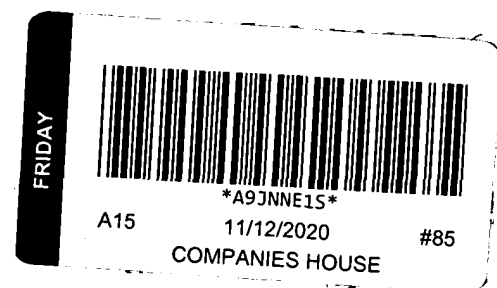


**Thatcham Research**  
**(Limited by Guarantee)**

**Directors' report and financial  
statements**

Registered number 00967763

For the year ended 31 December 2019



## Contents

	Page No.
Company Information	3
Directors' Report	4
Strategic Report	5
Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements	7
Independent Auditor's Report to the Members of Thatcham Research	8
Profit and Loss	10
Statement of Comprehensive Income	10
Balance Sheet	11
Cash Flow Statement	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14

## Company Information

<b>Directors</b>	Mark Baker Mike Bell Graham Gibson (Chairman) Robert Harper Jonathan Hewett Graham Hughes Waseem Malik Martin Milliner David Mills Ron Munro David Nichols David Powell Simon Smith Barry Street
<b>Secretary</b>	Ruth McRitchie
<b>Registered office</b>	Colthrop Way Thatcham Berkshire RG19 4NR
<b>Key management personnel</b>	Jonathan Hewett Ruth McRitchie Neale Phillips Richard Billyeald Matthew Avery Daniel Payne
<b>Bankers</b>	Lloyds Plc 3-5 Bridge Street Newbury Berkshire RG14 5BQ
<b>Auditor</b>	Crowe U.K. LLP Aquis House 49-51 Blagrove Street Reading RG1 1PL

## Directors' Report

### 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
Mark Baker	RSA Insurance Group		
Mike Bell	Independent Non-Executive	3 December 2020	
Greg Cole	esure	27 March 2019	19 December 2019
Mark Dibley	Co-operative Insurance		29 January 2019
Graham Gibson	Allianz Insurance		
Robert Harper	Admiral Group		
Jonathan Hewett	Thatcham Research	7 January 2019	
Graham Hughes	esure	23 March 2020	
Waseem Malik	AXA Insurance		
Martin Milliner	Liverpool Victoria		
David Mills	Direct Line Group		
Ron Munro	Ageas		
David Nichols	Zurich Insurance		
David Powell	Lloyd's Market Association		
Simon Smith	Aviva – Solus ARC		
Barry Street	Covea Insurance		

David Powell and Jonathan Hewett, being co-opted directors, retire in accordance with the articles of association and, being eligible, offer themselves for re-election. Graham Hughes, being appointed since the last Annual General Meeting, retires in accordance with the articles of association and, being eligible, offer themselves for re-election. The Directors retiring by rotation are Graham Gibson, Martin Milliner and Waseem Malik 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.

### Proposed dividend

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

### 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 Company'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 Company'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 Crowe U.K. LLP will therefore continue in office.

By order of the Board



**Ruth McRitchie**  
Company Secretary

Colthrop Way  
Thatcham  
Berkshire  
RG19 4NR  
3 December 2020

## Strategic Report

The Directors present their Directors' report and financial statements for the year ended 31 December 2019.

### Background

Thatcham Research was established in 1969 by British Insurers. The Company is independently operated with a Board of Directors drawn from amongst the 32 insurer members who fund its work.

### Principal activities and strategy

Thatcham Research 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 Company has commercial revenues from a range of products and services focussed on repair data, risk data, training and vehicle testing. Key customers are repair body shops and vehicles manufacturers, and such revenues assist in the delivery of value to members.

Thatcham Research's data and expertise is also sought by overseas markets that see the benefit of the Company'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 defined benefit pension scheme deficit of £5.1m (2018: £5.1m) based on the valuation as at 31 December 2019. This position should be balanced with the current global commercial opportunities available to the Company.

### Measurement

Key Performance Indicators (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 Company long term plan. The main financial KPIs used are:

- Surplus for the year. The Company 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 Company 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 Company to provide more value to members.

