

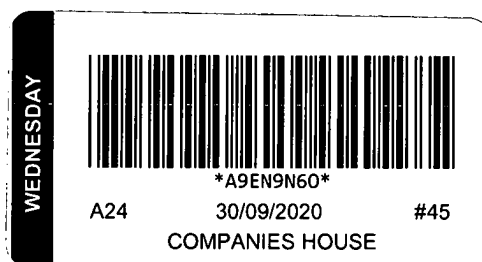
THE RETAIL MOTOR INDUSTRY FEDERATION LIMITED

Company No. 00133095

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2019



The Retail Motor Industry Federation Limited

Company Information

Directors

P. Johnson (Chairman)
R. Collings
S. Field
K. A. Finn
S. G. James
C.B. Madderson
D. Newman
C.B. Parlett
S. Pearson
S. Robinson
K. Savage
C. Thomas
C. Weeks

Secretary

C. Thomas

Company number

00133095

Registered Office

201 Great Portland Street
London
W1W 5AB

Auditor

Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

The Retail Motor Industry Federation Limited
Report and Financial Statements
For the year ended 31st December 2019

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The Retail Motor Industry Federation Limited

Chairman's Report

For the year ended 31 December 2019

The 2019 financial year was a successful one, achieved against a background of a tough economic and industry environment. Brexit continues to cause tremendous uncertainties and other themes common to the previous year such as the implementation of the Apprenticeship Levy also continued to add to the difficult environment throughout 2019.

An operating profit of £357k was recorded, which was £208k better than the result for the previous year, with turnover up by £254k (1%). It was particularly pleasing that, despite the economic environment we were able to accrue investment gains of over £1.2m this year, and although offset by a reduction in value of £735k in our investment properties, this meant that overall we were able to further add to our balance sheet strength over the year, with net assets now standing at just under £27.8m. It is this balance sheet strength which has enabled and will continue to enable the Federation to ride out the extremely difficult conditions caused by the Covid-19 pandemic storm. In spite of what will be a challenging 2020 the RMI will continue to be there for its members in the future.

Remit, our joint venture training subsidiary, enjoyed another record year, despite the challenging and uncertain training environment as the impact of the introduction and implementation of the Apprenticeship Levy and associated funding changes continued. The Remit sub-group achieved a profit before tax of £837k for the year, an increase of £75k from the previous year. An especially impressive aspect of this performance was that turnover in the sub-group increased by £1.1m compared to the previous year, despite the disruption to funding streams caused by the Apprenticeship Levy.

The Associations themselves had another very solid year regarding membership. With 10,213 members at the end of December, marginally up by 38 on the year. As with the previous year consolidation remained a key issue, affecting the Petrol Retailers Association (PRA) and National Body Repair Association (NBRA) in particular.

During 2019 the Associations continued to build on this solid position to achieve and progress a number of key successes. These include the NFDA's Drive My Career initiative, which originally launched in February 2018, with the aim of attracting more young talent in to the industry – a common concern for many of our members across all of our Associations. Electric Vehicle Accreditation was another considerable success in the year, helping our members react to the changing environment in which they find themselves. The IGA's Trust My Garage accreditation also continues to go from strength to strength, and the PRA has been very active in developing environmental and working practice standards for car washes, using its Car Wash Association arm. I have to commend all of our associations on the manner in which they have supported their members during the last few months of the Covid-19 pandemic. They have been a positive lobbying influence where required, provided support on critical issues such as rates relief and other sources of government backed funding, and generally been there to support our members and help them survive the unprecedented circumstances of the last few months. All of the associations will emerge from this pandemic with their reputations much enhanced. The economic impact of the pandemic is inevitably taking its toll on some of our members, our job is to minimise that effect as much as we can.

The strong performance during both 2019 and in the months since, owes much to the efforts of the extremely professional management team. I would like to take the opportunity to thank all of my colleagues, Board and staff, for their efforts in delivering so much during the year. I would particularly like to thank Martin Marshall, Mark Squires and James Tomlinson who stood down from the Board this year. Martin had chaired the NMDA for many years, and James (NAMA) and Mark (NFDA) had also chaired their associations in the last couple of years. Their contributions to the associations as well as to the RMI Board overall were significant and will therefore be much missed.

2020 is turning out to be a really challenging year and we now need strong political and business leadership to ensure that the UK continues its recovery from the pandemic. Our Board remain confident that with our strong balance sheet the RMI will be there for all its members whatever the future may bring.



Peter Johnson
Chairman

8 September 2020

The Retail Motor Industry Federation Limited

Strategic Report

For the year ended 31 December 2019

The directors present their strategic report for the year ended 31st December 2019.

Review of the business and key performance indicators

As the main trade federation for the retail motor sector, the business provides a comprehensive range of services that aim to provide support and benefit to members. These include lobbying, representation, legal service and help line provision, technical support, training and development and conciliation.

The key financial performance indicators are those that demonstrate financial stability and improvement in financial performance over previous years. This in turn permits growth of our range of services. The factors considered are:- turnover, operating profit, cash, investments, and membership growth and retention levels.

The disparate nature of the associations was addressed in 2012, and the Articles of Association were changed. The business is now in its eighth year under these articles, and this gives each association the autonomy to determine their service and growth strategy, whilst retaining the benefit of remaining within the Federation. These changes have allowed the associations to retain and grow their subscriber base whilst adding valuable services for members.

IGA

Independent Garage Association (IGA) is the largest and most prominent representative body in the independent garage sector, being the voice of the industry in matters arising in the UK Government and in Europe regarding legislative and regulatory issues. The IGA supports and encourages independent garages to thrive in all aspects of their business by offering advice, guidance and services which ensure the independent service and repair sector remains efficient and competitive in an increasingly complex business landscape.

During 2019, the IGA:

- Published a detailed follow up to the 2018 Work Providers Report on the risks associated with online work providers.
- Continued to support the Automotive Aftermarket Liaison Group (AALG) by presenting a united front on issues affecting the industry as a whole.
- Started development on a contingency solution to address access to manufacturers technical information in a post Brexit Britain.
- Shared experiences and best practice with a number of Trade Associations across the globe.
- Carried out 590 onsite Trust My Garage audits in line with compliance to the CTSI standard.
- Provided support to independent garage businesses in line with the increase in demand for business, legal and HR related issues.
- Delivered a national program of member engagement events in association with the DVSA.
- Announced the first British Independent Garage of the Year Awards as well as sponsoring a number of other industry awards.
- Liaised with The Intellectual Property Office on raising awareness of the legal and safety implications of using consumer-supplied and counterfeit parts.
- Launched the Trust My Garage TV advert to drive consumers to member businesses and raise the profile of the independent sector.
- Maintained excellent relations with Government and remained abreast of important industry issues.
- Created the Garage Guide to Making Tax Digital and the Garage Guide to Advanced Driver Assistance Systems (ADAS).

