The Motor Insurance Repair Research Centre
(Limited by Guarantee)

Directors' report and consolidated financial statements

Registered number 00967763

For the year ended 31 December 2012

Contents

Company Information

Directors	A Emms (Chairman) I Currie M Dibley G Gibson P Horton K Kiernan D Mills R Munro M Paterson D Powell P Shaw S Smith B Street C Voller
Secretary	R McRitchie
Registered office	Colthrop Way Thatcham Berkshire RG19 4NR
Bankers	NatWest Bank plc Market Place Newbury Berkshire RG14 5AJ
Auditor	KPMG LLP Arlington Business Park Theale Reading RG7 4SD

Directors' Report

The Directors present their Directors' report and consolidated financial statements for the year ended 31 December 2012

Background
The Motor Insurance Repair Research Centre, or Thatcham as it is widely known, was established in 1969 by British Insurers The Group is independently operated with a Board of Directors drawn from amongst the 29 insurer members who fund its work

Principal activities and strategy
Thatcham carries out research targeted at influencing the design of vehicles to reduce accidents and to improve safety and security, thereby driving down claims costs for its insurer members As a company limited by guarantee it does not make distributions out of the accumulated fund

As well as being levy funded by the members, the Group has commercial revenues from a range of products and services focussed on the four core elements of repair times, repair methods, parts information and vehicle testing. Key customers are repair bodyshops and vehicles manufacturers, and such revenues assist in the delivery of value to members

Thatcham's data and expertise is also sought by overseas markets that see the benefit of the Centre's activities and the value it brings by providing practical tools to effectively manage accident repair, vehicle theft and personal injury claims

Risks and uncertainties
Due to the current world economic conditions and the consequential poor performance from equities and impact of quantitative easing, the largest financial risk to the business continues to be the net defined benefit pension scheme deficit of £1 9m (2011 £1 0m) based on the FRS17 valuation as at 31 December 2012 This position should be balanced with improved net asset position and the current global commercial opportunities available to the Group

Measurement
KPIs are used to help manage the business and ensure that it remains focused on the achievement of objectives that are linked to the overall Group long term plan The main financial KPIs used are

- Surplus for the year The Group aims to create a surplus for the year sufficient to fund the payments into the defined benefit pension scheme as agreed with the trustees of the scheme,
- Cash The Group aims to manage cash to allow it to operate with little or no overdraft facility Capital items are leased where appropriate,
- Commercial revenues Such revenues supplement levy income, allowing the Group to provide more value to members

Performance
During the year turnover remained flat at £15 0m Member levy payments were increased by 3% in the year and comprise 54% of turnover (2011 53%) Commercial revenues were strong in data and testing areas, but economic conditions affecting the repair sector had a detrimental effect on subscription and training revenues

The Surplus before tax for the year is £0 3m (2011 £0 9m) The company is not for profit distribution, with any surplus either being invested in the business to conduct in research on behalf of the members or used to fund payments into the defined benefit pension scheme

Directors' Report *(continued)*

Performance *(continued)*
The consolidated balance sheet is in a net worth position of £1 5m (2011 £2 0m) The FRS17 pension scheme deficit (before deferred tax) increased from £1 3m to £2 3m due to a worsening in the financial assumptions used to calculate pension liabilities

Future development
Thatcham's future development will be influenced by a number of factors, predominately the members requirements for solutions to issues which affect the successful running of their business especially with the challenges of the current economic climate and the increasing need for adherence to government and international policy, corporate governance, corporate social responsibility and the demands of their customers - the motorist

Directors and directors' interests
The Directors who held office during the year and up to the date of this report were as follows

Director name	Member name	Appointed	Resigned
William Paton	Zurich Insurance		20/09/2012
Anthony Emms	Zurich Insurance	20/09/2012	
Ian Currie	RSA Insurance Group	20/09/2012	
Mark Dibley	Co-operative Insurance		
Graham Gibson	Allianz Insurance	20/09/2012	
Peter Horton	Liverpool Victoria	22/02/2012	
Kevin Kiernan	Groupama Insurances		
Dane Loosely	Allianz Insurance		20/09/2012
David Mills	Direct Line Group		
Ron Munro	Ageas		
Matthew Paterson	Admiral Group	20/09/2012	
David Powell	Lloyd's Market Association		
Peter Shaw	The Motor Insurance Repair Research Centre		
Simon Smith	Aviva – Solus ARC		
Barry Street	Covea Insurance	20/09/2012	
Ian Thompson	RSA		21/06/2012
Christopher Voller	AXA Insurance		