### Performance

During the year turnover increased from £18.4m to £19.1m. Member levy payments comprise 55% of turnover (2018: 52%).

The surplus before tax for the year is £794k (2018: £934k). The Company is not for profit distribution, with any surplus either being invested in the business to conduct research on behalf of the members or used to fund payments into the defined benefit pension scheme. During 2019 the Company made payments of £591k (2018: £406k) into that scheme, which was closed for further accruals in 2007.

The Company balance sheet is in a net asset position of £1.72m (2018: £1.28m).

## **Strategic Report** *(continued)*

### **Future development**

Thatcham Research'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.

In December 2019, a novel strain of coronavirus surfaced, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization at the end of January 2020. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain it or treat its impact.

In March 2020, as a response to UK Government actions to reduce the impact of the pandemic, we enacted our Business Continuity Plan and successfully redeployed all staff to home working. Those activities that could not reasonably be carried out at home (for example at vehicle research, vehicle testing and face to face training) returned to site at the end of May 2020 once lockdown restrictions were relaxed, with remaining staff continuing to work from home as far as possible.

Despite the loss of revenues caused by COVID 19, we have successfully managed the finances of the Company such that the originally budgeted breakeven position after the payment of the contribution into the defined benefit pension scheme should be achieved in 2020.

In October 2020 we exchanged contracts for the purchase of the entire share capital of a company which owns the freehold of an airfield and connected buildings. This investment will be a significant one for the Company in terms of scale and impact. We are in the process of seeking planning permission to use this site for vehicle testing. If permission is granted, we will complete the contract for the share purchase, currently expected in mid-2021.

By order of the Board



**Ruth McRitchie**  
*Company Secretary*

Colthrop Way  
Thatcham  
Berkshire  
RG19 4NR  
3 December 2020

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

The Directors are responsible for preparing the Annual Report, Strategic Report and 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 Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Company and of its profit or loss for that period. In preparing the 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 Company and to prevent and detect fraud and other irregularities.



Crowe U.K. LLP  
*Chartered Accountants*  
Member of Crowe Global  
Aquis House  
49-51 Blagrove Street  
Reading  
Berkshire RG1 1PL, UK  
Tel +44 (0)118 959 7222  
Fax +44 (0)118 958 4640  
[www.crowe.co.uk](http://www.crowe.co.uk)

## **Independent Auditor's Report to the Members of Thatcham Research**

### **Opinion**

We have audited the financial statements of Thatcham Research for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken 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.



Janette Joyce  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
Reading  
7 December 2020

## Profit and Loss

for the year ended 31 December 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Turnover</b>	3		19,114		18,429
Raw materials and consumables		(348)		(438)	
Staff costs	6	(9,979)		(9,565)	
Depreciation and amortisation	10/11	(927)		(924)	
Other operating charges		(7,006)		(6,474)	
			(18,260)		(17,401)
<b>Surplus from operations</b>	4		854		1,028
Interest receivable and similar income	7		89		52
Other finance costs	8		(149)		(146)
<b>Surplus before taxation</b>			794		934
Tax credit / (charge) on surplus	9		21		(114)
<b>Surplus transferred to accumulated fund</b>			815		820

## Statement of Comprehensive Income

for the year ended 31 December 2019

	2019 £'000	2018 £'000
<b>Surplus for the financial year</b>	815	820
Actuarial (loss) / gain recognised in the pension scheme	(453)	200
Deferred tax arising on loss / (gain) in the pension scheme	77	(34)
Realised gain on revaluation of freehold property	-	334
Deferred tax movement on revaluation of freehold property	3	(55)
<b>Total comprehensive income for the year</b>	442	1,265

All Operations are continuing.

The notes on pages 15 to 27 form part of these financial statements.