The Retail Motor Industry Federation Limited

Strategic Report (continued)

For the year ended 31 December 2019

NFDA

- NFDA represents the interests of franchised dealers to UK Government, European Commission and Parliament, vehicle manufacturers, the media and other industry stakeholders.
- The NFDA Working Groups continue to work on key issues in the areas of used cars, aftersales, finance and insurance, HR and training and IT/Data. In 2019 a newly formed Block Exemption Regulation (BER) Strategy Group was established to lobby on changes to the regulations. In addition, the NFDA has worked closely with our German and other European franchised dealer associations and established the Alliance of European Car Dealers and Repairers (AECDR) for franchised dealers across Europe.
- NFDA Parliamentary Engagement Programme continues enabling MPs to visit NFDA member dealership sites to raise awareness of the automotive retail industry including dealer investment, regulatory issues, employment and career opportunities.
- NFDA have been working with dealers following the FCA motor finance enquiry publication from which discretionary commission models have been banned. NFDA have responded to consultation and issued guidance to dealers.
- NFDA 'Drive My Career' (DMC) website was launched in February 2018. This unique initiative connects young jobseekers with automotive retailers and highlights the exciting career opportunities that the automotive industry offers. DMC continues to grow with considerable support from NFDA and NAMA members, in addition to support from several manufacturers.
- 2019 was the first full year that NFDA operated the EVA (Electric Vehicle Approved) programme for dealerships. The scheme was launched at the end of 2018 in collaboration with the Governments 'Office Low Emission Vehicles' (OLEV) to give official recognition for dealerships specialising in electric vehicles. The programme is a set of standards an EV dealer must comply with and is independently audited by the Energy Saving trust (EST). The audit funding so far has been made by the Government to promote and encourage the growth of EV's on the UK roads. In 2019 around 100 dealerships successfully completed the EVA audit and now use the registered logo on marketing and Auto Trader dealer adverts.
- The NFDA Dealer Attitude Survey continues to be well received by dealers, manufacturers, trade and national press. A number of meetings on the survey have also taken place with manufacturer Chief Executives.
- The NFDA Consumer Attitude Survey continues to gain traction both with manufacturers and dealers and has also received considerable media coverage.
- The NFDA successfully lobbied the Government to achieve 'Derogation' for the 'end-of-series' non-compliant RDE vehicle stock to be sold throughout 2019 and through to 31 August 2020.
- The NFDA continues to engage with Government departments, including DVSA on lobbying for the introduction of privatisation of truck testing at ATF's.
- Collaboration with the Governments OLEV continued to further establish the EVA (electric vehicle approved) standard where the Government funded 100 dealer's accreditations.
- The NFDA ran its first 'female apprentice' event at the JLR factory in West Bromwich. This was run by the NFDA's 'Drive my Career' team.
- NFDA continues to assist members with the FCA's Motor Finance Enquiry and continues to develop our relationship with the Financial Conduct Authority (FCA) to ensure regulation is developed in a way that does not hinder consumer's access to financial products.
- NFDA membership continues to grow and retain a strong profile in a consolidating market.

NAMA

- NAMA represents the interests of its members with Government and industry stakeholders lobbying on key industry issues.
- NAMA members sell over 90% of the vehicles sold at auction in the UK.
- NAMA's Vehicle Grading Scheme continues to expand with over two thirds of vehicles sold at auction now being graded.

The Retail Motor Industry Federation Limited

Strategic Report (continued)

For the year ended 31 December 2019

- The NAMA Grading Appraiser Training course continues to train vehicle appraisers to raise the standards of the industry and to ensure these standards are maintained a refresher course is being developed.
- NAMA continues to develop its close working relationship with the National Automotive Auction Association (NAAA) in the USA.

NMDA

- Following the departure of Paul Berkshire - past NMDA Chairman from the industry - Philip Yowles, a Triumph dealer in Manchester and Burnley, has been appointed as lead representative for the association.

Throughout 2019 the NMDA had a monthly article published in British Dealer News promoting the industry and commenting on issues that effected motorcycle retailing. Membership remained stable throughout 2019 despite a number of changes in ownership and dealerships.

PRA

- The net reduction in UK forecourts was the lowest for many years as although the smaller independents continued to decline with nearly 80 forecourts closing, new-to-industry (NTI) and return-to-industry (RTI) openings at 68 provided the offset.
- PRA serves a very large proportion of the independent fuel retailers including 80% of the motorway service area (MSA) network.
- New ways of financing the association have been successfully introduced including corporate and associate memberships.
- The Car Wash Association was initially re-formed to tackle the unfair competition to automated car washes from non-compliant hand car washes and much further lobbying is needed to address the issue with Home Office, DEFRA, Environment Agency, HSE, OLME, GLAA, IASC, Home Office, Church of England (Clever Initiative).
- PRA worked with the Department of Business, Energy and Industrial Strategy (BEIS) planning for a "no deal" Brexit. This involved a review and update of the National Emergency Plan – Fuel as well as issues regarding supply and distribution.
- Government is seeking to bring forward the Road to Zero plans from 2040 and several Consultations have been issued and completed including Road Transport Fuel Obligations (RTFO), Red Diesel and Bio-Fuel (E10) where many proposals have been robustly challenged.
- PRA is a respected contributor to several Government fuel related workshops and committees.
- Other issues being tackled include forecourt crime with the Home Office, business rates and charging for cash machines and fuel Excise Duty with HMT.

NBRA

- The association was very visible as ever at industry events. NBRA were speakers at Credit Hire conference, ABP, Repair Talks London, continuing our message of progress against objectives and our stated strategy.
- The NBRA Insurer Advisory Board was changed and has had two meetings in 2020 engaging with many of the most senior insurer Motor representatives. The Board has been formed to start mature discussions around the key industry issues that never seem to be progressed. The initial meeting dealt with terms of reference and the second alighted on several key win-win opportunities for further work and attention.
- The NBRA attended a European group of other repairer associations, The AIRC in Iceland, and formed important relationships that may be helpful post Brexit for UK repairers.
- We have had particular success in attracting repairer groups this year who increasingly are understanding the protection and lobbying that the association can provide.
- NBRA held a meeting in London that was attended by most of the Vehicle Manufacturer body repair program leaders that served as an introduction to the association and a two way forum to understand strategic direction.

The Retail Motor Industry Federation Limited

Strategic Report (continued)

For the year ended 31 December 2019

- Late in 2019 NBRA held its first Greener Bodyshop Awards at Birmingham Sealife Centre intended to celebrate and encourage repairers to operate more ecologically, efficiently and hence as a byproduct often more profitably.
- We were pleased to announce that Akzo paint renewed its sponsorship of NBRA Talks; our own discrete repairer communication platform.
- Chris Weeks was appointed to the Autoraise Charity Board of main trustees to assist with the important work the charity is doing addressing the acute skills shortage in Motor body repair.
- In March the Covid-19 virus began to have a dramatic effect on the repair industry.
- NBRA has played a pivotal leadership role helping repairers through this crisis. The association provided guidance on furlough, audits, health and safety, how to support staff, how to address customers, how to take advantage of government and local council support.
- The NBRA also lobbied government on "retail" designation for repairers, the accelerated introduction of flexible furlough and rates relief in Scotland.
- We also provided practical aids in the form of financial models to help repairers decide if best to remain open or closed, and what they would need to charge to retain a profit given work volumes at times 80% lower than the norm.
- Chris Weeks was almost a weekly speaker on ARC360 webinars attended at times by up to 400 industry figures, speaking out strongly for repairers and challenging the supply chain for greater support.

VBRA

- We have helped members with the new Trailblazer standard.
- Chris Weeks has remained chair of the NMC whilst we continue to attract new council members and provide a reasonable list of alternatives for a new Chairman to push forward the association.
- We have continued to work with accident management companies seeking endorsement of VBRA on networks.
- Work was completed to form a brand new Commercial Vehicle repair charge out guide.
- VBRA has supported members with advice and support as outlined in the NBRA update.

Future Developments

The Board will look to develop the business to meet the changing needs of our members and customers. This will be both organically and, if appropriate, by acquisition.

Principal risks and uncertainties

The Board continues to consider that, despite a very positive year in 2019, the principal risks to the business will be associated with a potential future lack of growth in the UK economy and the pressures that this would exert on our members' businesses. However, the manner in which the UK economy is able to recover from the Covid-19 pandemic has now added considerably to this risk in the short and medium term. In Remit, the principal risks in the business arise from the impact of the Apprenticeship Levy, the use of levy funds by larger employers, levels of Government funding available for non-levy payers and Remit's own ability to manage and run Apprenticeships and adult learning efficiently. Covid-19 has had a severe impact on Apprenticeship starts, with start numbers across the sector currently estimated to be 80% down on previous years. Whilst the various Government assistance packages have helped, and further announcements are expected, the impact of Covid-19 is the single largest risk to the business currently. Given recent changes in everyone's working practices, digital has now become a particular focus for the Remit Business.

