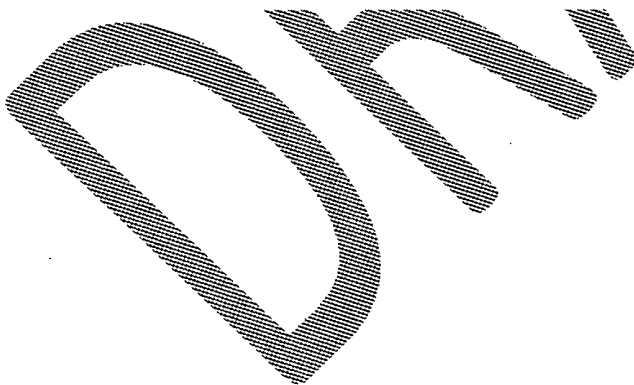


**THE SOCIETY OF MOTOR  
MANUFACTURERS AND TRADERS  
LIMITED**

Annual Report and Financial Statements  
for the year ended 31 December 2016

Registered Number: 00074359



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# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

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## THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

NOTICE IS HEREBY GIVEN that a General Meeting of the Members of The Society of Motor Manufacturers and Traders Limited will be held at 2680 Kings Court, Solihull Parkway, Birmingham Business Park, Birmingham, B37 7YE, on 22/09/2017 for the purpose of:

1. Receiving and considering the Report of the Directors and the audited consolidated Financial Statements for the year ended 31 December 2016
2. Transacting any other general business of the meeting

I therefore confirm that this meeting has been convened in accordance with the requirements of the Companies Act 2006

By Order of the Board



Mr SB Samuels  
Company Secretary

Date: 31/08/2017

Note: A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Society. Any instrument appointing a proxy shall be in the form of a letter under the hand of a Director or Secretary of the appointing Company and shall be deposited at the Society's Registered Office not less than 24 hours before the time of holding the meeting.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Strategic Report for the year ended 31 December 2016

The Directors have pleasure in presenting their Annual Report and the audited Financial Statements of the Group for the year ended 31 December 2016.

### Principal Activities

The Society of Motor Manufacturers and Traders Limited ("SMMT") is the trade association for the UK motor industry. Since 1902 it has encouraged and promoted the interests of the whole industry, in the UK and abroad.

The main activities of the Society are:

- Position the UK motor industry as a critical contributor to the UK economy, a major employer and source of technological innovation through all relevant communication channels
- Secure competitive advantage for the UK motor industry and mitigate risk by ensuring the SMMT is the influential voice of the industry in the major policy debates and regulatory discussions
- Improve the efficiency and effectiveness of the organisation ensuring the smooth delivery of essential value-added services, advice and support to the industry
- Strengthen the financial position of the organisation by increasing the size and diversity of SMMT's membership and through the development of new and existing services
- Develop and exploit all opportunities to grow the UK motor industry - the market, business and products - at home and abroad.

SMMT will continue to work closely with other relevant organisations to promote the strengths and values of the manufacturing, service and repair, aftermarket, supply chain, retail and other related services of the UK industry and abroad.

### Review of Business

2016 presented a number of new opportunities and activities for SMMT and the UK automotive industry, and also saw a focus on emissions, Europe and trust. SMMT was proactive in the period up to the EU Referendum, with key outputs including a member survey on views on the EU including future UK membership, and like other organisations, our activities were run in compliance with Electoral Commission rules. The EU referendum result and consequent issues for the automotive manufacturing sector in the UK, around leaving Europe have had an immediate impact on SMMT's agenda.

Irrespective of the Brexit result, EU legislative processes on key industry issues were ongoing in 2016 – real driving emissions (RDE), type approval and CO2, all required SMMT to develop industry positions and continue its other activities such as SMMT's annual CO2 Report. Published in March, the report took a new focus and format, to seek greater debate and discussion on addressing challenges, and similarly SMMT adopted a new approach to the annual SMMT Sustainability Report launched at the SMMT International Summit in June.

2016 saw a series of Shows and events, from the Commercial Vehicle Show in April, to the inaugural Automechanika Birmingham in June. Alongside Automechanika, SMMT held its successful and growing Open Forum and Meet the Buyer events, seeking to further support member ambitions for growth and new business opportunities. Supporting UK manufacturing and growth, was a key theme for other SMMT activities, including developing a report on industry 4.0 and new developments in manufacturing, and taking a leading role in supporting the Automotive Council's Sector Strategy refresh. SMMT promoted industry in the UK, and abroad, including preparation for the possibility of sanctions lifting for trade to Iran.

# **THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED**

## **Strategic Report**

### **for the year ended 31 December 2016 (continued)**

During 2016, SMMT progressed three significant strategic steps to progress its operational efficiency: Firstly, SMMT developed a Mid-Term Plan to enable more strategic planning. The plan is reviewed annually, or earlier as the business responds quickly to changing circumstances, such as the Referendum result. Whilst some of the key elements of the plan are immutable; (the need for more efficient operations, additional services and service-related income, staff development and broader industry trends such as e-mobility, digitalisation and environmental challenges) others inevitably reflect social and political priorities.

Secondly, SMMT made a significant investment in the internal operations across the group through the development and adoption of new central strategic business systems on a single online platform. This new common standardised system should enable the SMMT to increase its productivity and efficiency in addressing the challenges of its short and mid-term plans.

The third change was to begin a two stage process in recalibrating the SMMT's future liability in the Defined Benefit Pension Scheme. The first step was to close the Scheme to future accrual, which was completed with effect from 31 December 2016. The second stage is an enhanced transfer value exercise which should conclude in the second half of 2017. Both measures should significantly reduce the financial risk and liability exposure of the SMMT in meeting its future obligations under the Scheme.

Finally, SMMT celebrated its 100th Annual Dinner in November with a record attendance from membership.

#### **Key Performance Indicators**

In order to ensure financial rigour and accountability SMMT provides some consistent measures of performance. The following metrics are reported and reviewed on a regular basis by the SMMT Executive Board.