**Balance Sheet**  
 at 31 December 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Fixed assets</b>					
Intangible assets	10	93		206	
Tangible assets	11	4,217		4,593	
			4,310		4,799
<b>Current assets</b>					
Debtors	13	5,058		3,340	
Cash at bank and in hand		12,659		12,570	
		17,717		15,910	
<b>Creditors: amounts falling due within one year</b>	14	(1,050)		(1,267)	
<b>Net current assets</b>			16,667		14,643
<b>Total assets less current liabilities</b>			20,977		19,442
<b>Accruals and deferred income</b>	15		(14,118)		(13,036)
<b>Provisions for liabilities</b>					
Pension liability	19		(5,140)		(5,129)
<b>Net assets</b>			1,719		1,277
			2019 £'000		2018 £'000
<b>Capital and reserves</b>					
Revaluation reserve			1,069		1,087
Accumulated fund			650		190
<b>Total reserves</b>			1,719		1,277

These financial statements were approved by the Board of directors on 3 December 2020 and were signed on its behalf by:



**Jonathan Hewett**  
 Director

The notes on pages 14 to 27 form part of these financial statements.

**Cash Flow Statement**  
 for year ended 31 December 2019

	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>		
Surplus from operations for the financial year	854	1,028
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	927	924
Past service cost of defined benefit pension scheme	-	197
(Profit) / loss on sale of tangible fixed assets	(20)	6
(Increase) / decrease in trade and other debtors	(1,602)	1,898
(Decrease) in trade and other creditors	(267)	(280)
Increase in accruals and deferred income	1,082	1,438
Contributions to defined benefit pension scheme	(591)	(406)
Cash from operations	383	4,805
Tax received	35	22
<b>Net cash from operating activities</b>	418	4,827
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible fixed assets	20	4
Interest received	89	52
Purchases of tangible fixed assets	(438)	(994)
<b>Net cash from investing activities</b>	(329)	(938)
Net increase in cash and cash equivalents	89	3,889
Cash and cash equivalents as at 1 January	12,570	8,681
<b>Cash and cash equivalents at 31 December</b>	12,659	12,570

Analysis of changes in net debt	At 1 Jan 2019 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 Dec 2019 £'000
<b>Cash and cash equivalents</b>				
Cash	12,570	89	-	12,659
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
<b>Total</b>	12,570	89	-	12,659

The notes on pages 14 to 27 form part of these financial statements.

**Statement of Changes in Equity**  
*for the year ended 31 December 2019*

	<b>Revaluation reserve</b>	<b>Accumulated fund</b>	<b>Total reserves</b>
	£'000	£'000	£'000
<b>Balance at 1 January 2018</b>	765	(753)	12
<b>Total comprehensive income for the year</b>			
Surplus for the financial year	-	820	820
Transfer between reserves	(12)	12	-
Other comprehensive income	334	111	445
<b>Balance at 31 December 2018</b>	<b>1,087</b>	<b>190</b>	<b>1,277</b>
	£'000	£'000	£'000
<b>Balance at 1 January 2019</b>	1,087	190	1,277
<b>Total comprehensive income for the year</b>			
Surplus for the financial year	-	815	815
Transfer between reserves	(18)	18	-
Other comprehensive income	-	(373)	(373)
<b>Balance at 31 December 2019</b>	<b>1,069</b>	<b>650</b>	<b>1,719</b>

## Notes to the Financial Statements

### 1 Company Information

The Company's name is Thatcham Research with registered number 00967763. It is incorporated in England and its registered address is Colthrop Way, Thatcham, Berkshire, RG19 4NR. The Company is limited by guarantee and is not for profit distribution. It 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.

### 2 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 Financial Reporting Standard 102 applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these statements is sterling. The financial statements are prepared on the historical cost basis, modified to include the revaluation of certain land and buildings. The Company has two dormant subsidiaries and, as these do not have a material impact on the figures, group accounts have not been prepared. Details of the Company's subsidiaries are included in note 12.

