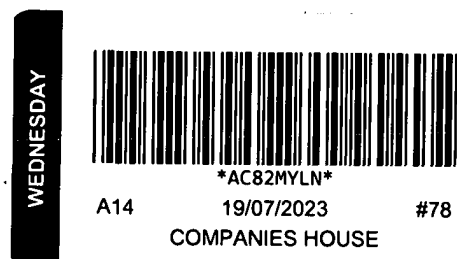


Thatcham Research
(Limited by Guarantee)

**Directors' report and financial
statements**

Registered number 00967763
For the year ended 31 December 2022



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Company Information

Directors	Mark Baker Mike Bell Graham Gibson (Chairman) Robert Harper Jonathan Hewett Graham Hughes Stephen Linklater Stephen Long Ruth McRitchie Martin Milliner David Mills David Nichols Iain Russell Simon Smith Paul Ward Sarah-Jane Williams
Secretary	Susie Meikle
Registered office	Colthrop Way Thatcham Berkshire RG19 4NR
Key management personnel	Jonathan Hewett Ruth McRitchie Matthew Avery Richard Billyeald Miller Crockart Daniel Payne Susie Meikle
Bankers	Lloyds Plc 3-5 Bridge Street Newbury Berkshire RG14 5BQ
Auditor	Crowe U.K. LLP Aquis House 49-51 Blagrove Street Reading RG1 1PL

Directors' Report

The Directors present their report and financial statements for the Group for year ended 31 December 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report, the Strategic 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 the Group and of the profit or loss of the Group for that year.

In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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		
Graham Gibson	Allianz Insurance		
Robert Harper	Admiral Group		
Jonathan Hewett	Thatcham Research		
Graham Hughes	esure		
Stephen Linklater	Ageas		
Stephen Long	Covea Insurance	20 February 2023	
Ruth McRitchie	Thatcham Research	24 March 2022	
Martin Milliner	Liverpool Victoria		
David Mills	Direct Line Group		
David Nichols	Zurich Insurance		
Iain Russell	QIC Global		
Simon Smith	Aviva – Solus ARC		
Barry Street	Covea Insurance		20 September 2022
Paul Ward	IQUW		
Sarah-Jane Williams	Independent Non-Executive		

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.

Directors' Report *(continued)*

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 and 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 Company and the Group's auditor is aware of that information.

Going concern

The Group has cash resources and has no further requirement for external funding in excess of current facilities. The Directors have a high expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment, the Directors have considered the Group's ability to continue to service its members and customers. They continue to believe that the going concern basis of accounting is appropriate in preparing the annual financial statements.

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.

This report was approved by the Board and signed on its behalf



Susie Meikle
Company Secretary

Colthrop Way
Thatcham
Berkshire
RG19 4NR
28 June 2023

Strategic Report

The Directors present their Strategic Report for year ended 31 December 2022.

Business review, principal activities and future developments

Thatcham Research was established in 1969 by British Insurers. The Company is independently operated with a Board of Directors drawn from amongst the 29 insurer members who fund its work.

Thatcham Research carries out research targeted at influencing the design of vehicles to reduce accidents and to improve safety and security, thereby driving down claim's 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 repair data, risk data, training, vehicle testing and aviation. 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.

On 23 December 2021 the Company completed the purchase of the entire share capital of Gamston Aviation Limited, a company which owns the freehold of an airfield and connected buildings in Nottinghamshire. During 2022 the new Group developed the airfield site such that it can now be used for both testing and aviation activities. On 31 December 2022 the freehold land and buildings and any non-aviation trade and assets were transferred from Gamston Aviation Limited to Thatcham Research following a capital reduction and hive up exercise.

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.

Principal risks and uncertainties

Due to the current world economic conditions and the consequential poor performance from equities and ongoing impact of quantitative easing, the largest financial risk to the business continues to be the defined benefit pension scheme deficit of £6.0M (2021: £4.2M) based on the valuation as at 31 December 2022. This position should be balanced with the current commercial opportunities available to the Company.

Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company has specific policies and procedures to manage those risks that are set by the Board and implemented by the Finance Department.