Anthony Emms, Ian Currie, Graham Gibson, Matthew Paterson and Barry Street, who were appointed as casual directors since the last annual general meeting, retire in accordance with the articles of association and, being eligible, offer themselves for re-election David Powell and Peter Shaw, being co-opted directors, retire in accordance with the articles of association and, being eligible, offer themselves for re-election The Directors retiring by rotation are David Mills and Ron Munro who, being eligible, offer themselves for re-election

None of the Directors had a beneficial interest in the Company during the year All Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Supplier payment policy
The Company's policy for determining payment terms for suppliers is either to agree terms of payment at the start of a binding contract or to pay at the end of the month following receipt of the invoice

The Company continually reviews its payment procedures and liaises with suppliers as a means of eliminating difficulties and maintaining a good working relationship Trade creditor days of the Company at 31 December 2012 were 42 days (2011 40 days)

Directors' Report *(continued)*

Proposed dividend
As a company limited by guarantee, the Company does not make distributions out of the accumulated fund

Political and charitable contributions
The Group made no political contributions during the year (2011 £nil) Donations to UK charities amounted to £3,000 (2011 £4,500)

Disclosure of information to auditor
The Directors who held office at the date of approval of the Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information

Auditor
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board

Ruth McRitchie
Company Secretary

Colthrop Way
Thatcham
Berkshire
RG19 4NR
20 June 2013

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year Under that law they have elected to prepare the Group and parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 for that period In preparing each of the Group and parent Company financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities

KPMG LLP
Arlington Business Park
Theale
RG7 4SD
United Kingdom

Independent Auditor's Report to the Members of The Motor Insurance Repair Research Centre (Limited by Guarantee)

We have audited the financial statements of The Motor Insurance Repair Research Centre for the year ended 31 December 2012, set out on pages 10 to 32 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2012 and of the Group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent Auditor's Report to the Members of The Motor Insurance Repair Research Centre (Limited by Guarantee) *(continued)*

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

Derek McAllan

Derek McAllan (Senior Statutory Auditor) 20 June 2013
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

Consolidated Income and Expenditure Account
for the year ended 31 December 2012

	Note	**2012 £'000**	**2012 £'000**	2011 £'000	2011 £'000
Group turnover	2		**15,026**		14,983
Raw materials and consumables		**(491)**		(451)	
Staff costs	5	**(8,013)**		(7,669)	
Depreciation	10	**(741)**		(687)	
Other operating charges		**(5,440)**		(5,236)	
			(14,685)		(14,043)
Group surplus from operations	3		**341**		940
Other interest receivable and similar income	6		**75**		61
Interest payable and similar charges	7		**(10)**		(19)
Other finance costs	8		**(83)**		(104)
Surplus before taxation			**323**		878
Tax credit / (charge) on surplus	9		**33**		(144)
Surplus transferred to accumulated fund	17		**356**		734

All operations are continuing

The notes on pages 15 to 32 form part of these financial statements

Consolidated Balance Sheet
at 31 December 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Tangible assets	*10*		**4,420**		4,154
Current assets					
Debtors	*12*	**4,951**		4,488	
Cash at bank and in hand		**5,667**		6,403	
		10,618		10,891	
Creditors: amounts falling due within one year	*13*	**(1,417)**		(1,587)	
Net current assets			**9,201**		9,304
Total assets less current liabilities			**13,621**		13,458
Creditors amounts falling due after more than one year	*14*		**-**		(85)
Accruals and deferred income	*15*		**(10,235)**		(10,354)
Provisions for liabilities	*16*		**(1)**		(20)
Net assets excluding pension liabilities			**3,385**		2,999
Pension liabilities					
Total of defined benefit schemes with net liabilities	*19*		**(1,870)**		(1,030)
Net assets including pension liabilities			**1,515**		1,969
Capital and reserves					
Revaluation reserve	*17*		**406**		448
Accumulated fund	*17*		**1,109**		1,521
Total reserves			**1,515**		1,969

