

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

AMENDED

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

**Annual Report and Financial Statements
for the year ended 31 December 2017**

Registered Number: 00074359



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 21/09/2018 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 2017
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: 30/08/2018

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

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THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Strategic Report for the year ended 31 December 2017

The Directors have pleasure in presenting their Annual Report and the audited Financial Statements of the Group for the year ended 31 December 2017.

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:

- To 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, products and its supply chain - at home and abroad.

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

Review of Business in 2017

Overview

2017 continued to offer new opportunities and activities for SMMT and the UK automotive industry, continuing the focus on emissions, Brexit and connectivity. These three elements and consequent challenges for the automotive manufacturing sector in the UK have continued to steer the SMMT's agenda during 2017.

Membership has grown, with increasing diversity towards technology companies, reflecting the changing landscape within the wider transport industry. Public policy and vehicle legislation has been dominated by Brexit and emissions developments. The SMMT has sought to work with Government to ensure the UK automotive sector is recognised as a priority sector as Brexit negotiations progress, whilst the industrial strategy has championed supply chain, low emissions technologies and autonomous vehicle projects.

The Communications and International team have ensured that the SMMT's voice has consistently promoted the UK as a great place to do business on a global stage.

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Strategic Report for the year ended 31 December 2017 (continued)

2017 Review of Business (continued)

Business Planning

During 2017, the SMMT progressed year one of its five year business plan. The operational focus of this plan is to develop additional services income to become less reliant on membership fees. Five key performance indicators have been implemented to ensure the organisation is able to respond quickly to changes in the UK automotive sector landscape. These KPIs are based on Membership numbers, Share of media voice, Meetings with Government officials, Increase in non-core revenue streams and Increasing the efficiency of new systems.

They will be carried forward into 2018 and will be reviewed for suitability by SMMT senior management in conjunction with the Finance and Executive Boards during the 2019 planning process.

Principal Risks and Uncertainties, including Financial Risk Management

The SMMT Senior Management team regularly reviews the risks and opportunities faced by the Society. Agreed actions and countermeasures result from these reviews and form the cornerstone of the SMMT future activity plans.

The SMMT's reputation as a trusted, independent voice for the UK's motor industry is vital to uphold. A thorough business compliance programme with regular training for staff and members operates via independently reviewed processes.

Subscription income underpins about a quarter of the SMMT's revenue. Much is based on members' turnover, hence the need to champion members interests. An increasing focus on creating income opportunities that make us less reliant on this core area will reduce risk in future.

Our people remain our greatest asset. Hence, employee wellbeing and their ongoing development are keys to our successful future. The SMMT operates a proactive performance development programme and is currently recognised as an Investor in People at silver medal level.

Funding and credit risks are minimised via operation of a Group pooling arrangement for bank accounts and an ongoing, proactive credit control process, both of which are monitored closely within our Group Finance structure.

Regarding efficiency of operations, SMMT will continue to develop and improve its newly implemented, cloud-based CRM (Customer Relationship Management) system and related Finance application system. Both will be aligned with GDPR rules as required.


THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Strategic Report for the year ended 31 December 2017 (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', with a stylized flourish at the end.

Mr SB Samuels
Company Secretary

21 September 2018

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Directors' Report for the year ended 31 December 2017

Results and Dividends

The results of the SMMT for the year are set out on page 15. No dividend is permitted and it is recommended that the whole of the retained profit be added to reserves.

The financial results for 2017 and year end position of the Group is as follows;

Annual turnover for 2017 is £21,911,000 (2016: £20,274,000)

Profit on ordinary activities (before interest and tax) for 2017 is £54,000 (2016: £3,059,000). Profit on ordinary activities includes an exceptional credit of £nil (2016: £3,184,000).

Net assets held at the end of 2017 are £34,876,000 (2016: £31,470,000).

Future Developments

Overview

The global automotive sector is arguably facing more changes - concurrently – than any other sector with the shift to electrification, digitalisation, connectivity, autonomy and e-mobility as well as ongoing environmental and competitive economic pressures. For the UK, there is also Brexit. Much of the SMMT's activity will be focused on Brexit but we will not lose sight of the broader industry issues to be managed and, in the future, decisions on visibility in key overseas markets and regulatory capitals.