Membership engagement in order to assess revenues risk, and the relative growth rate of the business;

Gross and net margin by business unit, including variances against budget to ensure financial performance shortfall are identified and discussed; and

Public and media engagement, to ensure relevance, image and profile of the sector accords with SMMT's business plan

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Strategic Report for the year ended 31 December 2016 (continued)

### Principal Risks and Uncertainties, including Financial Risk Management

There is regular discussion and review by the SMMT Senior Management team, SMMT Finance and SMMT Executive Boards of both risk and opportunities faced by the Society from which agreed actions and countermeasures are implemented, monitored and reassessed as appropriate. In broad terms and as a consequence of the SMMT's alignment with the sectors performance principal risks may be summarised at a strategic level:

**Reputation:** SMMT's public integrity and compliance best practice are prerequisites to our winning and sustaining a number of government contracts at all levels in the group. The organisation's public profile and standing also underpins the necessary trust and confidence that enables our dialogue and activities with the UK government, political parties, EU Institutions and our contact with various regulators. To address these points SMMT run a compliance programme with regular training for staff and members, as well as having processes in place to counter risks, which are periodically independently reviewed.

**Subscription income:** SMMT's subscription income is dependent upon the sustained relevance and performance of our services to members as well as our members' turnover. SMMT has a dedicated membership programme and regular survey of membership as well as an active recruitment drive for new members. In the medium term any volatility arising from Brexit on our members' turnover would be reflected in subscription income. However, over time our activities are less financially reliant upon economic challenges to subscription income.

**The image and profile of the Automotive Sector and products in the UK:** Our corporate prosperity is closely aligned to the current and future prosperity of the Automotive Sector in the UK. Over recent years the case for a strong national manufacturing base has been accepted and championed by the main political parties to the benefit of the business environment and fiscal policies. The SMMT will support the government in continuing this strategy through the process of Brexit. Further, the development of autonomous vehicles has presented a significant profile and market opportunity for the sector in the UK. Good progress has also been made in further developing the activities of the Automotive Council, with consequent activities for Skills, Technology and Supply Chain improvements. SMMT has also restructured to combine the Communications and International teams to better represent the UK to overseas inward investment.

**SMMT staff:** Staff are our principal asset and their well-being and performance is key to our success. We are committed to training and developing people to reach their full potential. We have a generous training budget to support this and a newly introduced performance and development process to appropriately identify needs. We pride ourselves on our total remuneration package that includes a wide range of employee benefits and incentives designed at retaining staff. We are recognised as an Investor in People at Bronze level and are striving for Silver recognition. It is our aim to be recognised externally as a top employer.

**Credit Risk:** The Company is exposed to credit risk from customers who experience financial difficulties. This is managed by controlled expansion of the customer base and reducing the Company's dependence on any one particular customer. All trade debtor balances are monitored closely to identify any potential bad debts as early as possible.

**Funding Risk:** At the current time the parent Company provides support to the subsidiaries so as to maintain their cash balances within the agreed overdraft facility. The cash position is monitored closely by Group management to ensure that any risk of non-compliance with banking requirements is minimised.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## **Strategic Report for the year ended 31 December 2016 (continued)**

### **Share Capital**

SMMT is a Company limited by guarantee.

By Order of the Board

A handwritten signature in black ink, appearing to be 'SB Samuels', written over a horizontal line.

**Mr SB Samuels**  
Company Secretary

30/08/2017

## Directors' Report for the year ended 31 December 2016

### Results and Dividends

The results of the SMMT for the year are set out on page 14. No dividend is permitted and it is recommended that the whole of the retained profit be added to reserves.

The financial position of the Group is presented in the balance sheet. Total shareholders' funds at 31 December 2016 were £31,470,000 (2015: £29,583,000) comprising total fixed assets of £40,727,000 (2015: £36,746,000), Creditors falling due after more than one year of £1,733,000 (2015: £2,090,000), Provisions for liabilities of £179,000 (2015: £Nil) and net current liabilities of £2,090,000 (2015: Net current liabilities of £677,000).

### Future Developments

Last year was dominated by the Referendum and Brexit. 2017 will continue to be dominated by Brexit, especially since the UK's two year withdrawal period from the European Union, under Article 50 was triggered on 29 March. The automotive sector – as much as any other – has benefitted from membership of the single market and the sector is totally integrated into the European automotive industry. With that relationship now set to change, and hence the conditions under which the sector operates now threatened, SMMT will inevitably have to devote much of its focus to this issue.

However, the period for Brexit negotiations has been momentarily suspended on account of the Prime Minister's decision to bring forward the next UK General Election to 8 June. Whilst the exiting of the UK from the EU will need to be determined, most likely, within the two-year period, uncertainty will last much longer. It is commonly accepted that the negotiation of trade arrangements with the EU – be they over tariffs, customs union, access to talent or even regulation – will take a number of years and cannot formally start until the UK has officially left. Add to that the understandable desire of the UK Government to establish new trading arrangements with third countries – deals we must ensure safeguard or enhance the prospects for our sector – and the need for SMMT to acquire and develop more expertise in trade matters is obvious. Furthermore, we must ensure the world sees the UK – and the UK automotive sector as not just "open for business" but competitive, progressive and innovative. We will increase our international activities, helping UK companies export, attract inward investment but also ensure UK interests are safeguarded abroad.

SMMT will also address other challenges including Air Quality and the threat to diesel cars in particular, the challenges around the introduction of Real World Driving Emissions, changes to type approval, changes to the test cycle and emerging climate change and CO2 targets. We will embrace the shift to connected and autonomous vehicles, helping address the political, regulatory and commercial risks including cyber security, data protection and consumer concerns. Other issues such as the digitalisation of manufacturing, the way vehicles are owned and operated and changing technologies and business processes across all segments of the industry will be managed carefully. Above all, we will seek to assure public confidence in the sector as it remains an exemplar for competitiveness, innovation and economic success.

It is important that we continue the strategy of modernisation and continuous improvement that has transformed the SMMT over recent years. SMMT has sought to enhance its operational productivity and add resilience and flexibility to its operations by investing in new business systems. 2017 will be the first full year of the SMMT group running on one cloud-based platform. This platform will enhance the manner and speed of interaction with each other and with our members. This should also bring a greater clarity of information to our management team to assist our activities and the progression of the Mid-Term Plan.

SMMT's Automotive Information Service shall introduce enhancements to its Vehicle Safety Recall Service, as well as look to develop new products, which in combination should raise sales income generated in 2017 through data based activities. SMMT and the new outsourced service provider will continue to develop the Motor Vehicle Registration Information System to add further functionality and service improvements.



## **Directors' Report for the year ended 31 December 2016 (continued)**

### **Future Developments (continued)**

There will be further review and dialogue between the company and the Trustees of the Defined Benefit Scheme on the appropriate interpretation of the triennial valuation (31 December 2016) and its impact on the covenant. It will be important for the Trustees and company to continue their respective efforts to ensure the longer term reduction in scheme liability and administrative costs whilst ensuring that the Scheme is appropriately funded to fulfil its commitments.