The Retail Motor Industry Federation Limited
Strategic Report (continued)
For the year ended 31 December 2019

Financial Risk Management

The group's operations expose it to financial risks that include liquidity and cash flow risk within its subsidiaries which the directors monitor on a regular basis through cash flow modelling and forecasting. The group actively maintains a mixture of short-term cash deposits and a longer term investment portfolio that is designed to ensure the group generates income and capital appreciation whilst ensuring it has sufficient funds available for operations.

Covid-19 and its impact


The directors have considered the potential impact of the coronavirus, and the various measures taken to contain it, on the operations of the company in the short term. The principal risks arising from the pandemic fall into two main categories. The first of these is the effect on income and the second is the effect on its own people.

In terms of income, the risk is in terms of a loss of members, either due to businesses closing, or due to businesses being unable to afford their membership fees due to the impact of the pandemic. Either way, there is likely to be an impact on membership subscriptions and other related income areas. Given the level of reserves and balance sheet strength which the RMI has, this is not considered to be a risk to the RMI in the short or medium term, and the board has accepted that some use of these reserves in the next year or two may be sensible and manageable in order to ensure that the RMI and its associations continue to provide the best service possible to all of its members during this time. However, longer term, there will be a need to ensure that the organisation is right-sized for the future, and planning is already underway to take the necessary steps in order to achieve this.

In terms of its people, the possibility of any RMI employees being unable to perform their duties and support members presents the greater risk in the short term. The RMI has taken a series of actions and carried out risk assessments in order to ensure that the working environment for all of its people is as safe as possible, whether those people are in the RMI's own offices or visiting members premises.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group and company can continue in operational existence for the foreseeable future, being a minimum period of 12 months from the date of approval of the financial statements. Subsequent to the year end, the group and the company have been impacted as a result of the COVID-19 outbreak and the government's measures to contain it as detailed above. Management has considered the group and the company's financial performance since the balance sheet date, and the likely impact on reserves as a result of COVID-19. Management has prepared forecasts and cash flow projections up to 31 December 2021 and are confident that the group and company will have sufficient resources to operate for at least the next twelve months.

By order of the Board



C Thomas
Secretary

8 September 2020

The Retail Motor Industry Federation Limited

Report of the Directors

For the year ended 31 December 2019

The directors present their report and financial statements for the year ended 31st December 2019.

The Retail Motor Industry Federation Limited (RMI) is a trade association representing the interests of the retail motor industry in the United Kingdom. The Federation also represents its members' interests in the European Union and internationally.

The RMI owns 51% of the issued share capital of Remit Group Limited ('Remit') which provides national multi-sector apprenticeships and adult learning training. It also owns 100% of the issued share capital of Big Oil Limited which provided on-line pricing information for the petrol retail market in the year and 100% of RMISC Limited, which provides certification and related services to the motor industry.

The National Franchised Dealers Association Limited ('NFDA'), a 100% subsidiary, holds a controlling stake of 58.7% of the voting shares in Trusted Dealers Limited.

RMI indirectly owns 42% of Remit Food Limited which provides training to the catering and hospitality industry. It also indirectly owns 51% of Assessed Education Limited which provides delivery of end point assessment of apprenticeship standards. The company commenced trading in August 2019.

The financial statements have been consolidated to include the subsidiaries.

Employee Involvement

The group's policy is to ensure that the employees are provided, through meetings and bulletins, with all relevant information concerning company performance and any company developments.

Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Results and Dividend

The results for the year are set out on page 13. No dividend is permitted for the parent company and the whole of the retained profit will be taken to reserves.

Share Capital

The company is limited by guarantee.

Directors and their Interests

The directors who served during the year and up to the date of signature of the financial statements are listed below.

Board of Directors

P. Johnson	Chairman
R. Collings	
S. Field	(Appointed 2 May 2019)
K. A. Finn	
S. G. James	Executive Director
C. B. Madderson	Executive Director
M. C. Marshall	(Resigned 4 February 2020)
D. Newman	(Appointed 4 February 2020)
C. B. Parlett	
S. Pearson	(Appointed 10 December 2019)
S. Robinson	Executive Director
M. Squires	(Resigned 31 December 2019)
K. Savage	
J. Tomlinson	(Resigned 1 July 2019)
C. Thomas	Finance Director and Company Secretary
C. Weeks	Executive Director

The Retail Motor Industry Federation Limited

Report of the Directors (continued)

For the year ended 31 December 2019

Future Developments

In accordance with Section 414C(11) of the Companies Act 2006, the information relating to future developments and financial risk management is included in the Strategic Report.

Auditor

Moore Kingston Smith LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Corporate Governance

The Board of Directors meets five times per year to review the state of the business and to consider future policy matters. The directors, collectively, understand which matters are reserved for the Board as a whole.

The Board comprises a Chairman, a Finance Director, four Executive Directors with seven other Directors. Directors are drawn from different associations and disciplines so as to provide both balanced management and critical assessment of the Federation's activities.

All the directors have access to the advice and services of the company secretary.

After making enquiries, the directors have a reasonable expectation that the Federation has adequate resources to continue in operational existence for the foreseeable future. For this reason, and based on the following, they continue to adopt the going concern basis in preparing the financial statements.

The Federation is the largest trade association in the United Kingdom supporting members of the retail motor industry from which it receives subscriptions on an annual basis: there is no reason to assume that this situation will alter in the foreseeable future.

The Board is responsible for the Federation's system of internal financial control. Its principal features include review of financial information with senior management, monthly monitoring of results, operations, capital expenditure and significant financing matters of the Federation as a whole, and clearly defined levels of authority at all times. However, it must be appreciated that any such system can only provide reasonable rather than absolute assurance against material misstatement of financial information or loss.

The board is also very aware of the potential impact of the Covid-19 pandemic both on its members, and on its own operations and people, and has sought to ensure that the appropriate governance is in place and actions taken in order to mitigate the risks arising from this.

Remuneration Committee

The Remuneration Committee reviews and sets the remuneration levels for executive and non-executive directors. The committee is comprised of the following directors: Mr P Johnson, Mr C Parlett and Mr R Collings. In assessing the remuneration of the directors, the committee considers the following: performance of RMI, comparable remuneration in similar businesses and individual performance.

Audit and Risk Committee

The Audit and Risk Committee is responsible for monitoring the integrity of the company's financial statements, reviewing internal financial controls and risk management systems, making recommendations to the Board concerning the appointment of the Group's external auditors (including their remuneration), reviewing and monitoring the external auditor's independence and engagement of the auditors to perform non-audit work. The committee is comprised of Mr K Savage, Mr R Collings and Mr K. Finn. Mr P Johnson, as chairman of RMI, and Mr C Thomas, Finance Director, are invited to attend all meetings of this committee.

Nominations Committee

The key responsibilities of the Nominations Committee are making recommendations, as appropriate, to the Board concerning the formulation of plans for succession for both executive and non-executive directors, the suitability of candidates for the roles of independent directors, membership of the audit and remuneration committees, in consultation with the chairmen of those committees. The Nominations Committee is comprised of Mr P Johnson, Mr K Finn and Mr C Parlett.

The Retail Motor Industry Federation Limited
Report of the Directors (continued)
For the year ended 31 December 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the company and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 group and company will continue in business.

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

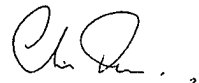
The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

Each of the directors in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board



C. Thomas
Director

8 September 2020

201 Great Portland Street
London
W1W 5AB

Independent Auditor's Report to the Members of The Retail Motor Industry Federation Limited

Opinion

We have audited the financial statements of The Retail Motor Industry Federation Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheet, the Group and Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and of the Trade Union and Labour Relations (Consolidation) Act 1992.

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 company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. 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.