The SMMT is aware that 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 the union. It will therefore work to ensure the world sees the UK as competitive, progressive and innovative. The SMMT will continue to increase its international activities, helping UK companies export, attract inward investment and ensure UK interests are safeguarded globally, both within and outside of the EU.

Longer Term Goals

- To ensure UK automotive's needs are safeguarded as part of the UK leaving the European Union
- To ensure future trade agreements with the EU meet the sector's ambitions on key issues such as frictionless trade, tariffs, customs union and access to talent
- To 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 post Brexit
- To help promote and maximise trade deals outside of the EU, ensuring the UK and its automotive sector are regarded as leading edge players and partners for global business ventures
- Ensure the SMMT's priorities continue to reflect those of the UK automotive industry in relation to market development, skills, technology and competitiveness

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Directors' Report for the year ended 31 December 2017 (continued)

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:

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Directors' Report for the year ended 31 December 2017 (continued)

Directors and their interests

Name	Appointed	Resigned
Mr A.J. Barratt		
Mr L.G. Bleasdale		
Mr. C.T. Berridge		
Mr N.A. Butler		
Mr M.R. Cartwright		
Mr. R.C. Drewery		
Mr S. Egerton		
Mr P.A. Flanagan		20/04/2017
Dr G.T. Gillespie		
Mr G.C. Grieve		
Mr R.V. Harvey		31/12/2017
Mr M.A.R. Hawes		
Dr S.T. Hoffmann		
Mr P. Hopkirk		
Mr A.P. Humphrey		
Mr G.P. Jones		
Mr N.R.P. Lee		31/12/2017
Mr V.Y. Li	01/01/2017	
Mr M.G. Magal		
Mr A.A. Morgan		
Mr N.S. Morgan		
Mr M.T. Morris	01/01/2017	

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Directors' Report for the year ended 31 December 2017 (continued)

Directors and their interests (continued)

Mr J.M. Neill CBE

Mr D.J.A. Northey

Mr D.J. Petts

Mr P.D. Price

Mr R.A. Rickell 07/09/2017

Mr S.J. Roser

Mr S.B. Samuels

Mr R. Shaw

Mr A.J.C. Smith 01/01/2017

Mr D.J. Smith

Mr M.P. Spencer

Dr R. Speth

Mr S.D.A. Sproule 31/12/2017

Mr M.K. Straughan 31/08/2017

Mr V.N. Tourette 16/05/2017

Mr J.M. Wakefield 01/01/2017

Mr A.J. Walker

Mr A. Whitehorn

Mr P.T. Williams 18/09/2017

Mr. P.J.T. Willis

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Directors' Report for the year ended 31 December 2017 (continued)

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 2018 and 2019 years. Based on the assumptions of this plan and the results of 2018 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 2017 (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 21 September 2018 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 audit of the financial statements

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 2017 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and

have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and parent company balance sheets, the consolidated profit and loss account and the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated and parent company statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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 and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page [10], the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

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

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made; 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.



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

28 September 2018

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Consolidated Profit and Loss account for the year ended 31 December 2017

	Note	2017	2016
		£'000	£'000
Turnover	4	21,911	20,274
Staff costs (of which £nil (2016: £3,184,000 is exceptional)	5	(9,354)	(5,343)
Depreciation and other amounts written off tangible and intangible fixed assets	7	(1,093)	(661)
Other operating expenses		(11,799)	(11,563)
Operating (loss) / profit	7	(335)	2,707
Share of operating profit in joint venture		389	352
Profit on ordinary activities before interest and investment income		54	3,059
Income from other fixed asset investments	8	2,181	3,524
Other interest receivable and similar income	9	-	13
Interest payable and similar expenses	10	(185)	(205)
Profit before taxation		2,050	6,391
Tax on profit	11	(351)	(1,028)
Profit for the financial year	12	1,699	5,363

All amounts relate to continuing operations.

The notes on pages 22 to 53 form part of these financial statements.