- *Credit risk:* The Company has policies to ensure that credit checks are undertaken on all new customers.
- *Liquidity risk:* The Company is cash generative and has an overdraft and loan facility with its Bank.
- *Interest rate risk:* The Company has cash deposits that are subject to variable interest rates. It is therefore exposed to changes in market interest rates.
- *Foreign currency risk:* The Company makes sales and purchases in foreign currencies and has bank accounts denominated in foreign currencies. As such it is exposed to foreign exchange risk.

Strategic Report *(continued)*

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
- Commercial revenues. Such revenues supplement levy income, allowing the Company to provide more value to members.

During the year turnover increased from £20.6M to £24.9M. Member levy payments comprise 56% of turnover (2021: 63%).

The surplus before tax for the year is £0.85M (2021: £1.88M). 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. During 2022 the Company made payments of £Nil (2021: £667K) into that scheme, which was closed for further accruals in 2007.

The Consolidated balance sheet is in a net asset position of £3.45M (2021: £4.05M), the reduction entirely due to the increased defined benefit pension deficit at 31 December 2022.

This report was approved by the Board and signed on its behalf



Susie Meikle
Company Secretary

Colthrop Way
Thatcham
Berkshire
RG19 4NR
28 June 2023



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Chartered Accountants
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Independent Auditor's Report to the Members of Thatcham Research

Opinion

We have audited the financial statements of Thatcham Research (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes to the financial statements, including 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 group's and of the parent company's affairs as at 31 December 2022 and of the group's surplus 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 group 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of Thatcham Research (Continued)

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the group and company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Financial Reporting Standard 102 and Tax legislation. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the group and company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the company were General Data Protection Regulation (GDPR) and Health & Safety regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

Independent Auditor's Report to the Members of Thatcham Research (Continued)

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of certain income streams, pension scheme valuation and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: 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 5.7.23

Consolidated Profit and Loss
for the year ended 31 December 2022

	<i>Note</i>	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Turnover	4		24,903		20,619
Raw materials and consumables		(1,639)		(714)	
Staff costs	7	(13,145)		(11,284)	
Depreciation and amortisation	12/13	(907)		(737)	
Other operating charges		(8,322)		(5,960)	
			(24,013)		(18,695)
Surplus from operations	5		890		1,924
Interest receivable and similar income	8		39		22
Other finance costs	9		(80)		(70)
Surplus before taxation			849		1,876
Tax (charge) on surplus	10		(176)		(140)
Surplus transferred to accumulated fund			673		1,736

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022

	2022 £'000	2021 £'000
Surplus for the financial year	673	1,736
Actuarial (loss) / gain recognised in the pension scheme	(1,747)	571
Deferred tax arising on loss / (gain) in the pension scheme	437	(143)
Realised gain on revaluation of freehold property	51	-
Deferred tax movement on revaluation of freehold property	(8)	(67)
Total comprehensive income for the year	(594)	2,097

All Operations are continuing.

The notes on pages 16 to 31 form part of these financial statements.

Consolidated Balance Sheet at 31 December 2022

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible assets	12	-		1	
Tangible assets	13	15,697		13,794	
			15,697		13,795
Current assets					
Stocks	14	5		11	
Debtors	15	2,627		2,525	
Cash at bank and in hand		10,351		12,105	
		12,983		14,641	
Creditors: amounts falling due within one year	16	(1,033)		(2,737)	
Net current assets			11,950		11,904
Total assets less current liabilities			27,647		25,699
Accruals and deferred income	17		(18,065)		(16,963)
Provisions for liabilities					
Provisions for liabilities and charges	18		(91)		(478)
Pension liability	21		(6,039)		(4,212)
Net assets			3,452		4,046
Capital and reserves					
Revaluation reserve			1,209		1,177
Accumulated fund			2,243		2,869
Total reserves			3,452		4,046

These financial statements were approved by the Board of Directors on 28 June 2023 and were signed on its behalf by:



Jonathan Hewett
 Director

The notes on pages 16 to 31 form part of these financial statements.

Company Balance Sheet at 31 December 2022

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible assets	12	-		1	
Tangible assets	13	15,692		3,477	
Investments	11	11,030		11,030	
			26,722		14,508
Current assets					
Debtors	15	2,581		2,946	
Cash at bank and in hand		10,228		11,967	
		12,809		14,913	
Creditors: amounts falling due within one year	16	(11,125)		(4,270)	
Net current assets			1,684		10,643
Total assets less current liabilities			28,406		25,151
Accruals and deferred income	17		(18,013)		(16,893)
Provisions for liabilities					
Provisions for liabilities and charges	18		(91)		-
Pension liability	21		(6,039)		(4,212)
Net assets			4,263		4,046
Capital and reserves					
Revaluation reserve			1,209		1,177
Accumulated fund			3,054		2,869
Total reserves			4,263		4,046

The surplus for the financial year for the Company was £1.48M (2021: £1.74M).