Independent Auditor's Report to the Members of The Retail Motor Industry Federation Limited

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Strategic Report and the Directors' Report 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors 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 directors 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of The Retail Motor Industry Federation Limited

Auditor's responsibilities for the audit of the financial statements

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report to the Members of The Retail Motor Industry Federation Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



Janice Riches(Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP
Chartered Accountants
Statutory Auditor

15 September 2020

Devonshire House
60 Goswell Road
London
EC1M 7AD

The Retail Motor Industry Federation Limited
Group Profit and Loss Account
For the year ended 31 December 2019

	Note	31 December 2019	31 December 2018
		£ '000	£ '000
Turnover	3	27,466	27,212
Cost of sales		<u>(11,736)</u>	<u>(12,541)</u>
Gross profit		15,730	14,671
Operating expenses		<u>(15,373)</u>	<u>(14,522)</u>
Operating Profit	4	357	149
Investment income	5	1,604	(388)
Other finance income	18(b)	1	1
(Loss)/ Gain on revaluation of investment property	11	<u>(735)</u>	<u>225</u>
Profit / (Loss) before taxation		1,227	(13)
Taxation	8	<u>(246)</u>	<u>90</u>
Profit for the financial year		981	77
Profit attributable to non-controlling interest		<u>(350)</u>	<u>(311)</u>
Profit/(Loss)attributable to owners of the parent		<u>631</u>	<u>(234)</u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

The Retail Motor Industry Federation Limited
Group Statement of Comprehensive Income
For the year ended 31 December 2019

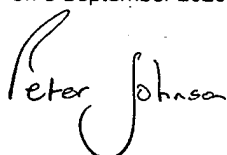
	Note	2019 £ '000	2018 £ '000
Profit for the financial year		981	77
Other Comprehensive Income:			
Remeasurements of net defined benefit obligations	18(b)	(16)	353
(Loss) on revaluation of property net of related deferred tax	10, 17	(192)	(373)
Total comprehensive income for the financial year		<u>773</u>	<u>57</u>
Attributable to non-controlling interest		(350)	(311)
Attributable to members of the parent		<u><u>423</u></u>	<u><u>(254)</u></u>

The Retail Motor Industry Federation Limited
Group and Company Balance Sheet
as at 31 December 2019

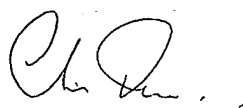
	Note	Group 2019 £ '000	Group 2018 £ '000	Company 2019 £ '000	Company 2018 £ '000
Fixed Assets					
Intangible assets					
Goodwill	9	-	88	-	88
Negative Goodwill	9	-	(158)	-	-
Course Materials	9	496	423	-	-
		<u>496</u>	<u>353</u>	<u>-</u>	<u>88</u>
Tangible assets	10	4,437	4,345	4,009	3,887
Investment property	11	8,845	9,885	8,700	9,740
Investments	12	15,869	14,333	15,875	14,339
		<u>29,647</u>	<u>28,916</u>	<u>28,584</u>	<u>28,054</u>
Current Assets					
Debtors	13	3,800	2,671	802	663
Cash at bank and in hand		1,643	2,515	287	259
		<u>5,443</u>	<u>5,186</u>	<u>1,089</u>	<u>922</u>
Creditors: Amounts falling due within one year	14	(5,009)	(4,812)	(3,326)	(2,690)
Net Current Assets/(Liabilities)		<u>434</u>	<u>374</u>	<u>(2,237)</u>	<u>(1,768)</u>
Total Assets less Current Liabilities		30,081	29,290	26,347	26,286
Creditors: amounts falling due after more than one year	15	(91)	(143)	-	-
Provision for Other Liabilities	17	(2,224)	(2,154)	(2,113)	(2,067)
Net Assets excluding pension liability		27,766	26,993	24,234	24,219
Pension retirement obligations	18 (b)	-	-	-	-
Net Assets including pension liability		<u>27,766</u>	<u>26,993</u>	<u>24,234</u>	<u>24,219</u>
Capital and Reserves					
Revaluation reserve		3,524	3,716	3,524	3,716
Profit and loss reserve		<u>22,831</u>	<u>22,216</u>	<u>20,710</u>	<u>20,503</u>
Members' funds		26,355	25,932	24,234	24,219
Non-controlling interests		<u>1,411</u>	<u>1,061</u>	<u>-</u>	<u>-</u>
		<u>27,766</u>	<u>26,993</u>	<u>24,234</u>	<u>24,219</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £223,243 (2018: loss of £660,290).

The financial statements were approved by the board of directors and authorised for issue on 8 September 2020 and are signed on its behalf by:



P. Johnson
Chairman



C. Thomas
Finance Director

Company Registration Number: 00133095

The Retail Motor Industry Federation Limited
Group and Company Statement of Changes in Equity
For the year ended 31 December 2019

Group	Revaluation Reserve £'000	General Reserve £'000	Total £'000	Non controlling interest £'000	Total £'000
Balance at 1 January 2018	4,089	22,097	26,186	750	26,936
Year ended 31 December 2018					
(Deficit)/Surplus for the year	-	(234)	(234)	311	77
Other comprehensive (expenditure)/income for the year	(373)	353	(20)	-	(20)
Total comprehensive (expenditure) / income for the year	(373)	119	(254)	311	57
Balance at 31 December 2018	3,716	22,216	25,932	1,061	26,993
Year ended 31 December 2019					
Surplus for the year	-	631	631	350	981
Other comprehensive (expenditure)/income for the year	(192)	(16)	(208)	-	(208)
Total comprehensive (expenditure)/income for the year	(192)	615	423	350	773
Balance at 31 December 2019	3,524	22,831	26,355	1,411	27,766
Company					
	Revaluation Reserve £'000	General Reserve £'000	Total £'000		
Balance at 1 January 2018	4,089	20,810	24,899		
Year ended 31 December 2018					
Deficit for the year	-	(660)	(660)		
Other comprehensive income for the year	(373)	353	(20)		
Total comprehensive (expenditure)/ income for the year	(373)	(307)	(680)		
Balance at 31 December 2018	3,716	20,503	24,219		
Year ended 31 December 2019					
Surplus for the year	-	223	223		
Other comprehensive (expenditure) for the year	(192)	(16)	(208)		
Total comprehensive (expenditure)/income for the year	(192)	207	15		
Balance at 31 December 2019	3,524	20,710	24,234		

The Retail Motor Industry Federation Limited
Group Statement of Cash Flows
For the year ended 31 December 2019

		Group	
	Note	2019 £ '000	2018 £ '000
Cashflows from operating activities	19		
Cash generated from operations		(57)	816
Income taxes (paid)		(160)	(31)
Net cash (outflow) /inflow from operating activities		(217)	785
Cashflow from investing activities			
Purchase of intangible assets		(364)	(504)
Purchase of tangible fixed assets		(306)	(209)
Interest received		362	362
Receipts from sales of investments		3,407	2,522
Payments to acquire investment securities		(3,701)	(2,813)
Net cash (used in) investing activities		(602)	(642)
Cashflow from financing activities			
Payment of finance lease obligations		(53)	(55)
Net cash (used in) financing activities		(53)	(55)
Net (decrease)/increase in cash and cash equivalents		(872)	88
Cash and cash equivalents at beginning of year		2,515	2,427
Cash and cash equivalents at end of year		1,643	2,515
Cash and cash equivalents consists of:			
Cash at bank and in hand		1,643	2,515

The Retail Motor Industry Federation Limited
Notes to the Financial Statements
For the year ended 31 December 2019

1 Accounting Policies

1.1 Company Information

The Retail Motor Industry Federation ("the company") is a private company limited by guarantee, which is domiciled and incorporated in England and Wales, and not having a share capital. The liability of the members who constitute the Federation is limited to £1 per member.

The registered office is 201 Great Portland Street, London, W1W 5AB.

1.2 Accounting Convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard 102 applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The group and individual financial statements have been prepared on the historical cost convention, as modified by the recognition of the long term leasehold property, investment properties and investments at fair value. The principal accounting policies adopted are set out below.

1.3 Exemptions for qualifying entities under FRS102

FRS102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and consolidated statement of cashflows, included in these financial statements, includes the company's cash flows.

(ii) from disclosing the parent company's key management personnel compensation as required by FRS102 paragraph 33.7.