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Consolidated Statement of Comprehensive Income/expense for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Profit for the financial year		1,699	5,363
Other comprehensive income:			
Actuarial gain/(loss) on pension scheme	25	2,057	(4,161)
Deferred tax on actuarial loss		(350)	685
Total comprehensive income for the year		3,406	1,887

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Consolidated Statement of Changes in Equity for the year ended 31 December 2017

	Profit and loss account	Total Shareholders' funds
	£'000	£'000
Balance at 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
Balance at 31 December 2016 and 1 January 2017	31,470	31,470
Profit for the financial year	1,699	1,699
Actuarial gain on pension scheme	2,057	2,057
Deferred tax on actuarial gain	(350)	(350)
Balance at 31 December 2017	34,876	34,876

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Parent Company Statement of Changes in Equity for the year ended 31 December 2017

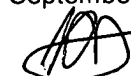
	Profit and loss account	Total Shareholders' funds
	£'000	£'000
Balance at 1 January 2016	28,909	28,909
Prior year adjustment (regarding Investment property)	(365)	(365)
Balance at 1 January 2016 restated	28,544	28,544
Profit for the financial year	5,438	5,438
Actuarial loss on pension scheme	(4,161)	(4,161)
Deferred tax on actuarial loss	685	685
Restated Balance at 31 December 2016 and 1 January 2017	30,506	30,506
Profit for the financial year	1,250	1,250
Actuarial loss on pension scheme	2,057	2,057
Deferred tax on actuarial gain	(350)	(350)
Balance at 31 December 2017	33,463	33,463

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Consolidated Balance Sheet as at 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	14	3,061	3,315
Tangible assets	15	10,510	10,730
Investments	17	27,756	26,682
		41,327	40,727
Current assets			
Debtors	18	7,425	5,415
Cash at bank and in hand		1,280	427
		8,705	5,842
Creditors: amounts falling due within one year	19	(10,059)	(7,932)
Net current liabilities		(1,354)	(2,090)
Total assets less current liabilities		39,948	38,637
Creditors: amounts falling due after more than one year	20	(1,265)	(1,733)
Provisions for liabilities			
Deferred tax liabilities	21	(631)	(179)
Pension liability	25	(3,201)	(5,255)
Net assets		34,876	31,470
Capital and reserves			
Profit and loss account		34,876	31,470
Total shareholders' funds		34,876	31,470

The financial statements on pages 15 to 53 were approved by the Board of Directors on 21 September 2018 and were signed on its behalf by:



Mike Hawes

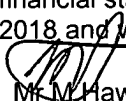
Director

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Parent Company Balance Sheet as at 31 December 2017

	Note	2017 £'000	2016 restated £'000
Fixed assets			
Intangible assets	14	2,394	2,569
Tangible assets	15	9,746	9,914
Investment property	16	680	695
Investments	17	27,367	26,329
Current assets		40,187	39,507
Debtors	18	6,334	4,400
Cash at bank and in hand		1,287	895
		7,621	5,295
Creditors: amounts falling due within one year	19	(9,259)	(7,081)
Net current liabilities		(1,640)	(1,786)
Total assets less current liabilities		38,549	37,721
Creditors: amounts falling due after more than one year	20	(1,255)	(1,733)
Provisions for liabilities			
Deferred tax liabilities	21	(630)	(227)
Pension liability	25	(3,201)	(5,255)
Net assets		33,463	30,506
Capital and reserves			
Profit and loss account		33,463	30,506
Total shareholders' funds		33,463	30,506

The parent company's total comprehensive income for the year is £1,217,000 (£1,962,000). The financial statements on pages 15 to 53 were approved by the Board of Directors on 21 September 2018 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 2017

	Note	2017 £'000	2016 £'000
Net cash from operating activities	26a	460	(730)
Corporation tax		-	-
Net cash generated from / (used in) operating activities		460	(730)
Net cash generated from / (used in) investing activities	26b	631	(307)
Net cash used in from financing activities	26c	(524)	(261)
Net increase/(decrease) in cash and cash equivalents		567	(1,298)
Cash and cash equivalents at the beginning of the year		2,002	3,300
Cash and cash equivalents at the end of the year		2,569	2,002

Cash and cash equivalents includes cash of £1,280,000 (2016: £427,000) and cash held for investment of £1,289,000 (2016: £1,575,000) at the end of the year.