These financial statements were approved by the board of directors on 20 June 2013 and were signed on its behalf by

Peter Shaw
Director

The notes on pages 15 to 32 form part of these financial statements

Company Balance Sheet
at 31 December 2012

	Note	**2012**	**2012**	2011	2011
		£'000	**£'000**	£'000	£'000
Fixed assets					
Tangible assets	*10*		**4,420**		4,153
Investments	*11*		**33**		33
			4,453		4,186
Current assets					
Debtors	*12*	**4,924**		4,529	
Cash at bank and in hand		**5,641**		6,368	
		10,565		10,897	
Creditors: amounts falling due within one year	*13*	**(1,417)**		(1,587)	
Net current assets			**9,148**		9,310
Total assets less current liabilities			**13,601**		13,496
Creditors: amounts falling due after more than one year	*14*		**-**		(85)
Accruals and deferred income	*15*		**(10,231)**		(10,354)
Provisions for liabilities	*16*		**(1)**		(20)
Net assets excluding pension liabilities			**3,369**		3,037
Pension liabilities					
Total of defined benefit schemes with net liabilities	*19*		**(1,870)**		(1,030)
Net assets including pension liabilities			**1,499**		2,007
Capital and reserves					
Revaluation reserve	*17*		**406**		448
Accumulated fund	*17*		**1,093**		1,559
Total reserves			**1,499**		2,007

These financial statements were approved by the board of directors on 20 June 2013 and were signed on its behalf by

Peter Shaw
Director

The notes on pages 15 to 32 form part of these financial statements

Consolidated Cash Flow Statement

for the year ended 31 December 2012

	Note	**2012 £'000**	2011 £'000
Cash inflow / (outflow) from operating activities	*20*	**393**	(92)
Returns on investments and servicing of finance	*21*	**65**	42
Taxation	*21*	**(3)**	68
Capital expenditure and financial investment	*21*	**(1,044)**	(822)
Cash (outflow) before financing		**(589)**	(804)
Financing	*21*	**(148)**	(169)
(Decrease) in cash in the year	*22*	**(737)**	(973)

Reconciliation of Net Cash Flow to Movement in Net Funds

for the year ended 31 December 2012

	Note	**2012 £'000**	2011 £'000
(Decrease) in cash in the year		**(737)**	(973)
Cash outflow from decrease in debt and lease financing		**148**	169
Change in net funds arising from cash flows	*22*	**(589)**	(804)
Net funds at the start of the year		**6,170**	6,973
Exchange movement		**1**	1
Net funds at the end of the year	*22*	**5,582**	6,170

The notes on pages 15 to 32 form part of these financial statements

Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 December 2012

	2012 £'000	2011 £'000
Surplus for the financial year	**356**	734
Exchange movement	**1**	1
Actuarial (loss) / gain recognised in the pension scheme	**(968)**	57
Deferred tax arising on loss / gain in the pension scheme	**194**	(11)
Change in tax rate	**-**	(14)
Unrealised deficit on revaluation of freehold property	**(37)**	-
Total recognised gains and losses in the year	**(454)**	767

Consolidated Note of Historical Cost Profits and Losses
for the year ended 31 December 2012

	2012 £'000	2011 £'000
Reported surplus before taxation	**323**	878
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	**5**	5
Historical cost surplus on ordinary activities before taxation	**328**	883
Historical cost surplus for the year retained after taxation	**361**	739

Reconciliations of Movements in Shareholders' Funds
for the year ended 31 December 2012

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Surplus for the financial year	**356**	734	**303**	690
Other recognised gains and loss relating to the year (net)	**(810)**	28	**(811)**	28
Net (reduction)/addition to shareholders' funds	**(454)**	762	**(508)**	718
Opening shareholders' funds	**1,969**	1,207	**2,007**	1,289
Closing shareholders' funds	**1,515**	1,969	**1,499**	2,007