1.4 Going Concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group and company can continue in operational existence for the foreseeable future, being a minimum period of 12 months from the date of approval of the financial statements. Subsequent to the year end, the group have been impacted as a result of the COVID-19 outbreak and the government's measures to contain it. Management has considered the group and the company's financial performance since the balance sheet date, and the likely impact on revenues and cash flows as a result of COVID-19. Management has prepared forecasts and cash flow projections up to 31 December 2021.

Based on these forecast cash flows, the Directors consider that the group and the company have adequate cash resources to continue to operate and meet their liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and consequently the financial statements have been prepared on a going concern basis.

1.5 Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT. The group business lines include the following:-

Subscriptions

Subscription income comprises subscriptions which run for a period of one year. Revenue is recognised evenly over the annual membership period with amounts received in the current financial year that relate to the following financial year treated as deferred income at the balance sheet date.

The Retail Motor Industry Federation Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1 Accounting Policies (continued)

Advertising revenue

Advertising income comprises revenue earned from advertising of vehicles on the website. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer, i.e. over the period to which the advertising relates.

Training

Training revenue is recognised at the point at which the training takes place and has been evidenced. Any amounts received in the current financial year that relate to the following year are treated as deferred income at the balance sheet date.

1.6 Intangible Fixed Assets - goodwill

Purchased goodwill is determined by comparing the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It is capitalised and written off on a straight line basis over its estimated useful economic life of five years and is subject to impairment reviews.

Negative goodwill arises when the fair value of the net assets acquired is greater than the consideration paid. Negative goodwill is released to profit or loss over the period over which the group is expected to benefit from the net assets acquired. This is estimated to be five years.

1.7 Intangible Fixed Assets other than Goodwill

Intangible assets acquired separately from a business are recognised at cost less accumulated amortisation and accumulated impairment losses.

Staff costs relating to time spent developing new course content including the instructional design required to deliver the apprenticeship training courses are recognised as intangible assets- course materials.

1.8 Amortisation of Intangible Assets

Amortisation is recognised so as to write off the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised on the following bases:

- Goodwill 5 years straight line
- Software 3 years straight line
- Course Materials 3 years straight line or over the period for which the content is expected to be used if shorter.

Amortisation of course materials is charged to cost of sales in the Profit and Loss account.

Amortisation of software and goodwill is charged to operating expenses in the Profit and Loss account.

1.9 Tangible Assets

Tangible fixed assets other than long leasehold property are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful life on a straight line basis, as follows:

Computer equipment	3 years
Furniture and equipment	7 years
Motor vehicles	4 years
Plant and Machinery	5 years
Short Leasehold Property	Over the term of the lease
Leasehold improvements	10 years

The Retail Motor Industry Federation Limited
Notes to the Financial Statements
For the year ended 31 December 2019

1 Accounting Policies (continued)

1.9 Tangible Assets (continued)

It is the company's practice to maintain its long leasehold property in a continual state of sound repair and to make improvements thereto from time to time. The directors review the valuation of the building annually for impairment in its value and as they consider that the residual value at the end of its useful economic life will not be less than its present carrying value, no depreciation is chargeable. The company's long leasehold property used in the business is included in the financial statements at its fair value.

1.10 Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

1.11 Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value of the asset less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.12 Investments

Investments comprise investments in listed equity instruments which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using a valuation technique.

1.13 Investment in Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Retail Motor Industry Federation Limited
Notes to the Financial Statements
For the year ended 31 December 2019

1 Accounting Policies (continued)

1.13 Investment in Subsidiaries (continued)

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

1.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.15 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's and company's balance sheet when the group and company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the group or company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group and /or company after deducting all of its liabilities.

The Retail Motor Industry Federation Limited
Notes to the Financial Statements
For the year ended 31 December 2019

1 Accounting Policies (continued)

1.15 Financial instruments (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's and company's obligations are discharged, cancelled, or they expire.

1.16 Provisions for Other Liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event; it is probable that the group will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.17 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

The Retail Motor Industry Federation Limited
Notes to the Financial Statements
For the year ended 31 December 2019

1 Accounting Policies (continued)

1.17 Taxation (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves. Deferred tax assets and liabilities are offset when the group and company have a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group and company are demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.19 Retirement benefits

The company participates in the Motor Industry Pension Plan, which operates both a defined contribution and a defined benefit scheme.

The group also operates another defined contribution plan for new employees. The assets of the scheme are held separately from the group in independently administered funds. Payments to the defined contribution schemes are charged as an expense as they fall due.

Defined benefit pension plan

Pension scheme assets are measured at fair value in accordance with the FRS 102 fair value hierarchy. Pension scheme liabilities are measured using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. Annually the company engages independent actuaries to calculate the obligation.

The balance recognised in the Balance Sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the end of the reporting date, less the fair value of the scheme assets at the reporting date.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on scheme assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of scheme assets. This is recognised in profit or loss as 'Finance income/expenditure'.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented within provisions.

The Retail Motor Industry Federation Limited
Notes to the Financial Statements
For the year ended 31 December 2019

1 Accounting Policies (continued)

1.20 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Significant judgements and estimates

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Deferred tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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2 Significant judgements and estimates (continued)

Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, and economic utilisation. Goodwill impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the group to estimate the future cashflows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. See note 9 for the carrying amount of intangible assets and note 1.8 for the useful economic lives for each class of assets.

Release of negative goodwill to profit or loss

The annual amount of negative goodwill credited to profit or loss is sensitive to the directors' estimate of the period over which the group is expected to benefit from the net assets acquired.

The period of benefit is assessed annually. See note 9 for the carrying amount of negative goodwill and note 1.6 for the period over which the negative goodwill is released.

Defined benefit pension scheme

The group and company have obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Estimates have also been made of the additional liabilities that arise for the requirement to equalise guaranteed minimum pension benefits (GMP) following the court judgement on 26 October 2018. This was included in the 2018 liabilities for the first time and was estimated at £320,000 and included as a past service cost (note 6). Changes in the estimated liability for 2019 arise from a change in assumptions and is recognised in Other Comprehensive Income. See note 18 for the disclosures relating to the defined benefit scheme.

Intangible assets- capitalisation and amortisation of course materials

The group employs staff to develop new course content including the instructional design required to deliver apprenticeship training courses. The cost of time spent by these employees, based on time records maintained, is recognised as an intangible asset described as course materials.

The total amount capitalised in the year was £364k as shown in note 9.

The course material is amortised over the shorter of the time that the content is expected to remain relevant and used in course delivery without significant enhancement or three years. The amortisation of course materials in the year was £291k as shown in Note 9.

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3 Turnover

	2019 £ '000	2018 £ '000
Subscriptions	4,212	4,781
Membership activities	58	213
Rental income	222	288
Commission	153	183
Other income	2,183	2,222
Training	20,638	19,525
	<u>27,466</u>	<u>27,212</u>

4 Operating Profit

	2019 £ '000	2018 £ '000
The operating profit is stated after charging/(crediting):		
Auditors' remuneration in respect of audit services	28	29
Auditors' remuneration in respect of:		
–audit of subsidiaries	45	37
–taxation	20	17
–other	28	29
Depreciation of owned tangible fixed assets	231	281
Depreciation of tangible fixed assets held under finance leases	57	57
Loss on disposal of tangible fixed assets	-	-
Amortisation of goodwill	(70)	(76)
Amortisation of intangible assets	291	211
Operating lease rentals	504	612
Exceptional item - past service cost relating to GMP equalisation (Note 2)	-	320
	<u></u>	<u></u>

5 Investment Income

	2019 £ '000	2018 £ '000
Profit / (loss) on sale of investments	1,142	(20)
Profit / (loss) on revaluation of investments	100	(730)
Investment interest receivable	215	225
Dividends receivable	147	137
	<u>1,604</u>	<u>(388)</u>

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6 Staff Costs including Executive Directors	2019 £ '000	2018 £ '000
Wages and salaries	13,788	12,920
Social security costs	1,480	1,350
Pension costs	571	411
Defined benefit past service costs	-	320
	<u>15,839</u>	<u>15,001</u>

The average number of persons employed by the group during the year was :

	2019	2018
Members services	68	71
Training	358	317
Administration	15	15
	<u>441</u>	<u>403</u>

7 Directors' Emoluments	2019 £ '000	2018 £ '000
Emoluments	784	688
Company contributions to money purchase pension scheme	49	44
	<u>833</u>	<u>732</u>

Key management personnel comprises directors only whose compensation is set out above.