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

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.

During the year, the company amended its accounting policy for the value of the investment property owned by the parent and let within the group from revaluation model to cost model, following the adoption of the Amendments to FRS 102 – Triennial Review 2017. The impact of this change in accounting policy is to decrease the net book value of Investment Property and opening reserves by £310,000. There is no subsequent effect on group accounts.

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.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

3. Summary of significant accounting policies (continued)

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

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 £1,217,000 (£1,963,000).

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 2017 (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 2017 (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 2017 (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 rented to another group entity is initially recognised at cost less accumulated depreciation. Depreciation is provided at a rate calculated to write off the cost less estimated residual value of each asset over its expected useful life of 45 years.

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

4. Turnover

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Subscriptions	5,961	5,155
MVRIS income	3,594	3,485
SMMT Industry Forum Limited income	7,589	6,228
Seminar and functions income	2,546	1,637
Other income	2,221	3,769
	21,911	20,274

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

An analysis of turnover is given below:

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
UK	18,808	17,571
EU	667	499
Other	2,436	2,204
	21,911	20,274

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

5. Staff Costs

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

	Year ended 31 December 2017	Year ended 31 December 2016
	Number of employees	Number of employees
Society of Motor Manufacturers and Traders Limited	88	89
SMMT Industry Forum Limited	36	35
The Motor Ombudsman previously (Motor Codes Limited)	15	14
	139	138

Staff costs for the above persons:

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Wages and salaries	7,620	7,004
Social security costs	924	799
Other pension costs (note 25)	143	(2,915)
Defined contribution pension costs	667	455
	9,354	5,343

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

6. Directors' Emoluments

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

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Directors' emoluments	523	508
Pension fund contributions - defined benefit scheme	-	12
Pension fund contributions - defined contribution scheme	39	25
	562	545

The emoluments in respect of the highest paid Director were £355,427 (2016: £344,664) and £26,645 (2016: £25,377) was paid into a personal pension plan.

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

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

7. Operating (loss)/profit

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Operating (loss)/profit is stated after charging/(crediting):		
Audit fees		
SMMT and consolidated Financial Statements	46	34
SMMT Industry Forum Limited	12	12
The Motor Ombudsman (previously Motor Codes Limited)	8	8
SMMT Group	66	54
Other fees paid to Auditors for non-audit services		
Tax Advisory Service	80	106
Tax Compliance Service	15	11
All other fees paid to Auditors for non-audit services	95	117
Depreciation of owned tangible fixed assets	379	384
Amortisation of owned intangible fixed assets	714	277
Operating lease charges	173	172
Impairment of trade receivables	237	18

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

8. Income from other Fixed Asset Investments

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Dividends from listed investments	861	803
Profit on disposal of investments	1,071	1,323
Unrealised profits on investments	249	1,398
	2,181	3,524

9. Other Interest Receivable and similar Income

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Interest receivable	-	13
	-	13

10. Interest Payable and similar Expenses

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Bank loans and overdrafts	45	49
Pension finance cost (note 25)	140	156
	185	205

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

11. Tax on profit

Analysis of charge in the year

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Corporation tax:		
UK corporation tax on profits of the year	228	202
Adjustment in respect of prior periods	21	(44)
UK Corporation tax charge on profit for the year	249	158
Deferred tax:		
Origination and reversal of timing differences	136	1,063
Adjustment in respect of prior periods	(25)	(7)
Effect of changes in tax rates	(9)	(186)
Deferred tax charge	102	870
Tax charge on profit	351	1,028