Notes to the Financial Statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 4 to 6 The Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to the 31 December 2012 The acquisition method of accounting has been adopted Under s408 of the Companies Act 2006, the Company is exempt from the requirements to present its own profit and loss account

Investments
In the Company's financial statements, investments in subsidiary undertakings are stated at cost

Fixed assets and depreciation
Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Land and buildings - freehold	-	0 to 50 years
Land and buildings - adaptation works	-	10 years
Land and building - leasehold improvements	-	Length of lease
Plant and equipment	-	5 to 10 years
Fixtures and fittings (including motor vehicles)	-	3 to 10 years
IT software development	-	5 years

Where refurbishment to leasehold premises occurs within 5 years of the end of a lease, the depreciation period is extended to reflect the expected end date of the lease extension Where depreciation charges are increased following a revaluation, an amount equal to the annual increase is transferred each year from the revaluation reserve to the accumulated fund as a movement on reserves

Leases
Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Research and development expenditure
Expenditure on research and development is written off to the profit and loss account in the year it is incurred

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Impairment of fixed assets
The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable If any such indication exists, the asset's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost

The recoverable amount of fixed assets is the greater of their net realisable value and value in use In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs

Where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings

Government grants
Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate Other grants are credited to the income and expenditure account as the related expenditure is incurred

Taxation
The charge for taxation is based on the surplus for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Post-retirement benefits
The Group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The Group also operates a pension scheme providing benefits based on final pensionable pay This scheme is closed to new members and to future accruals The assets of the scheme are held separately from those of the Group

Pension scheme assets are measured using market values For quoted securities the current bid price is taken as market value Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Revenue recognition and deferred income
Revenue is stated net of value added tax Revenue for the annual levy and subscriptions is recognised equally over the period to which the invoice relates The unexpired portion of the annual levy / subscription is held within deferred income on the balance sheet Revenue from consultancy and training activities is recognised as the services are performed and courses delivered Revenue from publications and software licences is recognised on delivery

2 Turnover

The analysis of turnover by segment and geography is shown below Turnover by destination is not materially different from turnover by origin

By segment	**2012**	2011
	£'000	£'000
Members' levy	**8,179**	7,936
Subscriptions and data	**3,771**	3,779
Training services	**1,550**	1,901
Testing	**620**	374
Revenue from research activities / other	**906**	993
	15,026	14,983

By geography	**2012**	2011
	£'000	£'000
UK	**13,836**	14,113
Rest of world	**1,190**	870
	15,026	14,983

Notes to the Financial Statements *(continued)*

3 Surplus from operations

Surplus from operations is stated after charging	**2012**	2011
	£'000	£'000
Hire of plant and machinery – operating lease	**248**	212
Hire of other assets – operating lease	**655**	811
Depreciation of tangible fixed assets		
- Owned	**649**	556
- Leased	**92**	131
Research and development expenditure	**2,814**	2,885
Auditor's remuneration		
- Audit of these financial statements	**24**	25
- Taxation compliance services	**6**	6
- All other services	**12**	6

4 Remuneration of directors

	2012	2011
	£'000	£'000
Directors' emoluments	**199**	225
Company contributions to money purchase pension schemes	**20**	30
	219	255

The aggregate of emoluments of the highest paid director was £199,000 (2011 £155,000), and Company pension contributions of £20,000 (2011 £10,000) were made to a money purchase scheme on his behalf

Retirement benefits are accruing to 1 director (2011 2) under money purchase schemes The defined benefit scheme is closed to further accruals All directors benefited from qualifying third party indemnity provisions

5 Staff numbers and costs

The average number of persons employed by the Group (including non-member directors) during the year, analysed by category was as follows

	2012	2011
	No	No
Operations and research	**147**	137
Sales and marketing	**10**	17
Administration	**22**	20
	179	174

Notes to the Financial Statements *(continued)*

5 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows

	2012 £'000	2011 £'000
Wages and salaries	6,566	6,256
Social security costs	712	682
Other pension costs	735	731
	8,013	7,669