#### ***Going concern***

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 5 to 6. The Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

At the time of approval of the financial statements, the COVID-19 pandemic continues to evolve and the long-term impact on the company, in common with other businesses, is unknown. The company currently holds significant cash balances and conservative cash flow modelling indicates that the cash reserves of the company are adequate to meet the company's obligations as they fall due. Accordingly, the Directors believe the Company's financial resources are sufficient to ensure the Company will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

#### ***Intangible Fixed Assets***

Amortisation is provided to write off the cost less the estimated residual value of intangible fixed assets by equal instalments over their estimated useful economic lives as follows:

- IT software development – 5 years

The IT development relates to a bespoke development known as Plaza which holds all of the information the Company generates about a car make/model.

#### ***Tangible Fixed Assets***

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 - 5 years to length of lease
- Plant and equipment - 5 to 10 years
- Fixtures and fittings (including computer equipment and motor vehicles) - 3 to 10 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.

## Notes to the Financial Statements *(continued)*

### 2 Accounting policies *(continued)*

#### ***Impairment of tangible and intangible fixed assets***

The carrying amounts of the Company'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 Other Comprehensive Income until the carrying amount reaches the asset's depreciated historic cost.

#### ***Trade / other debtors and trade creditors***

Trade and other debtors are recognised at transaction cost, less any appropriate provision for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected. Trade creditors are recognised at transaction cost.

#### ***Cash and cash equivalents***

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

#### ***Financial instruments***

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties.

#### ***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

#### ***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.

#### ***Leases***

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease. The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight line basis.

#### ***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, training and testing activities is recognised as the services are performed and/or courses delivered. Revenue from software licences is recognised on delivery.

#### ***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)*

### 2 Accounting policies *(continued)*

#### **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 102 Section 29 Income Tax. The tax rate applied is that expected to apply to the reversal of the timing difference using tax rates and laws that have been enacted or substantially enacted at the time the accounts are drawn up.

#### **Accounting estimates and judgements**

Preparing these accounts in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense. The only key source of estimation uncertainty relates to the valuation of the defined benefit pension. Determining the value of future defined benefit obligations requires the use of certain assumptions including inflation rates, pension increases and mortality rates, among others. These assumptions are applied on the advice of an independent actuary.

Following the Lloyds case ruling at the High Court in October 2018, UK defined benefit pension schemes need to take steps to equalise benefits for males and females to deal with differences in Guaranteed Minimum Pension (GMP) between sexes. The Company have estimated the additional liability in respect of GMP equalisation to be 1% of scheme liabilities. This has been treated as a past service cost and recognised in the profit and loss.

### 3 Turnover

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

<b>By activity</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Members' levy	10,607	9,598
Subscriptions and data	2,989	3,198
Training services	1,902	1,717
Testing	2,238	2,796
Revenue from research activities / other	1,378	1,120
	<b>19,114</b>	<b>18,429</b>
<hr/>		
<b>By geography</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
UK	16,828	16,052
Rest of world	2,286	2,377
	<b>19,114</b>	<b>18,429</b>
	<hr/>	<hr/>

## Notes to the Financial Statements *(continued)*

### 4 Expenses and auditor's remuneration

Surplus from operations is stated after charging:	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Hire of plant and machinery – operating lease	<b>281</b>	294
Hire of other assets – operating lease	<b>816</b>	796
Depreciation of tangible fixed assets - owned	<b>814</b>	796
Amortisation of intangible fixed assets - owned	<b>113</b>	128
Research and development expenditure	<b>4,213</b>	3,716
(Profit)/Loss on sale of fixed assets	<b>(20)</b>	6
Auditor's remuneration:		
- Audit of these financial statements	<b>24</b>	23
- other	<b>2</b>	-

### 5 Remuneration of directors and key management personnel

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments	<b>311</b>	87
Company contributions to money purchase pension schemes	<b>20</b>	-
	<b>331</b>	87

The aggregate of emoluments of the highest paid director was £311,000 (2018: £87,000), and Company pension contributions of £20,000 (2018: £Nil) were made to a money purchase scheme on his behalf. Retirement benefits are accruing to Nil director (2018: Nil) under money purchase schemes. The defined benefit scheme is closed to further accruals. All directors benefited from qualifying third party indemnity provisions.

The total remuneration of key management personnel including employer's national insurance and employers pension was £1,164,000 (2018: £935,000).