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

11. Tax on profit (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Profit before taxation	2,050	6,391
Profit before taxation multiplied by effective rate of corporation tax in the UK of 19.25% (2016: 20%)	395	1,278
Effects of:		
Expenses not deductible for tax purposes	32	82
Dividends and distributions received	(358)	(678)
Movement in unrealised gains	47	275
Effect of realised capital gains	248	301
Adjustment to tax charge in respect of prior periods	(4)	(49)
Effects of other tax rates / credits	(9)	(181)
Tax charge for the year	351	1,028

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 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 2017 (continued)

12. Profit attributable to members of the parent Company

	2017	2016
	£'000	£'000
Dealt with in the financial statements of the parent Company	1,194	5,279
Retained by subsidiary undertaking – Motor Codes Limited	(92)	(238)
Retained by subsidiary undertaking – SMMT Industry Forum Limited	208	(30)
Retained by joint venture undertaking	389	352
	1,699	5,363

13. Intangible Assets

The Group	Capitalised Development Costs
	£'000
Cost	
At 1 January 2017	3,773
Additions	460
At 31 December 2017	4,233
Accumulated Amortisation	
At 1 January 2017	458
Charge for the year	714
At 31 December 2017	1,172
Net book Value	
As at 31 December 2017	3,061
As at 31 December 2016	3,315

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (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 £2,394k, remaining amortisation period is 5 years
- SMMT Industry Forum Limited - Net book value £177k, remaining amortisation period is 7 years
- Motor Codes Limited - Net book value £490k, remaining amortisation period is 2 years

The Company	Capitalised Development Costs
	£'000
Cost	
At 1 January 2017	2,767
Additions	454
At 31 December 2017	3,221
Accumulated Amortisation	
At 1 January 2017	198
Charge for the year	629
At 31 December 2017	827
Net book Value	
As at 31 December 2017	2,394
As at 31 December 2016	2,569

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

15. Tangible Assets

The Group	Long Leashold Land and Buildings	Furniture, Fixtures, Equipment and Computers	Total
	£'000	£'000	£'000
Cost			
At 1 January 2017	11,442	1,874	13,316
Additions	-	173	173
Disposals	-	(384)	(384)
At 31 December 2017	11,442	1,663	13,105
Accumulated Depreciation			
At 1 January 2017	1,072	1,514	2,586
Charge for the year	184	195	379
Disposals	-	(370)	(370)
At 31 December 2017	1,256	1,339	2,595
Net book Value			
As at 31 December 2017	10,186	324	10,510
As at 31 December 2016	10,370	360	10,730

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

15. Tangible Assets (continued)

The Company	Long leasehold Land and buildings	Furniture, Fixtures, Equipment and Computers	Total
	£'000	£'000	£'000
Cost			
At 1 January 2017	10,693	1,617	12,310
Additions	-	84	84
Disposals	-	(384)	(384)
At 31 December 2017	10,693	1,317	12,010
Accumulated Depreciation			
At 1 January 2017	1,017	1,379	2,396
Charge for the year	169	69	238
Disposals	-	(370)	(370)
At 31 December 2017	1,186	1,078	2,264
Net book Value			
As at 31 December 2017	9,507	239	9,746
As at 31 December 2016	9,676	238	9,914

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

16. Investment Property

Company	£'000
At 1 January 2017	1,060
Prior year adjustment	(310)
Restated at 1 January 2017	750
Additions	-
At 31 December 2017	750
Accumulated Depreciation	
As at 1 January 2017	-
Prior year adjustment	55
Restated As at 1 January 2017	55
Charge for the year	15
As at 31 December 2017	70
Net book value	
As at 31 December 2017	680
As at 31 December 2016 (restated)	695

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

17. Investments

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Investments listed on recognised stock exchange at market value	27,267	26,230	27,267	26,229
Investment in joint venture	489	452	100	100
	27,756	26,682	27,367	26,329
	Market Value 2017 £'000	Cost 2017 £'000	Market Value 2016 £'000	Cost 2017 £'000
Listed investments	25,978	22,863	24,655	21,805
Cash held for investment	1,289	1,289	1,575	1,575
	27,267	24,152	26,230	23,380

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

17. Investments (continued)

	2017 £'000
Market value as at 1 January 2017	24,655
Purchases at cost	13,253
Proceeds on disposals	(13,250)
Realised gains on disposals	1,071
Unrealised profit from changes in market value	249
Market value as at 31 December 2017	25,978