6 Other interest receivable and similar income

	2012 £'000	2011 £'000
Other	75	61

7 Interest payable and similar charges

	2012 £'000	2011 £'000
On bank loans and overdrafts	3	7
Finance charges payable in respect of finance lease and hire purchase contracts	7	12
	10	19

8 Other finance costs

	2012 £'000	2011 £'000
Interest on pension scheme liabilities	596	671
Expected return on pension scheme assets	(513)	(567)
	83	104

Notes to the Financial Statements *(continued)*

9 Taxation

Analysis of charge for the year	**2012** **£'000**	**2012** **£'000**	2011 £'000	2011 £'000
UK corporation tax				
Current tax on income for the year	**-**		-	
Adjustment in respect of previous years	**-**		-	
UK corporation tax		**-**		-
Overseas income tax		**(3)**		-
Total current tax		**(3)**		-
Deferred tax				
Movement on pension liability	**17**		(124)	
Origination/reversal of timing differences	**19**		(20)	
Total deferred tax		**36**		(144)
Tax credit / (charge) on surplus		**33**		(144)

Factors affecting the tax charge for the current year
The current tax charge for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 20% (2011 20 25%) The differences are explained below

	2012 **£'000**	2011 £'000
Current tax reconciliation		
Surplus before tax	**323**	878
Current tax at 20% (2011 20 25%)	**65**	178
Effects of		
Expenses not deductible for tax purposes	**31**	36
Depreciation for year in excess of capital allowances	**45**	40
R&D tax credit	**(81)**	(81)
Use of tax losses	**(56)**	(28)
Other timing differences	**(1)**	(145)
Total current tax charge (see above)	**3**	-

Notes to the Financial Statements *(continued)*

10 Tangible fixed assets

Group	Land & buildings	Plant and machinery	Fixtures & fittings (incl motor vehicles)	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2012	3,974	4,257	2,413	10,644
Additions	138	466	440	1,044
Disposals	-	(24)	(38)	(62)
Revaluation	(70)	-	-	(70)
At 31 December 2012	4,042	4,699	2,815	11,556
Accumulated depreciation				
At 1 January 2012	1,557	3,110	1,823	6,490
Charge for the year	144	305	292	741
Disposals	-	(24)	(38)	(62)
Revaluation	(33)	-	-	(33)
At 31 December 2012	1,668	3,391	2,077	7,136
Net book value				
At 31 December 2012	**2,374**	**1,308**	**738**	**4,420**
At 31 December 2011	2,417	1,147	590	4,154

Notes to the Financial Statements *(continued)*

10 Tangible fixed assets

Company	Land & buildings	Plant and machinery	Fixtures & fittings (incl motor vehicles)	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2012	3,974	4,257	2,412	10,643
Additions	138	466	440	1,044
Disposals	-	(24)	(38)	(62)
Revaluation	(70)	-	-	(70)
At 31 December 2012	4,042	4,699	2,814	11,555
Accumulated depreciation				
At 1 January 2012	1,557	3,110	1,823	6,490
Charge for the year	144	305	291	740
Disposals	-	(24)	(38)	(62)
Revaluation	(33)	-	-	(33)
At 31 December 2012	1,668	3,391	2,076	7,135
Net book value				
At 31 December 2012	**2,374**	**1,308**	**738**	**4,420**
At 31 December 2011	2,417	1,147	589	4,153

Group and Company

Included in the total net book value of fixtures and fittings including motor vehicles is £39,000 (2011 £131,000) in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the year on these assets was £92,000 (2011 £131,000)

The net book value of land and buildings comprises

	2012	2011
	£'000	£'000
Freehold – at valuation	**850**	902
Freehold – adaptation works (at cost)	**71**	-
Short leasehold	**1,453**	1,515
	2,374	2,417