These financial statements were approved by the Board of Directors on 28 June 2023 and were signed on its behalf by:



Jonathan Hewett
 Director

The notes on pages 16 to 31 form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

	Revaluation reserve £'000	Accumulated fund £'000	Total reserves £'000
Balance at 1 January 2021	1,196	753	1,949
Total comprehensive income for the year			
Surplus for the financial year	-	1,736	1,736
Transfer between reserves	(19)	19	-
Other comprehensive income	-	361	361
Balance at 31 December 2021	1,177	2,869	4,046
Balance at 1 January 2022	1,177	2,869	4,046
Total comprehensive income for the year			
Surplus for the financial year	-	673	673
Transfer between reserves	(19)	19	-
Other comprehensive income	51	(1,318)	(1,267)
Balance at 31 December 2022	1,209	2,243	3,452

Company Statement of Changes in Equity
for the year ended 31 December 2022

	Revaluation reserve £'000	Accumulated fund £'000	Total reserves £'000
Balance at 1 January 2021	1,196	753	1,949
Total comprehensive income for the year			
Surplus for the financial year	-	1,736	1,736
Transfer between reserves	(19)	19	-
Other comprehensive income	-	361	361
Balance at 31 December 2021	1,177	2,869	4,046
Balance at 1 January 2022	1,177	2,869	4,046
Total comprehensive income for the year			
Surplus for the financial year	-	1,484	1,484
Transfer between reserves	(19)	19	-
Other comprehensive income	51	(1,318)	(1,267)
Balance at 31 December 2022	1,209	3,054	4,263

Consolidated Cash Flow Statement for year ended 31 December 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Surplus from operations for the financial year	890	1,924
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	907	737
Loss / (profit) on sale of tangible fixed assets	1	(2)
Decrease in stock	6	-
(Increase) / decrease in trade and other debtors	(102)	537
(Decrease) / Increase in trade and other creditors	(683)	323
Increase in accruals and deferred income	1,102	1,559
Contributions to defined benefit pension scheme	-	(667)
Cash from operations	2,121	4,411
Tax (paid)	(185)	(161)
Net cash from operating activities	1,936	4,250
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	6	2
Interest received	39	22
Acquisition of subsidiary (net of cash acquired)	(970)	(8,053)
Purchases of tangible fixed assets	(2,765)	(368)
Net cash used in investing activities	(3,690)	(8,397)
Net (decrease) in cash and cash equivalents	(1,754)	(4,147)
Cash and cash equivalents at 1 January	12,105	16,252
Cash and cash equivalents at 31 December	10,351	12,105

Analysis of changes in net debt	At 1 Jan 2022	Cash flows	Other non- cash changes	At 31 Dec 2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash	12,105	(1,754)	-	10,351
Total	12,105	(1,754)	-	10,351

The notes on pages 16 to 31 form part of these financial statements.

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.

2.1 *Basis of preparation of financial statements*

The consolidated and company financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 3).

The company has taken the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

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 following principal accounting policies have been applied.

2.2 *Consolidation*

The consolidated financial statements include the financial statements of the company and all of its non-dormant subsidiary undertakings made up for the year ended 31 December 2022. Intra-group transactions have been eliminated on consolidation. Any subsidiary undertakings acquired in the year are included from the date of change of control.

2.3 *Going concern*

The Group has cash resources and has no further requirement for external funding in excess of current facilities. The Directors have a high expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment, the Directors have considered the Group's ability to continue to service its members and customers. They continue to believe that the going concern basis of accounting is appropriate in preparing the annual financial statements.

2.4 *Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment. A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist.

2.5 *Revenue recognition and deferred income*

Revenue is stated net of value added tax. Revenue for the annual levy, subscriptions and rent/hangarage 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, grant funded research and testing activities as well as aviation services is recognised as the services are performed and/or courses delivered. Revenue from software licences is recognised on delivery.