	2019 £ '000	2018 £ '000
<i>Highest paid director</i>		
Emoluments	177	167
Aggregate contributions to money purchase pension scheme	14	13
	<u>191</u>	<u>180</u>

Two Directors (2018 - two) were members of the defined contribution scheme.

8 Taxation	2019 £ '000	2018 £ '000
Domestic current year tax		
UK Corporation tax	145	113
Adjustments for prior years	(16)	(28)
Total current tax charge	<u>129</u>	<u>85</u>
Deferred Tax:		
Deferred tax charge / (credit) for the current year (note 17)	117	(21)
Impact of change in tax rate	-	(154)
Group deferred tax charge/ (credit)	<u>117</u>	<u>(175)</u>
Total tax charge/ (credit)	<u>246</u>	<u>(90)</u>

Factors that may affect future tax charges

The group has estimated tax losses of £11,645,000 (2018: £11,479,000) available to carry forward against future trading profits of the same trade.

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8 Taxation (continued)

Factors affecting the tax charge for the year	2019 £ '000	2018 £ '000
Profit/ (Loss) before tax	1,227	(13)
Profit/ (Loss) before tax multiplied by the standard rate of UK Corporation tax of 19% (2018 - 19%)	233	(2)
Effects of:		
Non deductible expenses	33	11
Capital allowances for year lower than depreciation/ (in excess of)	(88)	(34)
Amortisation of intangible assets	25	(31)
Tax losses utilised	(2)	-
Unutilised tax losses carried forward	(17)	(8)
Effect of change in corporation tax rate on deferred tax	-	(154)
Dividends not taxable	(28)	(26)
Unrelieved losses and other adjustments	70	56
FRS102 pension adjustments not deductible/ chargeable for tax	3	66
Change in unrecognised deferred tax assets	33	36
Adjustments in respect of prior years	(16)	(4)
	13	(88)
Tax expense / (credit) for the year	246	(90)

Tax rate changes

Changes to the corporation tax rates to reduce the rate to 17% for 1 April 2020 were substantively enacted by the 2018 balance sheet date. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

The impact of the change in tax rate other than as shown above is to increase the deferred tax credit to other comprehensive income in 2018 by £95,000.

9 Intangible Fixed Assets

	Goodwill	Group Software	Course Materials	Total	Company Goodwill
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1st January 2019	1,153	205	672	2,030	607
Additions- internally developed	-	-	364	364	-
Disposals	-	(205)	-	(205)	-
At 31 December 2019	1,153	-	1,036	2,189	607
Amortisation					
At 1st January 2019	1,065	205	249	1,519	519
Amortisation charge for the year	88	-	291	379	88
Disposals	-	(205)	-	(205)	-
At 31st December 2019	1,153	-	540	1,693	607
Net book value					
At 31st December 2019	-	-	496	496	-
At 31st December 2018	88	-	423	511	88

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9 Intangible Fixed Assets (continued)

Negative Goodwill

**Group
£'000**

Cost

At 1st January 2019 and 31st December 2019

822

Amortisation

At 1st January 2019

664

Amortisation for the year

158

At 31st December 2019

822

Net book value

At 31st December 2019

-

At 31st December 2018

158

Group intangible asset- Course Materials

Course materials includes group course materials required to deliver apprenticeship training courses. This content was created by staff specifically employed for the purpose.

Group and company intangible asset - Goodwill

The company and group goodwill includes that arising from the acquisition of the trade and assets of the Motor Vehicle Repairers Association in June 2009.

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10 Fixed Assets - Tangible

Group	Long Leasehold Property £ '000	Short Leasehold Property £ '000	Leasehold Improvements £ '000	Furniture and Equipment £ '000	Computer Hardware £ '000	Total £ '000
Cost or Valuation						
At 1st January 2019	3,400	127	542	1,235	902	6,206
Additions	34	-	3	101	82	220
Disposals	-	(127)	-	(145)	(129)	(401)
Transfers	136	-	(136)	-	-	-
Transfer from Investment Property	391	-	-	-	-	391
Revaluation	(231)	-	-	-	-	(231)
At 31st December 2019	3,730	-	409	1,191	855	6,185
Depreciation						
At 1st January 2019	-	127	257	772	705	1,861
Charge for the year	-	-	22	133	133	288
Eliminated on disposals	-	(127)	-	(145)	(129)	(401)
At 31st December 2019	-	-	279	760	709	1,748
Net Book Value						
At 31st December 2019	3,730	-	130	431	146	4,437
At 31st December 2018	3,400	-	285	463	197	4,345

Long Leasehold Property (Group and Company)

The long leasehold property was professionally valued as at 31 December 2019 on the basis of fair value by hb Surveyors and Valuers, independent valuers, in line with the requirements of Financial Reporting Standard 102. The valuation was made on an existing use value which is the amount a willing buyer would pay a willing seller in an arm's length transaction, assuming vacant possession and by reference to market evidence of recent transaction prices. The historical cost of the fixed asset portion was £241k (2018- £66k)

A charge was created over the long leasehold property at the company's head office, 201 Great Portland Street, London on 29 November 2011 in favour of Motor Industry Pension Plan Scheme.

The Retail Motor Industry Federation Limited
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10 Fixed Assets - Tangible (continued)

Company	Long Leasehold Property £ '000	Leasehold Improvements £ '000	Furniture and Equipment £ '000	Computer Hardware £ '000	Total £ '000
Cost or Valuation					
At 1st January 2019	3,400	543	685	281	4,909
Additions	34	-	2	23	59
Disposals	-	-	(83)	(1)	(84)
Transfers	136	(136)	-	-	-
Transfer from investment property	391	-	-	-	391
Revaluation	(231)	-	-	-	(231)
At 31st December 2019	3,730	407	604	303	5,044
Depreciation					
At 1st January 2019	-	254	549	219	1,022
Charge for the year	-	19	38	40	97
Eliminated in respect of disposals	-	-	(83)	(1)	(84)
At 31st December 2019	-	273	504	258	1,035
Net Book Value					
At 31st December 2019	3,730	134	100	45	4,009
At 31st December 2018	3,400	289	136	62	3,887

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Furniture and equipment	151	208	-	-

11 Fixed Assets - Investment Property

Investment property (Group)

	2019 £ '000
Fair value	
At 1st January 2019	9,885
Additions	86
Reclassification to tangible fixed assets on change of use	(391)
Revaluation	(735)
At 31st December 2019	8,845

Investment property - Group and Company

The long leasehold property described in Note 10 is mixed-use, with an investment property portion. The independent professional valuation by hb Surveyors and Valuers provides a separate value of the own-use and investment property elements. The valuation is based on rental value and yields for the location and similar properties. During the year, parts of the property changed its use from owner occupied to being rented out to a third party and vice versa. These changes in use result in parts of the property being reclassified as investment property at fair value at the date of the change in use and also reclassified from investment property to tangible fixed assets at fair value at the date of change in use.

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11 Fixed Assets - Investment Property (continued)

Investment property - Group only

In addition to the company's investment property, one of the subsidiaries owns a property located in Leeds. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 22 March 2019 by Lambert Smith Hampton who are not connected with the company. The valuation is based on rental value and yields for the location and similar properties.

If investment properties were stated on a historical cost basis rather than a fair value basis, the amounts would have been £480k (2018-£399k) (Group).

Investment property (Company)

	2019 £'000	2018 £'000
Fair value		
At 1st January	9,740	8,300
Additions	86	-
Revaluation	(735)	305
Reclassification from tangible fixed assets on change of use	(391)	1,135
At 31st December	<u>8,700</u>	<u>9,740</u>

Investment Property (Company)

If investment properties were stated on a historical cost basis rather than a fair value basis, the amounts would have been £265k (2018-£184k).