### 6 Staff numbers and costs

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

	<b>2019</b>	<b>2018</b>
	<b>No</b>	<b>No</b>
Operations and research	<b>131</b>	149
Sales and marketing	<b>15</b>	16
Administration	<b>31</b>	26
	<b>177</b>	191

## Notes to the Financial Statements *(continued)*

### 6 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2019 £'000	2018 £'000
Wages and salaries	8,263	7,769
Social security costs	948	873
Other pension costs	768	726
Past service cost of defined benefit pension scheme	-	197
	<u>9,979</u>	<u>9,565</u>

### 7 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable	89	52
	<u>89</u>	<u>52</u>

### 8 Other finance costs

	2019 £'000	2018 £'000
Interest on pension scheme liabilities	550	537
Net interest income on net defined benefit plan assets	(401)	(391)
	<u>149</u>	<u>146</u>

## Notes to the Financial Statements *(continued)*

### 9 Taxation

#### Total tax expense recognised in profit and loss account:

	2019 £'000	2018 £'000
<i>Current tax</i>		
Current tax on income for the period	56	6
Adjustment in respect of prior years	(54)	(35)
	<u>2</u>	<u>(29)</u>
<i>Deferred tax</i>		
Movement on pension liability	75	11
Origination/reversal of timing differences	(56)	126
Adjustment in respect of prior years	(42)	6
Total deferred tax at 17% (2018 - 17%)	<u>(23)</u>	<u>143</u>
Total tax (credit) / charge	<u>(21)</u>	<u>114</u>

#### Total tax expense recognised in other comprehensive income:

	2019 £'000	2018 £'000
<i>Deferred tax</i>		
Movement on pension liability	(77)	34
Movement on revaluation reserve	(3)	55
Total deferred tax (credit) / charge at 17% (2018 - 17%)	<u>(80)</u>	<u>89</u>

#### Reconciliation of effective tax rate:

	2019 £'000	2018 £'000
Surplus for the financial year	815	820
Tax (credit) / charge on surplus	(21)	114
Surplus excluding taxation	<u>794</u>	<u>934</u>
Current tax at 19% (2018: 19%)	151	177
Non-deductible expenses	29	23
R&D tax credit	(105)	(57)
Adjustment re prior years	(96)	(29)
Tax (credit) / charge on surplus	<u>(21)</u>	<u>114</u>

## Notes to the Financial Statements *(continued)*

### 10 Intangible fixed assets

	IT Development £'000
<b>Cost or valuation</b>	
At 1 January 2019 and 31 December 2019	694
<b>Accumulated amortisation</b>	
At 1 January 2019	488
Charge for the year	113
At 31 December 2019	601
<b>Net book value</b>	
At 31 December 2019	93
At 31 December 2018	206

### 11 Tangible fixed assets

	Land & buildings £'000	Plant and machinery £'000	Fixtures & fittings (incl. vehicles) £'000	Capital in progress £'000	Total £'000
<b>Cost or valuation</b>					
At 1 January 2019	4,705	6,110	3,418	391	14,624
Additions	49	118	246	25	438
Transfers	30	356	5	(391)	-
Disposals	-	-	(64)	-	(64)
At 31 December 2019	4,784	6,584	3,605	25	14,998
<b>Accumulated depreciation</b>					
At 1 January 2019	2,458	4,648	2,925	-	10,031
Charge for the year	169	391	254	-	814
Disposals	-	-	(64)	-	(64)
At 31 December 2019	2,627	5,039	3,115	-	10,781
<b>Net book value</b>					
At 31 December 2019	2,157	1,545	490	25	4,217
At 31 December 2018	2,247	1,462	493	391	4,593

## Notes to the Financial Statements *(continued)*

### 11 Tangible fixed assets *(continued)*

The net book value of land and buildings comprises:	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Freehold (at valuation)	<b>1,500</b>	<b>1,500</b>
Freehold – adaptation works (at cost)	<b>40</b>	<b>49</b>
Short leasehold	<b>617</b>	<b>698</b>
	<b>2,157</b>	<b>2,247</b>

The following information relates to tangible fixed assets carried on the basis of revaluation.