Notes to the Financial Statements *(continued)*

10 Tangible fixed assets *(continued)*

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 15 Tangible fixed assets

Freehold land and buildings – Group and Company	**2012**	2011
	£'000	£'000
At open market valuation		
Interim valuation – 8 January 2013	**850**	920
Aggregate deprecation thereon	**-**	(18)
Net book value	**850**	902
At cost		
Historical cost of revalued assets	**799**	799
Aggregate deprecation thereon	**(355)**	(345)
Historical cost net book value	**444**	454

An interim valuation was carried out on 8 January 2013 by Paul Richardson MRICS of Richardson Commercial, a firm of property consultants / surveyors

The Company has registered a charge over the freehold land and buildings on behalf of Thatcham Pension Trustees Limited as Trustee of The Thatcham Staff Pension & Life Assurance Scheme

11 Fixed asset investments

	Shares in group undertakings
Company	**£'000**
Cost and net book value	
At beginning and end of year	33

The Company's subsidiary undertakings are

	Activity	**Country of incorporation**	**Type of holding**	**Percentage holding**
Thatcham (Thailand) Limited	Trading	Thailand	Ordinary	100%
Thatcham Limited	Dormant	England	Ordinary	100%
Thatcham Pension Trustees Limited	Dormant	England	Ordinary	100%

Notes to the Financial Statements *(continued)*

12 Debtors

Group	2012 £'000	2011 £'000
Trade debtors	4,073	3,703
Other debtors	5	6
Prepayments and accrued income	873	779
	4,951	4,488

Company	2012 £'000	2011 £'000
Trade debtors	4,073	3,704
Other debtors	5	6
Amounts owed by group undertakings	-	64
Prepayments and accrued income	846	755
	4,924	4,529

13 Creditors: amounts falling due within one year

Group	2012 £'000	2011 £'000
Bank loans and overdrafts	27	31
Obligations under finance leases and hire purchase contracts	58	117
Trade creditors	921	872
Taxation and social security	411	567
	1,417	1,587

Company	2012 £'000	2011 £'000
Bank loans and overdrafts	27	31
Obligations under finance leases and hire purchase contracts	58	117
Trade creditors	921	870
Amounts owed to group undertakings	-	2
Taxation and social security	411	567
	1,417	1,587

Notes to the Financial Statements *(continued)*

14 Creditors amounts falling due after one year

Group and Company	2012 £'000	2011 £'000
Bank loans and overdrafts	-	27
Obligations under finance leases and hire purchase contracts	-	58
	-	85

The maturity of obligations under finance lease and hire purchase contracts is as follows

Group and Company	2012 £'000	2011 £'000
Within one year	60	124
Between one and two years	-	60
	60	184
Less future finance charges	(2)	(9)
	58	175

15 Accruals and deferred income

Group	2012 £'000	2011 £'000
Accruals	674	571
Deferred income		
Levy	7,999	7,766
Other	1,562	2,017
	10,235	10,354

Company	2012 £'000	2011 £'000
Accruals	670	571
Deferred income		
Levy	7,999	7,766
Other	1,562	2,017
	10,231	10,354

Notes to the Financial Statements *(continued)*

16 Provisions for liabilities

The movement in the deferred tax asset during the year was as follows

Group and Company	2012 £'000	2011 £'000
At beginning of year	**237**	406
Credit / (charge) to the profit and loss account (note 9)	**36**	(144)
Credit / (charge) to the statement of total recognised gains and losses (note 17)	**194**	(25)
At end of year	**467**	237

	2012 £'000	2011 £'000
The elements of the deferred tax asset are as follows		
Deferred tax asset on FRS 17 pension scheme deficit (note 19)	**468**	257
Deferred tax provision	**(1)**	(20)
	467	237
The elements of the deferred tax provision are as follows		
Difference between accumulated depreciation and capital allowances	**(83)**	(66)
Short term timing differences	**4**	11
Tax losses	**78**	35
	(1)	(20)

17 Capital and reserves

	Group Revaluation reserve £'000	Group Accumulated fund £'000	Company Revaluation reserve £'000	Company Accumulated fund £'000
At beginning of year	448	1,521	448	1,559
Difference between historical cost and actual depreciation	(5)	5	(5)	5
Exchange movement	-	1	-	-
Surplus for the year	-	356	-	303
Actuarial loss recognised in pension scheme	-	(968)	-	(968)
Deferred tax arising on loss in pension scheme	-	194	-	194
Revaluation of freehold	(37)	-	(37)	-
At end of year	406	1,109	406	1,093