### **Longer Term Goals**

- Ensure UK automotive's needs are safeguarded as part of the UK leaving the European Union
- Future trade agreements with the EU meet the sector's ambitions on key issues such as tariffs, customs union, access to talent etc
- Develop expertise in trade issues so that SMMT can ensure automotive priorities are addressed in any new FTA with Europe and other countries
- Promote the UK sector abroad so that the UK and automotive is still seen as "open for business"
- Identify methods by which the UK automotive sector's interests can still be safeguarded in regulation and policy emanating from Brussels and other regulatory capitals
- Ensure the SMMT's priorities continue to reflect those of the UK automotive industry in relation to market development, skills, technology and competitiveness

### **Equal opportunities policy**

It is the SMMT's policy to employ individuals with the necessary qualifications and experience without regard to sex, marital status, race, creed, colour, age, nationality or religion. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

The SMMT recognises the great importance of the contributions made by all employees and aims to keep them informed of matters affecting them as employees and on developments within the SMMT. Communication and consultation is achieved by a variety of means, both within individual operating divisions and of Group wide basis.

### **Financial Risk Management**

This information is disclosed within the Strategic Report, including within the section "Principal Risks and Uncertainties, including Financial Risk Management".

### **Directors and their interests**

Under the terms of the Articles of Association certain members of Council are further elected to represent their Section on the SMMT Executive Board and it is the members of this committee who constitute the statutory directors for the purposes of the Companies Act 2006.

The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:

## Directors' Report for the year ended 31 December 2016 (continued)

### Directors and their interests (continued)

	Appointed	Resigned
Mr A.J. Barratt	01/01/2016	
Mr L.G. Bleasdale		
Mr N.A. Butler	20/01/2016	
Mr M.R. Cartwright		
Mr N.C. Connor	01/01/2016	30/06/2016
Mr P. Crossman		31/12/2016
Mr S. Egerton		
Mr P.A. Flanagan	17/05/2016	
Mr L.A.C. Fuller		31/12/2016
Dr G.T. Gillespie		
Mr G.C. Grieve		
Mr R.V. Harvey	01/01/2016	
Mr M.A.R. Hawes		
Dr S.T. Hoffmann		
Mr P. Hopkirk		
Mr A.P. Humphrey		
Mr G.P. Jones		
Mr J.A. King		31/12/2016
Mr N.R.P. Lee		
Mr M.G. Magal	01/01/2016	
Mr A.A. Morgan	01/01/2016	
Mr N.S. Morgan		
Mr D.P. Morris	01/01/2016	
Mr J.M. Neill CBE		
Mr D.J.A. Northey		
Mr D.J. Petts		
Mr P.D. Price		
Mr K.A. Ramirez		17/05/2016
Mr R.A. Rickell		
Mr S.J. Roser	01/01/2016	
Mr S.B. Samuels		
Mr R. Shaw		
Mr D.J. Smith		
Mr M.P. Spencer		
Dr R. Speth		
Mr S.D.A. Sproule		
Mr M.K. Straughan		
Mr A.J. Walker		
Mr A. Whitehorn	01/01/2016	
Mr P.T. Williams	01/01/2016	
Mr. P.J.T. Willis		
Mr S.J. Willis	01/01/2016	31/12/2016
Mr J. Wright		30/09/2016

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Directors' Report for the year ended 31 December 2016 (continued)

### Directors and their interests (continued)

The following directors were appointed on 1 January 2017:

Mr C.T. Berridge  
Mr R.C. Drewery  
Mr Y.V. Li  
Mr M.T. Morris  
Mr. A.J.C. Smith  
Mr J.M. Wakefield

### Going Concern

The Financial Statements have been prepared on a going concern basis, which the Directors believe to be appropriate. The Directors have prepared a Business Plan which reflects the Group's expectations for continued growth over the 2017 and 2018 years. Based on the assumptions of this plan and the results of 2017 trading to date, the Directors consider that the Company has sufficient funds for the foreseeable future to meet its liabilities as they fall due for payment.

The Directors have formed a judgement at the time of approving the Financial Statements that the Company has adequate resources available to continue operating and to discharge all financial obligations as they fall due for the foreseeable future from the date of approval of the Financial Statements.

### Statement of Directors' Responsibilities in respect of financial statements.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Directors' Report for the year ended 31 December 2016 (continued)

### Directors' and Officers' Insurance

The Group maintains cover under a qualifying third party indemnity for all Directors and Officers against liabilities which may be incurred by them whilst acting as Directors or Officers. This was in force during the financial year and also at the date of approval of the financial statements.

### Provision of information to Auditors


So far as each of the Directors is aware at the time the report is approved:

- There is no relevant audit information of which the Group's auditors are unaware, and
- Each of the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution will be proposed at the next annual general meeting for their reappointment.

This report was approved by the board on 16 May 2017 and signed on its behalf.



**Mr M Hawes**  
Director

# **THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED**

## **Independent Auditors' Report to the members of The Society of Motor Manufacturers and Traders Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, The Society of Motor Manufacturers and Traders Limited's group financial statements and parent company financial statements (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 2016 and of the group's profit and cash flows 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.

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated and parent company balance sheets as at 31 December 2016;
- the consolidated profit and loss account and the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated and parent company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **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.

In addition, in light of the knowledge and understanding of the group, the parent company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Independent Auditors' Report to the members of The Society of Motor Manufacturers and Traders Limited (continued)

### Other Matters on which we are required to report by exception.

#### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Responsibilities for the Financial Statements and the Audit

#### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities on page 9 in respect of the financial statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

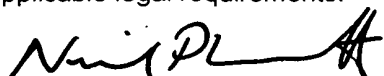
- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

## THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

### Independent Auditors' Report to the members of The Society of Motor Manufacturers and Traders Limited (continued)

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Neil Philpott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham 27/9/2017

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Consolidated Profit and Loss account for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Turnover</b>	4	<b>20,274</b>	20,207
Staff costs (of which credit of £3,184,000 ,(2015:£Nil) is exceptional)	5	<b>(5,343)</b>	(8,123)
Depreciation and other amounts written off tangible and intangible fixed assets	7	<b>(661)</b>	(441)
Other operating expenses		<b>(11,563)</b>	(11,589)
<b>Operating profit</b>	7	<b>2,707</b>	54
Share of operating profit in joint venture		<b>352</b>	343
<b>Profit on ordinary activities before interest and investment income</b>		<b>3,059</b>	397
Income from other fixed asset investments	9	<b>3,524</b>	578
Other interest receivable and similar income	10	<b>13</b>	24
Interest payable and similar expenses	11	<b>(205)</b>	(269)
<b>Profit before taxation</b>		<b>6,391</b>	730
Tax on profit	12	<b>(1,028)</b>	(70)
<b>Profit for the financial year</b>	26	<b>5,363</b>	660

All amounts relate to continuing operations.