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:

Entity Name	Investment value	%	Activities of Business	Place of Incorporation
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 2017 (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	2017	2016
	£'000	£'000
Investment in Joint Venture		
Share of current assets	525	483
Share of liabilities due within one year	(36)	(31)
	<u>489</u>	<u>452</u>
Reconciliation of Net assets		£'000
Net assets at 1 January 2017		452
Amount shown within the Profit & Loss account in the year		389
Drawings during the year		(352)
Net assets at 31 December 2017		<u>489</u>

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

18. Debtors

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade debtors	4,856	3,139	3,608	1,636
Amounts owed by group undertakings	-	-	1,865	1,795
Corporation tax	14	14	3	12
Other debtors	58	310	59	262
Prepayments and accrued income	2,497	1,952	799	695
	7,425	5,415	6,334	4,400

Trade debtors for the group are stated after provisions for impairment of £296,000 (2016 : £64,000).
Trade Debtors for the company are stated after a provision for impairment of £237,000 (2016 : £34,000)

19. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	522	522	522	522
Trade creditors	2,493	2,750	1,996	1,984
Amounts owed to group undertakings	-	-	61	121
Corporation Tax	299	130	230	139
Other taxation and social security	536	701	307	544
Other creditors	1,062	850	2,326	1,747
Accruals and deferred income	5,147	2,979	3,817	2,024
	10,059	7,932	9,259	7,081

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

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

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank loan and overdrafts	1,265	1,733	1,255	1,733
	1,265	1,733	1,255	1,733

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.

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

21. Taxation, including deferred taxation

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Asset brought forward	(179)	6	(227)	(38)
Movement during the year	(452)	(185)	(403)	(189)
Asset/(liability) carried forward	(631)	(179)	(630)	(227)

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

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(631)	(709)	(625)	(746)
Short term timing differences	8	99	3	90
Unrealised gains	(573)	(482)	(573)	(484)
Losses not yet utilised	20	20	20	20
Deferred tax liability	(1,176)	(1,072)	(1,175)	(1,120)
Pension Deferred tax asset	545	893	545	893
Total deferred tax asset/(liability)	(631)	(179)	(630)	(227)

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

**Notes to the financial statements
for the year ended 31 December 2017 (continued)**

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 2017 (continued)

23. Financial instruments

The Group and Company have the following financial instruments

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<hr/>				
Financial assets at fair value through profit or loss				
- Investments	25,978	24,655	25,978	24,655
<hr/>				
Financial assets that are debt instruments measured at amortised cost				
- Trade debtors	4,856	3,139	3,608	1,636
- Amounts owed by group undertakings	-	-	1,865	1,795
- Other debtors	58	310	59	262
- Prepayments and accrued income	2,497	1,952	799	695
	7,411	5,401	6,331	4,388
<hr/>				
Financial liabilities measured at amortised cost				
- Trade creditors	2,493	2,750	1,996	1,984
- Bank loans	1,787	2,255	1,777	2,256
- Amounts owed to group undertakings	-	-	61	121
- Other taxation and social security	536	701	307	544
- Other creditors	1,062	850	2,304	1,747
- Accruals and deferred income	5,147	2,979	3,817	2,024
	11,015	9,535	10,262	8,676
<hr/>				

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

24. Financial Commitments

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

	2017	2016
	£'000	£'000
Payments due:		
Within one year	152	152
Between two and five years	268	268
In over five years	6,120	6,165
	6,540	6,585

The item shown in over 5 years represents the rent payable on SMMT's Head office at 71 Great Peter Street. At 31 December 2017 this lease has 141 years remaining.

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

25 Pension Liability

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.