Notes to the Financial Statements *(continued)*

18 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2012	2012	2011	2011
	Land and buildings	**Other**	Land and buildings	Other
Group and Company	**£'000**	**£'000**	£'000	£'000
Operating leases which expire				
Within one year	**5**	**42**	7	38
Within two to five years	**12**	**181**	-	127
Over five years	**591**	**-**	591	-
	608	**223**	598	165

19 Pensions

Defined contribution pension scheme
The Group and Company operate a defined contribution pension scheme The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £735,000 (2011 £731,000) Contributions amounting to £nil (2011 £nil) were payable to the scheme at the year end

Defined benefit scheme
The Group and Company operate a defined benefit pension scheme, The Thatcham Staff Pension & Life Assurance Scheme ("the Scheme"), which has been closed to future accruals with effect from 30 September 2007 The assets of the Scheme are held in separate trust administered funds Under the current recovery plan, the Company must contribute £417,000 to the Scheme before 28 February 2014

The amounts recognised in the profit and loss account for the year are shown in note 8 The total amount recognised in the consolidated statement of total recognised gains and losses in respect of actuarial losses is £968,000 (2011 gain of £57,000)

The amounts recognised in the balance sheet are as follows

	2012	2011
Group and Company	**£'000**	£'000
Fair value of plan assets	**11,844**	11,591
Present value of defined benefit obligations	**(14,182)**	(12,878)
Deficit	**(2,338)**	(1,287)
Related deferred tax asset (note 16)	**468**	257
Net liability	**(1,870)**	(1,030)

Notes to the Financial Statements *(continued)*

19 Pensions *(continued)*

The change in the present value of the defined benefit obligation over the year was

Group and Company	2012 £'000	2011 £'000
At beginning of year	(12,878)	(12,649)
Interest cost	(596)	(671)
Benefits paid	390	430
Actuarial (loss) / gain on defined benefit obligation	(1,098)	12
At end of year	(14,182)	(12,878)

The change in the fair value of plan assets over the year was

Group and Company	2012 £'000	2011 £'000
At beginning of year	11,591	10,716
Expected return on plan assets	513	567
Company contributions	-	693
Benefits paid	(390)	(430)
Actuarial gain on assets	130	45
At end of year	11,844	11,591

The fair value of the plan assets and the return on those assets were as follows

	2012 £'000	2011 £'000
Equities	3,316	3,825
Gilts	3,080	3,014
Corporate bonds	3,198	2,666
Cash / net current assets	2,250	2,086
	11,844	11,591

The actual return on the Scheme's assets (net of expenses) over the year was £643,000 (2011 £612,000) The assets do not include any investment of shares of the Company or property that is occupied by the Group The expected return on assets is the weighted average of the assumed long-term returns for the various asset classes

Notes to the Financial Statements *(continued)*

19 Pensions *(continued)*

The principal actuarial assumptions used to calculate scheme liabilities include

	2012	2011
	%pa	%pa
Long term expected rate of return on plan assets for the following year net of expenses	**4.20**	4 50
Discount rate	**4.30**	4 70
Inflation assumption (RPI)	**2 90**	3 00
Pension increase in deferment (CPI from 2010)	**1.90**	2 00
Pension increase in payment		
- RPI max 5%	**2.90**	3 00
- RPI min 3% max 5%	**3.30**	3 40

In valuing the liabilities of the pension fund at 31 December 2012, mortality assumptions have been made as indicated below The assumptions relating to longevity underlying pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements on longevity Under the mortality tables adopted, the assumed future life expectancy at age 65 is as follows

	2012	2011
Life expectancy at age 65	**Years**	Years
Male currently aged 45	**21.7**	21 2
Female currently aged 45	**24.2**	23 5
Male currently aged 65	**20.2**	20 0
Female currently aged 65	**22 8**	22 4