The notes on pages 20 to 48 form part of these financial statements.



# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Profit for the financial year		5,363	660
<b>Other comprehensive income:</b>			
Actuarial (loss)/gain on pension scheme	25	(4,161)	1,589
Deferred tax on actuarial loss		685	(362)
Total comprehensive income for the year		1,887	1,887

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Consolidated Statement of Changes in Equity for the year ended 31 December 2016

	Profit and loss account £'000	Total Shareholders' funds £'000
Balance at 1 January 2015	27,696	27,696
Profit for the financial year	660	660
Actuarial loss on pension scheme	1,589	1,589
Deferred tax on actuarial loss	(362)	(362)
Balance at 31 December 2015 and 1 January 2016	29,583	29,583
Profit for the financial year	5,363	5,363
Actuarial loss on pension scheme	(4,161)	(4,161)
Deferred tax on actuarial loss	685	685
<b>Balance at 31 December 2016</b>	<b>31,470</b>	<b>31,470</b>

## Parent Company Statement of Changes in Equity for the year ended 31 December 2016

	Profit and loss account £'000	Total Shareholders' funds £'000
Balance at 1 January 2015	27,452	27,452
Profit for the financial year	230	230
Actuarial loss on pension scheme	1,589	1,589
Deferred tax on actuarial loss	(362)	(362)
Balance at 31 December 2015 and 1 January 2016	28,909	28,909
Profit for the financial year	5,438	5,438
Actuarial loss on pension scheme	(4,161)	(4,161)
Deferred tax on actuarial loss	685	685
<b>Balance at 31 December 2016</b>	<b>30,871</b>	<b>30,871</b>

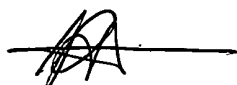
# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Consolidated Balance Sheet as at 31 December 2016

Registered number: 00074359

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Intangible assets	14	3,315	2,627
Tangible assets	15	10,730	10,858
Investments	17	26,682	23,261
		<b>40,727</b>	<b>36,746</b>
<b>Current assets</b>			
Debtors	18	5,415	4,888
Cash at bank and in hand		427	2,172
		<b>5,842</b>	<b>7,060</b>
<b>Creditors: amounts falling due within one year</b>	19	<b>(7,932)</b>	<b>(7,737)</b>
<b>Net current liabilities</b>		<b>(2,090)</b>	<b>(677)</b>
<b>Total assets less current liabilities</b>		<b>38,637</b>	<b>36,069</b>
<b>Creditors: amounts falling due after more than one year</b>	20	<b>(1,733)</b>	<b>(2,090)</b>
<b>Provisions for liabilities</b>			
Deferred tax liabilities	21	(179)	-
Pension liability	25	(5,255)	(4,396)
<b>Net assets</b>		<b>31,470</b>	<b>29,583</b>
<b>Capital and reserves</b>			
Profit and loss account		31,470	29,583
<b>Total shareholders' funds</b>		<b>31,470</b>	<b>29,583</b>

The financial statements on pages 14 to 48 were approved by the Board of Directors on 16 May 2017 and were signed on its behalf by:



**Mr M Hawes**  
Director

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Parent Company Balance Sheet as at 31 December 2016

Registered number: 00074359

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Intangible assets	14	2,569	2,324
Tangible assets	15	9,914	10,084
Investment property	16	1,060	885
Investments	17	26,329	22,918
<b>Current assets</b>		<b>39,872</b>	<b>36,211</b>
Debtors	18	4,400	3,190
Cash at bank and in hand		895	2,167
		<b>5,295</b>	<b>5,357</b>
<b>Creditors: amounts falling due within one year</b>	19	<b>(7,081)</b>	<b>(6,097)</b>
<b>Net current liabilities</b>		<b>(1,786)</b>	<b>(740)</b>
<b>Total assets less current liabilities</b>		<b>38,086</b>	<b>35,471</b>
<b>Creditors: amounts falling due after more than one year</b>	20	<b>(1,733)</b>	<b>(2,090)</b>
<b>Provisions for liabilities</b>			
Deferred tax liabilities	21	(227)	(38)
Pension liability	25	(5,255)	(4,396)
<b>Net assets</b>		<b>30,871</b>	<b>28,909</b>
<b>Capital and reserves</b>			
Profit and loss account		30,871	28,909
<b>Total shareholders' funds</b>		<b>30,871</b>	<b>28,909</b>

The parent companies total comprehensive income for the year is £1,962,000. The financial statements on pages 14 to 48 were approved by the Board of Directors on 16 May 2017 and were signed on its behalf by:

  
Mr M Hawes  
Director

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Consolidated Cash Flow Statement for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Net cash from operating activities	26a	(730)	186
Corporation tax		-	285
Net cash used in/generated from operating activities		(730)	471
Net cash used in investing activities	26b	(307)	(740)
Net cash used in/generated from financing activities	26c	(261)	849
Net (decrease)/increase in cash and cash equivalents		(1,298)	580
Cash and cash equivalents at the beginning of the year		3,300	2,720
Cash and cash equivalents at the end of the year		2,002	3,300

Cash and cash equivalents includes cash of £427,000 (2015: £2,172,000) and cash held for investment of £1,575,000 (2015: £1,128,000) at the end of the year

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016

### 1. General information

The Society of Motor Manufacturers and Traders Limited's ('the Company') principal activity continues to be acting as the trade association for the UK motor industry. Since 1902 it has encouraged and promoted the interests of the whole industry, in the UK and abroad. The Society's main activities include securing competitive advantage for the UK motor industry but also mitigating risk by ensuring the SMMT is the influential voice of the industry in the major policy debates and regulatory discussions, and improving the efficiency and effectiveness of the organisation ensuring the smooth delivery of essential value-added services, advice and support to the industry.

The Company is incorporated and domiciled in the UK. The address of its registered office is: 71 Great Peter Street, London, SW1P 2BN

### 2. Statement of compliance

The group and individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 3.1. Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention unless otherwise indicated, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. It is considered that the only area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements is the defined benefit pension scheme, where the Group has 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 estimate these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### 3.2. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. Exemptions under FRS 102 paragraph 1.12 have been applied: in relation to presentation of a cash flow statement for the company, related party transactions, certain financial instrument disclosures and the non-disclosure of key management personnel compensation.