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

2.6 Government grants

Capital based government grants are included within accruals and deferred income 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.

2.7 Operating 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.

2.8 Research and development (R&D) expenditure

Expenditure on R&D is written off to the profit and loss account in the year it is incurred.

2.9 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays a fixed contribution into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

The Company also has a legacy defined benefit pension scheme which closed to new members in 2004 and to accrual in 2007. The defined benefit pension liability is recognised in the balance sheet based on the fair value of the benefit obligation less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised through the statement of other comprehensive income in the period in which they arise.

2.10 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

2.11 Current and deferred 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.

2.12 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.

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

2.13 **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 20 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.

The freehold land and buildings at the Gamston site are carried at the fair value or deemed cost at the date of acquisition less depreciation. The freehold land and buildings at the Thatcham site are revalued every 2 years for the purposes of assessing the value of the contingent asset for the Thatcham Defined Benefit pension scheme. This valuation is then also used in the financial statements of the Group and Company.

2.14 **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.

2.15 **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.

2.16 **Financial instruments**

The Group 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.

3 Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements and estimates. The directors consider the following as material judgements in applying accounting policies or key sources of estimation uncertainty:

Notes to the Financial Statements *(continued)*

3 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

3.1 *Impairment of tangible and intangible 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 Other Comprehensive Income until the carrying amount reaches the asset's depreciated historic cost.

3.2 *Valuation of the defined benefit pension scheme*

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.

4 Turnover

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

By activity	2022	2021
	£'000	£'000
Members' levy	14,033	12,878
Subscriptions, data and risk rating services	4,568	4,282
Training services	2,036	1,093
Testing	1,572	1,586
Fuel	910	-
Hangarage/rental	435	-
Cafe	302	-
Revenue from research activities / other	1,047	780
	24,903	20,619
<hr/>		
By geography	2022	2021
	£'000	£'000
UK	22,624	18,683
Rest of world	2,279	1,936
	24,903	20,619

Notes to the Financial Statements *(continued)*

5 Expenses and auditor's remuneration

Surplus from operations is stated after charging:	2022 £'000	2021 £'000
Hire of plant and machinery – operating lease	278	277
Hire of other assets – operating lease	882	846
Depreciation of tangible fixed assets - owned	906	712
Amortisation of intangible fixed assets - owned	1	25
Research and development expenditure	4,636	3,569
Loss / (profit) on sale of fixed assets	1	(2)
Auditor's remuneration:		
- Audit of these financial statements	31	31
- other	7	-

6 Remuneration of directors and key management personnel

	2022 £'000	2021 £'000
Directors' emoluments	525	349
Company contributions to defined contribution pension schemes	11	-
	<u>536</u>	<u>349</u>

The aggregate of emoluments of the highest paid director was £359,000 (2021: £349,000), and Company pension contributions of £nil (2021: £nil) were made to a money purchase scheme on his behalf. Retirement benefits are accruing to Nil directors (2021: Nil) under the Group's defined benefit pension scheme. All directors benefited from qualifying third party indemnity provisions.

The total remuneration of key management personnel including employer's national insurance and employer's pension was £1,543,000 (2021: £1,275,000).

7 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:

	2022 No	2021 No
Operations and research	180	144
Sales and marketing	14	21
Administration	45	39
	<u>239</u>	<u>204</u>

Notes to the Financial Statements *(continued)*

7 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	10,906	9,338
Social security costs	1,273	1,041
Other pension costs (see note 21)	966	905
	<u>13,145</u>	<u>11,284</u>

8 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable	39	22
	<u>39</u>	<u>22</u>

9 Other finance costs

	2022 £'000	2021 £'000
Interest on pension scheme liabilities	423	292
Net interest income on net defined benefit plan assets	(343)	(222)
	<u>80</u>	<u>70</u>

10 Taxation

Total tax expense recognised in profit and loss account:	2022 £'000	2021 £'000
<i>Current tax</i>		
Current tax on income for the year	237	288
Adjustment in respect of prior years	(103)	47
	<u>134</u>	<u>335</u>
<i>Deferred tax</i>		
Movement on pension liability	(20)	149
Origination/reversal of timing differences	8	(50)
Adjustment in respect of prior years	54	(34)
Remeasurement of deferred tax for change in tax rates	-	(260)
	<u>42</u>	<u>(195)</u>
Total deferred tax charge / (credit) at 25% (2021: 25%)	<u>42</u>	<u>(195)</u>
Total tax charge	<u>176</u>	<u>140</u>

