruments

	Group		IAM	
	2022	2021	2022	2021
	£000	£000	£000	£000
<i>Financial assets</i>				
Equity and debt instruments measured at fair value through income and expenditure	8,196	7,784	8,196	7,784

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 2022, IAM owed £199k to (2021: £143k owed from) IAM Driver Retraining Limited.

At 31 March 2022, IAM owed £222k (2021: £170k) to Professional Driver Services LTD.

At 31 March 2022, IAM was owed £1,304k (2021: £776k) from IAM Drive and Survive Limited.

At 31 March 2022, IAM owed £168k (2021: £137k) to IAM Group Services LTD

At 31 March 2022, IAM owed £2,278k (2021: £1,960k) to Institute of Advanced Motorcyclists Limited.

No other related party transactions were incurred in the period.