#### 3.3. Related party transactions

The Company has taken advantage of the exemption granted under FRS 102 paragraph 1.12 (e) to not disclose transactions with other group companies where they are wholly owned by a common parent entity

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 3. Summary of significant accounting policies (continued)

#### 3.4. Status

The Society is a Company limited by guarantee and not having a share capital. The liability of the members who constitute the Society is limited to £1 per member.

#### 3.5. Going Concern

The Financial Statements have been prepared on a going concern basis, which the Directors believe to be appropriate.

The Directors have formed a judgement at the time of approving the financial statements that the Company has adequate resources available to continue operating and to discharge all financial obligations as they fall due for the foreseeable future from the date of approval of the financial statements.

The following accounting policies have been applied in dealing with items which are considered material in relation to the Company's Financial Statements.

#### 3.6. Consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiary undertakings The Motor Ombudsman (previously Motor Codes Limited) and SMMT Industry Forum Limited. As a consolidated Profit and Loss account is published, a separate Profit and Loss account for the Parent Company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006. The parent company's total comprehensive income for the year is £1,962,000

As The Society of Motor Manufacturers and Traders Limited is the ultimate parent of the Group, these Financial Statements are not incorporated within any others. There are no intermediary levels of consolidation either.

Copies of these financial statements can be obtained from Companies House.

#### 3.7. Joint Ventures

The Commercial Vehicle Show LLP in which the group has a long term interest and shares control under a contractual arrangement is defined as a joint venture and is accounted for using the gross equity method. The period end of the limited liability partnership is 30 June. The results of the joint venture for the period 1 July to the group's year end are excluded on the basis they are immaterial for the purpose of giving a true and fair view.

#### 3.8. Turnover

##### *Services*

Turnover represents the value of services provided net of valued added tax which arose predominantly in the United Kingdom.

##### *Subscriptions*

Subscriptions are accounted for in the period to which they relate.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 3. Summary of significant accounting policies (continued)

#### 3.9. Tangible Assets and Depreciation

Tangible assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Long leasehold land and buildings - Over period of the lease and not exceeding 50 years

Furniture, fixtures, equipment and computers - 20% to 33 1/3% straight line

#### 3.10. Intangible Assets and Amortisation

Software under development which satisfies the criteria of FRS 102, section 18 "Intangible assets other than goodwill" is held at cost less any impairment loss.

Intangible assets in operation are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Capitalised development costs – 14.28% to 20% straight line

#### 3.11. Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

#### 3.12. Investments

Long term investments are classified as fixed assets. Listed investments are measured at fair value at the balance sheet date. Movements in unrealised changes in the market value are accounted for through the profit and loss account. Unlisted investments are stated at cost. A review for impairment is undertaken when circumstances indicate that the carrying amount may have fallen below cost.

#### 3.13. Current Taxation

Corporation tax payable is provided on taxable profits at the current rate.

#### 3.14. Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax is measured on a non-discounted basis.

#### 3.15. Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the Profit and Loss account.



# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 3. Summary of significant accounting policies (continued)

#### 3.16. Pension Scheme Arrangements

The Company makes contributions to the SMMT Pension and Death Benefit Scheme, a defined benefits scheme. The assets of the scheme are held separately from those of the Society in separate trustee administered funds.

The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the profit and loss account. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Past-service costs are recognised immediately to operating surplus, unless the changes to the pension scheme are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period. Actuarial gains and losses are recognised in reserves in the year in which they arise. Deferred tax is recognised to the extent that it is regarded as more likely than not that it will be recovered.

This scheme has closed during the year and there will be no future accruals.

The Society also operates a defined contribution agreement. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 3.17. Retirement Healthcare Benefits other than Pensions

The accumulated cost to the Society of contributions to the retirement healthcare costs of qualifying employees have been accrued in the Balance Sheet.

#### 3.18. Government Grants

Income from Government grants is credited to the profit and loss account in the same period as the related expenditure is incurred. Where grants are received as a contribution towards the costs of fixed assets they are released to the profit and loss account over the expected useful economic lives of the related assets.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 3. Summary of significant accounting policies (continued)

#### 3.19. Financial Instruments

##### Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts due to 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.

Trade payables are obligations to pay for goods or 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.

#### 3.20. Investment Property

Properties held by a Group Company to earn rentals or for capital appreciation are accounted for as Investment Properties. An Investment Property is initially recognised at cost and then measured at fair value at each accounting period date with the movement being taken to the profit and loss account.

The investment property was purchased in April 2013 with fair value updated using a Directors Valuation for each subsequent year end.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 4. Turnover

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
Subscriptions	5,155	4,928
MVRIS income	3,485	3,905
SMMT Industry Forum Limited income	6,228	6,535
Seminar and functions income	1,637	1,450
Other income	3,769	3,389
	<b>20,274</b>	<b>20,207</b>

The turnover is attributable to the principal activity of the group.

An analysis of turnover is given below:

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
UK	17,571	17,631
EU	499	623
Other	2,204	1,953
	<b>20,274</b>	<b>20,207</b>

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 5. Staff Costs

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

	Year ended 31 December 2016	Year ended 31 December 2015
	Number of employees	Number of employees
Society of Motor Manufacturers and Traders Limited	89	87
SMMT Industry Forum Limited	35	32
The Motor Ombudsman previously (Motor Codes Limited)	14	11
	138	130

Staff costs for the above persons:

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
Wages and salaries	7,004	6,472
Social security costs	799	767
Other pension costs (note 26)	(2,915)	487
Defined contribution pension costs	455	397
	5,343	8,123

Included within Other pension costs are exceptional credits of 2016: £3,184,000 (2015: £Nil) relating to a revised calculation of past service costs following the closure of the scheme to future accrual during the year.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 6. Directors' Emoluments

The Directors' aggregate emoluments, including pension contributions, in respect of qualifying services was:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Directors' emoluments	508	475
Pension fund contributions		
- defined benefit scheme	12	14
- defined contribution scheme	25	24
	545	513

During the year 1 Director (2015: 1) was a member of the defined benefit scheme and 1 Director (2015: 1) accrued benefits under a defined contribution scheme.

The emoluments in respect of the highest paid Director were £344,664 (2015: £322,389) and £25,377 (2015: £24,401) was paid into a personal pension plan.