The scheme has now closed for future accruals

The major assumptions used by the actuary were:

	2017	2016
	%	%
Inflation assumption	2.105 and 3.020	2.15 and 3.25
Discount rate	2.50	2.70
Expected rate of salary increases	0.00	3.55
Expected rate of increase in pension payments;	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:

	2017	2016
	Years	Years
Prior to retirement	AXC00	AXC00
After retirement	S1PXA	S1PXA

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

25 Pension Liability (continued)

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

	2017	Value	2016	Value
	Long-term rate of return expected		Long-term rate of return expected	
	%	£'000	%	£'000
Equities	N/A	22,209	N/A	26,354
Bonds – UK gilts	N/A	12,325	N/A	6,892
Bonds – other	N/A	13,461	N/A	11,206
Cash	N/A	96	N/A	282
Total fair value of assets	3.80	48,091	3.80	44,734
Fair value of scheme liabilities		(51,292)		(49,989)
Deficit in the scheme		(3,201)		(5,255)

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:

	2017	2016
	£'000	£'000
Current service cost	3	269
Past service gain	-	(3,184)
Interest cost	140	156
Total operating (credit)/charge	143	(2,759)

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Notes to the Financial Statements for the year ended 31 December 2017 (continued)

25 Pension Liability (continued)

Analysis of the finance costs

	2017	2016
	£'000	£'000
Expected return on pension scheme assets	1,189	1,440
Interest on pension scheme liabilities	(1,329)	(1,596)
Pension finance (costs)	(140)	(156)

Analysis of the amount recognised in Statement of Comprehensive Income

	Current year		Cumulative	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Actuarial gain / (loss)	2,057	(4,161)	(10,131)	(12,188)

Movement in deficit during the year:

	2017	2016
	£'000	£'000
Deficit in scheme at start of year	(5,255)	(4,396)
Current service cost	-	(269)
Contributions	140	543
Interest cost	(143)	(156)
Past service costs	-	3,184
Actuarial (loss)/gain	2,057	(4,161)
Deficit in scheme at the end of the year	(3,201)	(5,255)

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

25 Pension Liability (continued)

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

	2017	2016
	£'000	£'000
Scheme liabilities at start of year	49,989	42,776
Current service cost	3	269
Past service cost	-	(3,184)
Interest cost	1,329	1,596
Contributions by scheme participants	2	123
Actuarial losses/(gains)	1,522	10,041
Benefits paid and death in service insurance premium	(1,553)	(1,632)
Scheme liabilities at end of year	51,292	49,989

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

	2017	2016
	£'000	£'000
Fair value of Scheme assets at start of year	44,734	38,380
Expected return on scheme assets	1,189	1,440
Actuarial gains/(losses)	3,579	5,880
Contributions by employer	140	543
Contributions by scheme participants	2	123
Benefits paid and death in service insurance premium	(1,553)	(1,632)
Scheme assets at end of year	48,091	44,734

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

26. Notes to the Consolidated Cash Flow Statement (continued)

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

	2017	2016
	£'000	£'000
Profit for the financial year	1,699	5,363
Tax on profit	351	1,028
Interest receivable and similar income	-	(13)
Interest payable and similar charges	185	205
Share of operating profit in joint venture	(389)	(352)
Income from fixed asset investments	(2,181)	(3,524)
Operating profit	(335)	2,707
Depreciation and other amounts written off tangible assets and investments	1,093	661
Pension costs less contributions	(140)	(267)
(Increase)/Decrease in debtors	(1,936)	(527)
(Decrease)/Increase in creditors	1,778	(120)
Exceptional credit included withing staff costs.	-	(3,184)
Net cash generated from operating activities	460	(730)

THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS LIMITED

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

26. Notes to the Consolidated Cash Flow Statement (continued)

(b) Cash flows from investing activities

	2017	2016
	£'000	£'000
Interest received	-	13
Dividends received	861	803
Drawings from joint venture	352	343
Purchase of tangible fixed assets	(119)	(257)
Purchase of intangible fixed assets	(460)	(965)
Purchase of fixed asset investments	(13,253)	(10,373)
Proceeds on disposal of fixed asset investments	13,250	10,129
Net cash used in investing activities	631	(307)

(c) Cash flows from financing activities

	2017	2016
	£'000	£'000
Bank loan paid	(479)	(205)
Interest paid	(45)	(56)
Net cash generated from financing activities	(524)	(261)