<b>Freehold land and buildings</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<i>At open market valuation:</i>		
Final valuation	<b>1,500</b>	<b>1,500</b>
Aggregate depreciation thereon	<b>(22)</b>	<b>-</b>
Net book value	<b>1,478</b>	<b>1,500</b>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<i>At cost:</i>		
Historical cost of revalued assets	<b>799</b>	<b>799</b>
Aggregate depreciation thereon	<b>(390)</b>	<b>(386)</b>
Historical cost net book value	<b>409</b>	<b>413</b>

A valuation was carried out on 7 January 2019 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.

### 12 Fixed asset investments

The Company's subsidiary undertakings listed below are dormant and as such exempt from the requirements of Companies Act 2006. Group accounts have not been produced for this reason.

	<b>Activity</b>	<b>Country of incorporation</b>	<b>Type of holding</b>	<b>Percentage holding</b>
Thatcham Limited	Dormant	England	Ordinary	100%
Thatcham Pension Trustees Limited	Dormant	England	Ordinary	100%

## Notes to the Financial Statements *(continued)*

### 13 Debtors

	2019 £'000	2018 £'000
Trade debtors	3,624	1,654
Deferred tax asset (note 16)	547	444
Corporation tax (note 9)	48	35
Prepayments and accrued income	839	1,207
	<u>5,058</u>	<u>3,340</u>

### 14 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	612	726
Corporation tax (note 9)	56	6
Other taxation and social security	382	535
	<u>1,050</u>	<u>1,267</u>

### 15 Accruals and deferred income

	2019 £'000	2018 £'000
Accruals	1,323	1,685
Deferred income:		
Levy	10,925	9,748
Other	1,870	1,603
	<u>14,118</u>	<u>13,036</u>

## Notes to the Financial Statements *(continued)*

### 16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets</b>	<b>Assets</b>	<b>Liabil- ities</b>	<b>Liabil- ities</b>	<b>Net</b>	<b>Net</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	-	-	(150)	(243)	(150)	(243)
Short term timing differences	5	-	-	-	5	-
Employee benefits	874	872	-	-	874	872
Revalued assets	-	-	(182)	(185)	(182)	(185)
	<b>879</b>	<b>872</b>	<b>(332)</b>	<b>(428)</b>	<b>547</b>	<b>444</b>

### 17 Commitments

Commitments under non-cancellable operating leases are as follows:

	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Land and buildings</b>	<b>Other</b>	<b>Land and buildings</b>	<b>Other</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	829	213	796	210
Within two to five years	2,487	214	2,582	136
Over five years	113	-	602	-
	<b>3,429</b>	<b>427</b>	<b>3,980</b>	<b>346</b>

### 18 Financial Instruments

The carrying amount of financial assets and liabilities include:	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Assets measured at cost less impairment	<b>16,472</b>	<b>14,718</b>
Liabilities measured at cost	<b>(1,935)</b>	<b>(2,411)</b>
Interest receivable on assets held at amortised cost	<b>89</b>	<b>52</b>

Included within Financial assets held at cost less impairment are cash, trade debtors and accrued income.  
 Included within Financial liabilities measured at cost are trade creditors and accruals.

## Notes to the Financial Statements *(continued)*

### 19 Pensions

#### **Defined contribution pension scheme**

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £768,000 (2018: £726,000). Contributions amounting to £nil (2018: £nil) were payable to the scheme at the year end.

#### **Defined benefit scheme**

The Company operates a defined benefit pension scheme, The Thatcham Staff Pension & Life Assurance Scheme ("the Scheme"), which has been closed to future accruals since 30 September 2007. The assets of the Scheme are held in separate trust administered funds. Under the current recovery plan, the Company must contribute £626,000 to the Scheme before 28 February 2021.