Key management personnel are deemed to only be the Company's Directors.

### 7. Operating profit

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
<i>Operating profit/(loss) is stated after charging/(crediting):</i>		
Audit fees		
SMMT and consolidated Financial Statements	34	34
SMMT Industry Forum Limited	12	12
The Motor Ombudsman (previously Motor Codes Limited)	8	8
SMMT Group	54	54
Other fees paid to Auditors for non-audit services		
Tax Advisory Service	106	11
Tax Compliance Service	11	15
Other Consulting Services	-	-
All other fees paid to Auditors for non-audit services	117	26
Depreciation of owned tangible fixed assets	384	410
Amortisation of owned intangible fixed assets	277	28
Loss on disposal of fixed assets	1	3
Operating lease charges	172	139
Impairment of trade receivables	18	23
Exceptional pension costs	(3,184)	-

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 8. Profit on disposal of fixed assets

There were no significant profit on disposals of fixed assets in either the current or the prior year.

### 9. Income from other Fixed Asset Investments

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
Dividends from listed investments	803	633
Profit on disposal of investments	1,323	906
Unrealised profits/(losses) on investments	1,398	(961)
	<b>3,524</b>	<b>578</b>

### 10. Other Interest Receivable and similar Income

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
Interest receivable	13	24
	<b>13</b>	<b>24</b>

### 11. Interest Payable and similar Expenses

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
Bank loans and overdrafts	49	37
Pension finance cost (note 25)	156	232
	<b>205</b>	<b>269</b>

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 12. Tax on profit

#### (A) Analysis of charge in the year

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
<b>Corporation tax:</b>		
UK corporation tax on profits of the year	202	-
Adjustment in respect of prior periods	(44)	-
UK Corporation tax charge/(credit) on profit for the year	158	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	1,063	131
Adjustment in respect of prior periods	(7)	(30)
Effect of changes in tax rates	(186)	(31)
Deferred tax charge	870	70
Tax charge on profit on ordinary activities (note 12(b))	1,028	70

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 12. Tax on profit on ordinary activities (continued)

#### (B) Factors affecting tax charge/(credit) for the year

The tax 2016: 20% assessed for the year is lower than 2015: 20.25%. The standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Profit on ordinary activities before tax	6,391	730
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 20% (2015: 20.25%)	1,278	148
Effects of:		
Expenses not deductible for tax purposes	82	312
Dividends and distributions received	(678)	(277)
Movement in unrealised gains	275	(199)
Effect of realised capital gains	301	147
Adjustment to tax charge in respect of prior periods	(49)	(30)
Effects of other tax rates / credits	(181)	(31)
Tax charge for the whole year (note 12(a))	1,028	70

#### Factors that may affect tax charges

During the year the main rate of corporation tax was the same rate as prior year 20%.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017, and 18% from 1 April 2020 have already been substantially enacted on 26 October 2015.

As the change to 17% has been substantively enacted on 15<sup>th</sup> September 2016 i.e before the balance sheet date its effects are included in these financial statements.



# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 13. Profit attributable to members of the parent Company

	2016	2015
	£'000	£'000
Dealt with in the financial statements of the parent Company	5,279	107
Retained by subsidiary undertaking – Motor Codes Limited	(238)	26
Retained by subsidiary undertaking – SMMT Industry Forum Limited	(30)	184
Retained by joint venture undertaking	352	343
	5,363	660

### 14. Intangible Assets

The Group	Capitalised Development Costs
	£'000
<b>Cost</b>	
At 1 January 2016	2,808
Additions	965
<b>At 31 December 2016</b>	<b>3,773</b>
<b>Accumulated Amortisation</b>	
At 1 January 2016	181
Charge for the year	277
<b>At 31 December 2016</b>	<b>458</b>
<b>Net book Value</b>	
<b>As at 31 December 2016</b>	<b>3,315</b>
As at 31 December 2015	2,627

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 14. Intangible Assets (continued)

The individual intangible assets, excluding goodwill, which are material to the financial statements are capitalised development costs. The breakdown by Company within the group is as follows;

- SMMT - Net book value £2,569k, remaining amortisation period is 5 years
- SMMT Industry Forum Limited - Net book value £213k, remaining amortisation period is 7 years
- Motor Codes Limited - Net book value £533k, remaining amortisation period is 2 years

The Company	Capitalised Development Costs
	£'000
<b>Cost</b>	
At 1 January 2016	2,324
Additions	443
<b>At 31 December 2016</b>	<b>2,767</b>
<b>Accumulated Amortisation</b>	
At 1 January 2016	-
Charge for the year	198
<b>At 31 December 2016</b>	<b>198</b>
<b>Net book Value</b>	
<b>As at 31 December 2016</b>	<b>2,569</b>
As at 31 December 2015	2,324

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 15. Tangible Assets

The Group	Long leasehold Land and buildings  £'000	Furniture, Fixtures, Equipment and Computers  £'000	Total  £'000
<b>Cost</b>			
At 1 January 2016	11,442	1,687	13,129
Additions	-	257	257
Disposals	-	(70)	(70)
<b>At 31 December 2016</b>	<b>11,442</b>	<b>1,874</b>	<b>13,316</b>
<b>Accumulated Depreciation</b>			
At 1 January 2016	883	1,389	2,272
Charge for the year	189	195	384
Disposals	-	(70)	(70)
<b>At 31 December 2016</b>	<b>1,072</b>	<b>1,514</b>	<b>2,586</b>
<b>Net book Value</b>			
<b>As at 31 December 2016</b>	<b>10,370</b>	<b>360</b>	<b>10,730</b>
As at 31 December 2015	10,560	298	10,858

**THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED**

**Notes to the Financial Statements  
for the year ended 31 December 2016 (continued)**

**15. Tangible Assets (continued)**

<b>The Company</b>	<b>Long leasehold Land and buildings</b>	<b>Furniture, Fixtures, Equipment and Computers</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 January 2016	10,693	1,451	12,144
Additions	-	170	170
Disposals	-	(4)	(4)
<b>At 31 December 2016</b>	<b>10,693</b>	<b>1,617</b>	<b>12,310</b>
<b>Accumulated Depreciation</b>			
At 1 January 2016	843	1,217	2,060
Charge for the year	174	166	340
Disposals	-	(4)	(4)
<b>At 31 December 2016</b>	<b>1,017</b>	<b>1,379</b>	<b>2,396</b>
<b>Net book Value</b>			
<b>As at 31 December 2016</b>	<b>9,676</b>	<b>238</b>	<b>9,914</b>
As at 31 December 2015	9,850	234	10,084