12 Fixed Assets - Investments

	Cash Deposits £'000	Listed Investments £'000	Total £'000
Group			
Cost or valuation			
At 1st January 2019	1,160	13,173	14,333
Additions	-	3,701	3,701
Disposals	(719)	(2,688)	(3,407)
Revaluations	-	1,242	1,242
At 31st December 2019	<u>441</u>	<u>15,428</u>	<u>15,869</u>

The Retail Motor Industry Federation Limited
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12 Fixed Assets - Investments (continued)

Company	Shares in Group Undertakings	Cash Deposits	Listed Investments	Total
Cost or valuation	£'000	£'000	£'000	£'000
At 1st January 2019	6	1,160	13,173	14,339
Additions	-	-	3,701	3,701
Disposals	-	(719)	(2,688)	(3,407)
Revaluations	-	-	1,242	1,242
At 31st December 2019	6	441	15,428	15,875

Listed investments have been revalued to their mid market value at the balance sheet date. The historic cost of investments at 31st December 2019 was £13,925,412 (2018 - £12,973,212).

Shares in Group Undertakings

Shares in group undertakings are shown at cost, less any provisions for material continuing losses and impaired carrying value. Details of the company's subsidiary undertakings are set out below. All the subsidiary undertakings are incorporated in England and Wales and operate in the United Kingdom.

Trading Company:	Principal Activity	Proportion of ordinary shares held
		%
Remit Group Limited	Training Provider	51
Big Oil Limited	Online Information Portal	100
RMI SC Limited	Certification services	100
Remit Food Limited	Training Provider	42*
Assessed Education Limited	End Point Assessor	51*
Trading Company limited by guarantee:		
	Online marketing ceased 31 December 2018	n/a**
Trusted Dealers Limited	Investment company	n/a***
The Vehicle Builders and Repairers Association		
Non Trading Companies:		
The Petrol Retailers Association Limited	Dormant	100
Motor Industry Pension Plan Trustees Limited	Dormant	100
Remit Showroom Limited	Dormant	34*
Non Trading Companies limited by guarantee:		
The National Franchised Dealers Association Limited	Dormant	n/a
The National Association of Radiator Specialists Limited	Dormant	n/a
Motorcycle Rider Training Association Limited	Dormant	n/a
Motorcycle Retailers Association Limited	Dormant	n/a
Society of Motor Auctions Limited	Dormant	n/a
Independent Garage Association Limited	Dormant	n/a
Cherished Numbers Dealers Association Limited	Dormant	n/a
National Conciliation Service Limited	Dormant	n/a
Car Wash Association	Dormant	n/a

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Notes to the Financial Statements

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12 Fixed Assets - Investments (continued)

The registered office of Remit Group Limited, Remit Food Limited, Assessed Education Limited and Remit Showroom Limited is 4 Orchard Place, Nottingham Business Park, Nottingham, NG8 6PX and the registered office of all the other subsidiaries is 201 Great Portland Street, London, W1W 5AB.

The financial statements for the trading subsidiaries for the year ended 31 December 2019 have been consolidated with those of the parent company. The non-trading subsidiaries have not been included in the consolidation as they are immaterial.

* Indirectly held voting shares.

** 58.7% of the voting shares are held.

*** 100% of the voting shares are held

13 Debtors

	Group		Company	
	2019	2018	2019	2018
	£ '000	£ '000	£ '000	£ '000
Trade debtors	590	624	294	152
Amounts owed by subsidiary undertakings	-	-	37	107
Other debtors	190	208	123	128
Prepayments and accrued income	3,020	1,831	348	276
Deferred tax asset (see note 17)	-	8	-	-
	<u>3,800</u>	<u>2,671</u>	<u>802</u>	<u>663</u>

14 Creditors: Amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£ '000	£ '000	£ '000	£ '000
Obligations under finance leases	53	54	-	-
Trade creditors	1,110	924	376	272
Amounts owed to subsidiary undertaking	-	-	684	471
Social security and other taxes	744	713	264	226
Other creditors	609	542	290	243
Accruals and deferred income	2,493	2,579	1,712	1,478
	<u>5,009</u>	<u>4,812</u>	<u>3,326</u>	<u>2,690</u>

15 Creditors: amounts falling due after one than more year

	Group		Company	
	2019	2018	2019	2018
	£ '000	£ '000	£ '000	£ '000
Obligations under finance lease	91	143	-	-

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16 Finance lease obligations	Group		Company	
	2019 £ '000	2018 £ '000	2019 £ '000	2018 £ '000
Future minimum lease payments due under finance leases:				
Within one year	63	65	-	-
In two to five years	110	173	-	-
	173	238	-	-
Less: future finance charges	(29)	(41)	-	-
	144	197	-	-

17 Provision for Other Liabilities

Deferred Taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

Deferred tax asset	Group		Company	
	2019 £ '000	2018 £ '000	2019 £ '000	2018 £ '000
Tax losses available against future profits	-	8	-	-

Deferred tax liability	Group		Company	
	2019	2018	2019	2018
Revaluation gains on listed investments and investment and own-use property	2,224	2,154	2,113	2,067

Deferred tax movements in the year	Group 2019 £ '000	Company 2019 £ '000
Liability at 1st January 2019	(2,154)	(2,067)
Asset at 1st January 2019	8	-
Credit to profit and loss account	(117)	(85)
Credit to other comprehensive income	39	39
(Liability) at 31st December 2019	(2,224)	(2,113)
Analysed as:		
Liability at 31st December 2019	(2,224)	(2,113)
Asset at 31st December 2019	-	-

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17 Provision for Other Liabilities (continued)

A further deferred taxation asset arises due to tax losses being carried forward by entities where they do not anticipate taxable profits to arise in the immediate future. No provision for these deferred taxation assets, comprised as follows, has been made in these financial statements.

	2019 £ '000	2018 £ '000
Amounts potentially available to credit the Profit and Loss account:		
Accelerated depreciation	123	164
Other short term timing differences	1	1
Losses carried forward	<u>2,214</u>	<u>2,181</u>
Total potential deferred tax asset	<u><u>2,338</u></u>	<u><u>2,346</u></u>

18 Future Financial Commitments

(a) Operating Leases

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £ '000	Group 2018 £ '000
within one year	611	648
between two and five years	583	1,050
in over five years	161	161
	<u>1,355</u>	<u>1,859</u>

The majority of leases of land and buildings are subject to rent reviews.

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments, which fall due as follows:

	2019 £ '000	Group 2018 £ '000
within one year	206	116
between two and five years	580	219
over five years	1,076	808
	<u>1,862</u>	<u>1,143</u>

The leases are for land and buildings and are subject to rent reviews.

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18 Future Financial Commitments (Continued)

(b) Pension Costs

The group operates three pension schemes for its employees: two as participating employer in the Motor Industry Pension Plan (MIPP), and a Group Personal Pension Plan for new entrants.

The majority of MIPP scheme members belong to a defined benefit scheme which provides defined benefits based on service in the scheme and final pensionable salary. A minority belong to a scheme which provides benefits based on defined contributions. Both MIPP schemes are now closed to new members.

The Group Personal Pension Plan provides benefits based on defined contributions paid to the plan. The group also contributes to the personal pension plan of its employees.

MIPP schemes' assets are held separately from those of the group companies in separate trustee administered funds. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' future working lives. The contributions are determined with the advice of an independent qualified actuary on the basis of regular valuations.

The most recent actuarial valuation was carried out at 5 April 2019. Using the 5 April 2019 valuation as a basis, the actuarial valuation of the scheme has been updated to 31st December 2019 by an independent qualified actuary in accordance with section 28 of FRS 102.

As required by section 28 of FRS 102, the defined benefit liabilities have been measured using the projected unit method.

Contributions for the year ended 31st December 2019 amounted to £95,000 (2018 - £105,000). Payments for future years under the current schedule of contributions will be £95,000 for 2020 to cover the expenses of the scheme, which will vary in amount from year to year.