The amounts recognised in the profit and loss account for the year are shown in notes 6 and 8. The total amount recognised within other comprehensive income in respect of actuarial loss is £453,000 (2018: gain of £200,000). The amounts recognised in the balance sheet are as follows:

	2019 £'000	2018 £'000
Defined benefit obligations	(21,470)	(19,252)
Plan assets	16,330	14,123
Net pension liability	<u>(5,140)</u>	<u>(5,129)</u>

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

	2019 £'000	2018 £'000
At beginning of year	(19,252)	(20,426)
Interest cost (see note 8)	(550)	(537)
Past Service Cost	-	(197)
Benefits paid	434	1,075
Actuarial (loss) / gain on defined benefit obligation	(2,102)	833
At end of year	<u>(21,470)</u>	<u>(19,252)</u>

## Notes to the Financial Statements *(continued)*

### 19 Pensions *(continued)*

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

	2019 £'000	2018 £'000
At beginning of year	14,123	15,034
Expected return on plan assets (see note 8)	401	391
Company contributions	591	406
Benefits paid	(434)	(1,075)
Actuarial gains / (losses) on assets	1,649	(633)
At end of year	16,330	14,123

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

	2019 £'000	2018 £'000
Equities	3,625	4,378
Property	568	-
Gilts	1,760	1,695
Corporate bonds	1,586	1,271
Liability Driven Investment Funds	2,732	3,248
Other	4,739	2,684
Cash and derivatives	1,320	847
	16,330	14,123

The actual return on the Scheme's assets (net of expenses) over the year was a gain of £2,050,000, (2018: loss £242,000). The assets do not include any investment of shares in the Company or property that is occupied by the Company. The expected return on assets is the weighted average of the assumed long-term returns for the various asset classes.

The principal actuarial assumptions used to calculate scheme liabilities include:

	2019 %pa	2018 %pa
Discount rate	2.0	2.9
Inflation assumption (RPI)	3.1	3.5
Pension increase in deferment (CPI from 2010)	2.5	2.5
Pension increase in payment		
- RPI max 5%	3.1	3.4
- RPI min 3% max 5%	3.4	3.6

## Notes to the Financial Statements *(continued)*,

### 19 Pensions *(continued)*

In valuing the liabilities of the pension fund at 31 December 2019, 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:

<b>Life expectancy at age 65</b>	<b>2019 Years</b>	<b>2018 Years</b>
Male currently aged 45	<b>21.6</b>	22.1
Female currently aged 45	<b>23.7</b>	24.2
Male currently aged 65	<b>20.6</b>	21.1
Female currently aged 65	<b>22.5</b>	23.0

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

	<b>Increase / (decrease) in scheme liabilities 2019 £'000</b>	<b>Increase / (decrease) in scheme liabilities 2018 £'000</b>
Increase discount rate by 0.5%pa	<b>(1,718)</b>	(1,540)
Decrease discount rate by 0.5%pa	<b>1,932</b>	1,733
Increase assumed rate of future inflation by 0.5%pa	<b>1,288</b>	1,155
Decrease assumed rate of future inflation by 0.5%pa	<b>(1,074)</b>	(963)

### 20 Company limited by guarantee

Thatcham Research is a company limited by guarantee, with 32 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.

### 21 Post balance sheet events

In December 2019, a novel strain of coronavirus surfaced, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization at the end of January 2020. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain it or treat its impact.

## **21 Post balance sheet events (continued)**

In March 2020, as a response to UK Government actions to reduce the impact of the pandemic, we enacted our Business Continuity Plan and successfully redeployed all staff to home working. Those activities that could not reasonably be carried out at home (for example at vehicle research, vehicle testing and face to face training) returned to site at the end of May 2020 once lockdown restrictions were relaxed, with remaining staff continuing to work from home as far as possible.

Despite the loss of revenues caused by COVID 19, we have successfully managed the finances of the Company such that the originally budgeted breakeven position after the payment of the contribution into the defined benefit pension scheme should be achieved in 2020.

In October 2020 we exchanged contracts for the purchase of the entire share capital of a company which owns the freehold of an airfield and connected buildings. This investment will be a significant one for the Company in terms of scale and impact. We are in the process of seeking planning permission to use this site for vehicle testing. If permission is granted, we will complete the contract for the share purchase, currently expected in mid-2021.