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 16. Investment Property

Company	£'000
At 1 January 2016	885
Revaluation	175
<b>At 31 December 2016</b>	<b>1,060</b>
<b>Net book Value</b>	
<b>As at 31 December 2016</b>	<b>1,060</b>
As at 31 December 2015	885

### 17. Investments

	Group 2016 £'000	2015 £'000	Company 2016 £'000	2015 £'000
Investments listed on recognised stock exchange at market value	26,230	22,818	26,229	22,818
Investment in joint venture	452	443	100	100
	<b>26,682</b>	23,261	<b>26,329</b>	22,918
	Market Value 2016 £'000	Cost 2016 £'000	Market Value 2015 £'000	Cost 2015 £'000
Listed investments	24,655	21,805	21,690	20,238
Cash held for investment	1,575	1,575	1,128	1,128
	<b>26,230</b>	<b>23,380</b>	<b>22,818</b>	<b>21,366</b>

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## 17. Investments (continued)

	2016 £'000
Market value as at 1 January 2016	21,690
Purchases at cost	10,373
Proceeds on disposals	(10,129)
Realised gains on disposals	1,323
Unrealised profit from changes in market value	1,398
<b>Market value as at 31 December 2016</b>	<b>24,655</b>

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

### Subsidiary undertakings

Shares in subsidiary undertakings represent the following holdings:

<u>Entity Name</u>	<u>Investment value</u>	<u>%</u>	<u>Activities of Business</u>	<u>Place of Incorporation</u>
The Motor Ombudsman limited (Motor Codes Limited)	£2	100	Administration and promotion of the Motor Industry Codes of Practice	England and Wales
SMMT Industry Forum Limited	£2	100	Business Improvement Activities	England and Wales

The registered address of both subsidiaries is 71 Great Peter Street, London, SW1P 2BN.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 17. Investments (continued)

#### Joint Venture

The Company is a member in The Commercial Vehicle Show LLP and its share amounts to one third of the profit or loss. The other members are The Road Haulage Association Limited and IRTE Services Ltd. The principal activity of the Limited Liability Partnership is that of organising and running the annual Commercial Vehicle Show.

Group	2016	2015
	£'000	£'000
<b>Investment in Joint Venture</b>		
Share of current assets	483	566
Share of liabilities due within one year	(31)	(123)
	<b>452</b>	<b>443</b>
<b>Reconciliation of Net assets</b>		£'000
Net assets at 1 January 2016		443
Amount shown within the Profit & Loss account in the year		352
Drawings during the year		(343)
<b>Net assets at 31 December 2016</b>		<b>452</b>

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 18. Debtors

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade debtors	3,139	2,620	1,636	1,194
Amounts owed by group undertakings	-	-	1,795	910
Corporation tax	14	-	12	-
Deferred tax (note 21)	-	6	-	-
Other debtors	310	542	262	512
Prepayments and accrued income	1,952	1,720	695	536
	<b>5,415</b>	<b>4,888</b>	<b>4,400</b>	<b>3,152</b>

Trade debtors for the group are stated after provisions for impairment of £64,000 (2015: £64,000)

Trade debtors for the Company are stated after provisions for impairment of £34,000 (2015: £18,000)

### 19. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	522	371	522	371
Trade creditors	2,750	2,614	1,984	1,811
Amounts owed to group undertakings	-	-	121	200
Corporation Tax	130	-	139	-
Other taxation and social security	701	472	544	323
Other creditors	850	1,143	1,747	1,687
Accruals and deferred income	2,979	3,137	2,024	1,705
	<b>7,932</b>	<b>7,737</b>	<b>7,081</b>	<b>6,097</b>



# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 20. Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank loan and overdrafts	1,733	2,090	1,733	2,090
	1,733	2,090	1,733	2,090

The bank loan has a rate of interest of 1.95% above the Bank of England base rate and is secured on our property at 71 Great Peter Street. The maturity date is 31 December 2020 with quarterly instalment payments commencing March 2016.

### 21. Taxation, including deferred taxation

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Asset brought forward	6	438	(38)	443
Movement during the year	(185)	(432)	(189)	(481)
Asset/(liability) carried forward	(179)	6	(227)	(38)

Deferred taxation consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(709)	(442)	(746)	(473)
Short term timing differences	99	(105)	90	(119)
Unrealised gains	(482)	(262)	(484)	(261)
Losses not yet utilised	20	24	20	24
Deferred tax liability	(1,072)	(785)	(1,120)	(829)
Pension Deferred tax asset	893	791	893	791
Total deferred tax asset/(liability)	(179)	6	(227)	(38)

## THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

### Notes to the financial statements for the year ended 31 December 2016 (continued)

#### 21. Taxation, including deferred taxation (continued)

The deferred tax asset not recognised in these financial statements is as follows:

##### Group and Company

	2016	2015
	£'000	£'000
Tax losses available	134	134
	134	134

#### 22. Contingent Liabilities

There are cross guarantees between all Companies in The Society of Motor Manufacturers and Traders Limited Group in favour of the Group's lenders. This is in the form of a fixed and floating charge over the assets of the Group.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 23. Financial instruments

The Group and Company have the following financial instruments

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<hr/>				
Financial assets at fair value through profit or loss				
- Investments	<b>24,655</b>	21,690	<b>24,655</b>	21,690
<hr/>				
Financial assets that are debt instruments measured at amortised cost				
- Trade debtors	<b>3,139</b>	2,620	<b>1,636</b>	1,194
- Amounts owed by group undertakings	-	-	<b>1,795</b>	910
- Other debtors	<b>310</b>	542	<b>262</b>	512
- Prepayments and accrued income	<b>1,952</b>	1,720	<b>695</b>	536
	<b>5,401</b>	4,882	<b>4,388</b>	3,152
<hr/>				
Financial liabilities measured at amortised cost				
- Trade creditors	<b>2,750</b>	2,614	<b>1,984</b>	1,811
- Bank loans	<b>2,255</b>	2,461	<b>2,256</b>	2,461
- Amounts owed to group undertakings	-	-	<b>121</b>	200
- Other taxation and social security	<b>701</b>	472	<b>544</b>	323
- Other creditors	<b>850</b>	1,143	<b>1,747</b>	1,687
- Accruals and deferred income	<b>2,979</b>	3,137	<b>2,024</b>	1,705
	<b>9,535</b>	9,827	<b>8,676</b>	8,187
<hr/>				

## THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

### Notes to the Financial Statements for the year ended 31 December 2016 (continued)

#### 24. Financial Commitments

The Group have the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016	2015
	£'000	£'000
Payments due:		
Within one year	152	129
Between two and five years	268	252
In over five years	6,165	6,210
	6,670	6,591

The item shown in over 5 years represents the rent payable on SMMT's Head office at 71 Great Peter Street. At 31 December 2016 this lease has 142 years remaining.