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are

	Increase / (decrease) in scheme liabilities 2012 £'000	**Increase / (decrease) in scheme liabilities 2011 £'000**
Increase discount rate by 0 5%pa	**(1,135)**	(1,030)
Decrease discount rate by 0 5%pa	**1,276**	1,159
Increase assumed rate of future inflation by 0 5%pa	**993**	901
Decrease assumed rate of future inflation by 0 5%pa	**(851)**	(901)

Notes to the Financial Statements *(continued)*

19 Pensions *(continued)*

The history of the scheme for the current and prior years is as follows

Balance sheet	**2012 £'000**	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of scheme assets	**11,844**	11,591	10,716	9,911	9,696
Present value of scheme liabilities	**(14,182)**	(12,878)	(12,649)	(12,581)	(12,380)
Net deficit	**(2,338)**	(1,287)	(1,933)	(2,670)	(2,684)

Experience adjustments	**2012 £'000/%**	2011 £'000/%	2010 £'000/%	2009 £'000/%	2008 £'000/%
Experience adjustments on scheme assets	**130**	45	159	(552)	(1,027)
% of Scheme assets	**1 1**	0 4	1 5	(5 6)	(10 6)
Changes in assumptions used to value scheme liabilities	**(843)**	12	227	(633)	676
% of Scheme liabilities	**5.9**	(0 1)	(1 8)	5 0	(5 5)
Experience adjustments on scheme liabilities	**(255)**	-	-	751	-
% of Scheme liabilities	**1 8**	-	-	(6 0)	-
Total amount recognised in consolidated statement of total recognised gains and losses	**(968)**	57	386	(434)	(351)
% of Scheme liabilities	**6.8**	(0 4)	(3 0)	3 4	2 8

20 Reconciliation of surplus from operations to operating cash flows

	2012 £'000	2011 £'000
Group surplus from operations	**341**	940
Depreciation	**741**	687
Loss on sale of fixed assets	**-**	56
Amortisation from revaluation reserve	**-**	(5)
(Increase) in debtors	**(463)**	(829)
(Decrease) in creditors	**(107)**	(127)
(Decrease) in accruals and deferred income	**(119)**	(121)
Pension payments made into defined benefit pension scheme	**-**	(693)
Net cash inflow / (outflow) from operating activities	**393**	(92)

Notes to the Financial Statements *(continued)*

21 Analysis of cash flows

Returns on investment and servicing of finance	**2012 £'000**	2011 £'000
Interest received	**75**	61
Interest paid	**(3)**	(7)
Interest element of finance lease rental payments	**(7)**	(12)
Net cash inflow from returns on investment and servicing of finance	**65**	42

Taxation	**2012 £'000**	2011 £'000
Tax paid	**(3)**	-
Tax received	**-**	68
Net cash (outflow) / inflow from taxation	**(3)**	68

Capital expenditure and financial investment	**2012 £'000**	2011 £'000
Purchase of tangible fixed assets	**(1,044)**	(832)
Sale of tangible fixed assets	**-**	10
Net cash outflow from capital expenditure and financial investment	**(1,044)**	(822)

Financing	**2012 £'000**	2011 £'000
Obligations under finance lease		
Capital element of finance lease rental payments	**(117)**	(124)
Debt due within one year Repayment of unsecured loan	**(4)**	(14)
Debt due after more than one year Repayment of unsecured loan	**(27)**	(31)
Net cash (outflow) from financing	**(148)**	(169)

Notes to the Financial Statements *(continued)*

22 Net funds

	1 January 2012 £'000	Cash flow £'000	Exchange movements £'000	31 December 2012 £'000
Cash at bank and in hand	6,403	(737)	1	5,667
Finance leases	(175)	117	-	(58)
Debt due within one year	(31)	4	-	(27)
Debt due after more than one year	(27)	27	-	-
Net funds	6,170	(589)	1	5,582

23 Company limited by guarantee

The Motor Insurance Repair Research Centre is a company limited by guarantee, with 29 members, all belonging to the insurance industry The liability of its members is limited under the Company's Memorandum to £40,000 each, which the members have undertaken to contribute to the assets of the company in the event of it being wound up