Changes in present value of defined benefit obligations

	Group and Company	
	2019	2018
	£' 000	£' 000
Scheme liabilities at 1st January	21,650	22,946
Exceptional past service costs	-	320
Interest cost	612	561
Actuarial losses / (gains) on scheme liabilities	644	(1,120)
Net benefits paid from scheme assets	(1,058)	(1,057)
Scheme liabilities at 31st December	<u>21,848</u>	<u>21,650</u>

Total actuarial loss of £1,453,000 (2018-gain of £1,120,000) on the liabilities is analysed as follows:

	2019	2018
	£ '000	£ '000
(Loss)/gain on change in actuarial assumptions	<u>(1,453)</u>	<u>1,120</u>
	<u>(1,453)</u>	<u>1,120</u>

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18 Future Financial Commitments (Continued)

(b) Pension Costs (Continued)

Changes in fair value of scheme assets

	Group and Company	
	2019	2018
	£ '000	£ '000
Fair value of scheme assets at 1st January	25,613	27,056
Return on scheme assets (excluding amounts in net interest)	2,223	(1,017)
Employer contributions	95	105
Net benefits paid from scheme assets	(1,058)	(1,057)
Expenses paid	(80)	(139)
Interest income	729	665
	<u>27,522</u>	<u>25,613</u>

Fair value of scheme assets at 31st December

Amounts recognised in income are as follows:

	2019	2018
	£ '000	£ '000
Expenses paid - operating expenses	80	139
Exceptional past service costs - employment costs (note 6)	-	320
Interest on net defined benefit asset - other finance income	(1)	(1)
Pension expense recognised in profit and loss	<u>79</u>	<u>458</u>

The actual return on scheme assets for the year was a gain of £2,952,000 (2018 - £2,026,000).

Amounts recognised in other comprehensive income

	2019	2018
	£ '000	£ '000
Actuarial (loss)/ gain on liabilities	(644)	1,120
Actuarial gain/(loss) on scheme assets in excess of interest	2,223	(1,017)
	<u>1,579</u>	<u>103</u>
Change in the effect of the asset ceiling	(1,595)	250
Total (loss) / gain recognised in other comprehensive income during the period	<u>(16)</u>	<u>353</u>

Assumptions

The principal assumptions for the defined benefit scheme used by the actuary were:

	%	%
RPI Inflation	3.20%	3.50%
CPI Inflation	2.20%	2.40%
Revaluations in deferment	2.20%	2.40%
Pension increases- 5% LPI	3.10%	3.30%
Pension increases- 2.5% LPI	2.30%	2.30%
Pension increases- Post 88 GMP benefits	2.00%	2.10%
Discount rate for scheme liabilities	2.00%	2.90%

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements.

The actuary assumed that pre and post retirement mortality is in line with standard tables at 100% S2PxA tables, improvements in line with the CMI 2018 projections with a value of 7.0 for the smoothing parameter, 0.5 for the adjustment parameter A and a long term rate of improvement of 1.5% (2018: 100% S2PxA tables, improvements in line with the CMI 2014 projections and a long term rate of improvement of 1.5%). Under these assumptions the average life expectancy of males aged 65 is 22.2 years (2018: 22.9 years) and of females aged 65 of 24.1 years (2018: 25 years). Longevity at age 65 for future pensioners currently aged 45 is 23.9 years for males (2018: 25.1 years) and 25.9 for females (2018: 27.3 years).

No allowance has been made for cash commutations.

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18 Future Financial Commitments (Continued)

(b) Pension costs (Continued)

Amounts included in the statement of financial position	2019 £ '000	2018 £ '000
Fair value of scheme assets	27,522	25,613
Present value of funded defined benefit obligations	(21,848)	(21,650)
Unrecognised asset	(5,674)	(3,963)
Net retirement benefit obligations	-	-

The surplus has not been recognised in the balance sheet as the recovery is uncertain due to the recoverability of the surplus in the form of a refund or a reduction in future contributions depends on the future decisions of the trustees of the scheme.

Analysis of fair value of scheme assets

	2019		2018	
	£ '000	%	£ '000	%
Diversified (Nominal)	11,284	41%	10,245	40%
Diversified (Real)	16,238	59%	15,368	60%
Fair value of assets	27,522	100%	25,613	100%

19 Cash generated from operations

	Group	
	2019 £ '000	2018 £ '000
Profit for the financial year	981	77
Adjustments for:		
Income tax recognised in profit or loss	246	(90)
Fair value losses/ (gains) on investment property	735	(225)
Investment income recognised in profit or loss	(1,604)	388
Amortisation and impairment of intangible assets	221	135
Depreciation and impairment of tangible fixed assets	288	338
Post employment benefits less payments	(16)	353
Movements in working capital:		
(Increase) in debtors	(1,137)	(340)
Increase in creditors	229	180
Cashflow (absorbed by) /generated from operating activities	(57)	816

Net Debt Reconciliation

	1 January £'000	Cashflows £'000	31 December £'000
Cash at bank and in hand	2,515	(872)	1,643
Finance Leases	(197)	53	(144)
Net debt	2,318	(819)	1,499

The Retail Motor Industry Federation Limited

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21 Related Party Transactions

See note 7 for disclosure of the directors' remuneration and key management personnel compensation.

The company has taken the exemption available in FRS 102 and has chosen not to disclose related party transactions with wholly owned members of the group.

Transactions with group undertakings

During the year, Remit Group Limited was charged salary and administration costs of £50,000 (2019 - £50,000) on normal commercial terms by the parent company Retail Motor Industry Federation Limited. At 31 December 2019, Remit Group Limited was owed £5,204 (2018 - £80,471 owed to) from the Retail Motor Industry Federation Limited.

During the year, Remit Group Limited recharged £2,409,191 (2018 - £1,067,257) of staff costs on normal commercial terms to Remit Food Limited, its 82% subsidiary. At 31 December 2019, Remit Group Limited was owed £197,945 by (2018 - £561,601-owed to) to Remit Food Limited.

At the year end, the Retail Motor Industry Federation Limited owed £3,522 to Remit Food Limited (2018- £16,126) for VAT received on its behalf.

A 58% subsidiary company, Trusted Dealers Limited, had transactions during the year totalling £10,531 (2018 - £197,622) with its ultimate controlling party, the Retail Motor Industry Federation Limited (RMIF), relating to salaries paid by RMIF and recharged to Trusted Dealers Limited.

At 31 December 2019, the Retail Motor Industry Federation Limited owed £255,000 (2018- £22,616 owed by) to Trusted Dealers Limited.

Trusted Dealers Limited has entered into relationships, on an arms length basis, with Judgeservice Research Limited to reimburse a portion of its costs (at cost or less) in providing office space and administration to the company. The total amount paid during the period in respect of these services amounted to £4,377 (2018 - £31,469). N Addley, the owner of Neil Addley Sales and Marketing, is a director of Judgeservice Research Limited.

Included in trade and other payables at the year end is £nil (2018 - £3,017) owed to Judgeservice Research Limited. There is no security on this balance and it is monies owed for allocation of office space and administration reimbursement as described above.

The following directors of Trusted Dealers Limited are also directors of companies which, during the prior year, advertised vehicles on the Trusted Dealers website. These transactions were made on an arms length basis and the value of sales made by Trusted Dealers Limited are shown in the table below. There are £nil outstanding balances arising from these transactions at 31st December 2019 (2018: £Nil).

Director of Trusted Dealers Limited	Other Relevant Directorship	Sales by Trusted Dealers	
		2019	2018
R T Forrester	Vertu plc	-	60,000
P Jones & A Bruce	Lookers plc	-	163,296
K Savage	Perrys Motor Sales Limited	-	16,800
		<u>-</u>	<u>240,096</u>

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22 Guarantees and other Financial Commitments

In 2016, Remit Group Limited entered into a lease agreement for rent of £102,500 per annum for 10 years ending 24 April 2026. Retail Motor Industry Federation Limited is a guarantor for the lease.

23 Capital Commitments

At 31 December 2019, the group had capital commitments of £315,000 (2018-£nil).