#### 25. Pension Liability

##### Group and Company

The Society operates a pension scheme providing benefits based on career average pay. The assets of the scheme are held separately from those of the Society.

A full actuarial valuation was carried out at 31 December 2013. The work undertaken by the scheme actuary has been updated to 31 December 2016 by a qualified actuary, independent of the scheme's sponsoring employer.

The scheme has now closed for future accruals.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 25 Pension Liability (continued)

The major assumptions used by the actuary were:

	2016	2015
	%	%
Inflation assumption	2.15 and 3.25	2.25 and 3.25
Discount rate	2.70	3.80
Expected rate of salary increases	3.55	3.55
Expected rate of increase in pension payments; RPI capped at 5% pa	3.10	3.10
CPI capped at 2.5% pa	1.80	1.80

The current mortality assumptions include sufficient allowance for future improvements in mortality rates and they are:

	2016	2015
	Years	Years
Prior to retirement	AXC00	AXC00 <sub>1</sub>
After retirement	S1PXA	S1PXA <sub>2</sub>

In accordance with recent legislation changes relating to the use of CPI rather than RPI, the actuary has made an allowance for this statutory revaluation of pension in excess of the GMP (Guaranteed Minimum Pension) in deferment, but not in respect of any other benefits.

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 25 Pension Liability (continued)

The assets and liabilities in the scheme and the expected rate of return were:

	2016		2015	
	Long-term rate of return expected	Value	Long-term rate of return expected	Value
	%	£'000	%	£'000
Equities	N/A	26,354	N/A	22,672
Bonds – UK gilts	N/A	6,892	N/A	5,755
Bonds – other	N/A	11,206	N/A	9,189
Cash	N/A	282	N/A	764
Total fair value of assets	3.80	44,734	3.80	38,380
Fair value of scheme liabilities		(49,989)		(42,776)
Deficit in the scheme		(5,255)		(4,396)

The expected return on scheme assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

#### Total cost recognised as an expense:

	2016	2015
	£'000	£'000
Current service cost	269	487
Past service gain	(3,184)	-
Interest cost	156	232
Total operating (credit)/charge	(2,759)	719

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 25 Pension Liability (continued)

#### Analysis of the finance costs

	2016	2015
	£'000	£'000
Expected return on pension scheme assets	1,440	1,390
Interest on pension scheme liabilities	(1,596)	(1,622)
<b>Pension finance (costs)</b>	<b>(156)</b>	<b>(232)</b>

#### Analysis of the amount recognised in Statement of Comprehensive Income

	Current year		Cumulative	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Actuarial (loss)/gain	(4,161)	1,589	(12,188)	8,027

#### Movement in deficit during the year:

	2016	2015
	£'000	£'000
Deficit in scheme at start of year	(4,396)	(7,313)
Current service cost	(269)	(487)
Contributions	543	2,047
Interest cost	(156)	(232)
Past service costs	3,184	-
Actuarial (loss)/gain	(4,161)	1,589
<b>Deficit in scheme at the end of the year</b>	<b>(5,255)</b>	<b>(4,396)</b>

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Financial Statements for the year ended 31 December 2016 (continued)

### 25 Pension Liability (continued)

During the year the contribution rate was 7% for all employees. The contribution for the group was 8.5% on average.

#### Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2016	2015
	£'000	£'000
Scheme liabilities at start of year	42,776	45,800
Current service cost	269	487
Past service cost	(3,184)	-
Interest cost	1,596	1,622
Contributions by scheme participants	123	139
Actuarial losses/(gains)	10,041	(2,265)
Benefits paid and death in service insurance premium	(1,632)	(3,007)
Scheme liabilities at end of year	49,989	42,776

#### Reconciliation of opening and closing balances of the fair value of Scheme assets

	2016	2015
	£'000	£'000
Fair value of Scheme assets at start of year	38,380	38,487
Expected return on scheme assets	1,440	1,390
Actuarial gains/(losses)	5,880	(676)
Contributions by employer	543	2,047
Contributions by scheme participants	123	139
Benefits paid and death in service insurance premium	(1,632)	(3,007)
Scheme assets at end of year	44,734	38,380



# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Consolidated Cashflow Statement for the year ended 31 December 2016

### 26. Notes to the Consolidated Cash Flow Statement

#### (a) Reconciliation of profit to net cash generated from operating activities

	2016	2015
	£'000	£'000
<b>Profit for the financial year</b>	<b>5,363</b>	<b>660</b>
Tax on profit	1,028	70
Interest receivable and similar income	(13)	(24)
Interest payable and similar charges	205	269
Share of operating profit in joint venture	(352)	(343)
Income from fixed asset investments	(3,524)	(578)
<b>Operating profit</b>	<b>2,707</b>	<b>54</b>
Depreciation and other amounts written off tangible assets and investments	661	441
Pension costs less contributions	(267)	(1,560)
(Increase)/Decrease in debtors	(527)	(10)
(Decrease)/Increase in creditors	(120)	1,261
Exceptional credit included withing staff costs.	(3,184)	-
<b>Net cash generated from operating activities</b>	<b>(730)</b>	<b>186</b>

# THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

## Notes to the Consolidated Cash Flow Statement for the year ended 31 December 2016 (continued)

### 26. Reconciliation of profit to net cash from operating activities (continued)

#### (b) Cash flows from investing activities

	2016	2015
	£'000	£'000
Interest received	13	24
Dividends received	803	621
Drawings from joint venture	343	223
Purchase of tangible fixed assets	(257)	(173)
Purchase of intangible fixed assets	(965)	(882)
Purchase of fixed asset investments	(10,373)	(8,891)
Proceeds on disposal of fixed asset investments	10,129	8,338
<b>Net cash used in investing activities</b>	<b>(307)</b>	<b>(740)</b>

#### (c) Cash flows from financing activities

	2016	2015
	£'000	£'000
Bank loan (paid)/raised	(205)	886
Interest paid	(56)	(37)
<b>Net cash generated from financing activities</b>	<b>(261)</b>	<b>849</b>