Notes to the Financial Statements *(continued)*

10 Taxation *(continued)*

Total tax expense recognised in other comprehensive income:	2022	2021
	£'000	£'000
<i>Deferred tax</i>		
Movement on pension liability	437	(143)
Movement on revaluation reserve	(8)	(67)
Total deferred tax credit / (charge) at 25% (2021: 25%)	429	(210)
Reconciliation of effective tax rate:	2022	2021
	£'000	£'000
Surplus before taxation	849	1,876
Current tax at 19% (2021: 19%)	161	356
Non-deductible expenses, including aviation losses not recognised	83	60
R&D tax credit	(19)	(29)
Adjustment re prior years	(49)	13
Remeasurement of deferred tax for change in tax rates	-	(260)
Tax charge on surplus	176	140

11 Fixed asset investments

Company	Investments in subsidiary companies £'000
Cost and net book value at 31 December 2021 and 31 December 2022	11,030

All companies are wholly owned and held directly unless otherwise indicated below, the results of which have been consolidated into these financial statements from the date of change of control for the year to 31 December 2022. All subsidiaries are incorporated in England.

Name	Type of business	Aggregate of share capital and reserves £	Deficit for 2022 £'000
	Supplier of aviation services	10,218,000	(875)*
Gamston Aviation Limited			
Forest Aviation Limited	Dormant	100	-
Thatcham Pension Trustees Limited	Dormant	1	-

*deficit for the 14 months ended 31 December 2022.

Notes to the Financial Statements *(continued)*

11 Fixed asset investments *(continued)*

The investment in Forest Aviation is held indirectly through Gamston Aviation Limited.

Gamston Aviation Limited was acquired on 23 December 2021. The address of the registered office of Gamston Aviation Limited and Forest Aviation Limited is Retford (Gamston) Airport, Gamston, Retford, Nottinghamshire DN22 0QL. The address of the registered office for Thatcham Pension Trustees Limited is Colthrop Way, Thatcham, Berkshire, RG19 4NR.

12 Intangible fixed assets

Group and Company	IT development £'000
Cost	
At 1 January 2022	694
Additions	-
At 31 December 2022	694
Accumulated amortisation	
At 1 January 2022	693
Charge for the year	1
At 31 December 2022	694
Net book value	
At 31 December 2022	-
At 31 December 2021	1

Notes to the Financial Statements *(continued)*

13 Tangible fixed assets

Group	Land & buildings	Plant and machinery	Fixtures & fittings (incl. vehicles)	Capital in progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2022	15,229	7,147	4,409	10	26,795
Additions	2,380	87	308	(10)	2,765
Disposals	-	(93)	(66)	-	(159)
At 31 December 2022	17,609	7,141	4,651	-	29,401
Accumulated depreciation					
At 1 January 2022	2,933	6,054	4,014	-	13,001
Charge for the year	361	327	218	-	906
Disposals	-	(91)	(61)	-	(152)
Revaluation	(51)	-	-	-	(51)
At 31 December 2022	3,243	6,290	4,171	-	13,704
Net book value					
At 31 December 2022	14,366	851	480	-	15,697
At 31 December 2021	12,296	1,093	395	10	13,794

Company	Land & buildings	Plant and machinery	Fixtures & fittings (incl. vehicles)	Capital in progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2022	4,975	6,821	3,943	10	15,749
Additions	2,380	87	249	(10)	2,706
Transfers intra group	10,254	126	301	-	10,681
Disposals	-	(34)	(3)	-	(37)
At 31 December 2022	17,609	7,000	4,490	-	29,099
Accumulated depreciation					
At 1 January 2022	2,933	5,775	3,564	-	12,272
Charge for the year	175	322	203	-	700
Transfers intra group	186	90	246	-	522
Disposals	-	(34)	(2)	-	(36)
Revaluation	(51)	-	-	-	(51)
At 31 December 2022	3,243	6,153	4,011	-	13,407
Net book value					
At 31 December 2022	14,366	847	479	-	15,692
At 31 December 2021	2,042	1,046	379	10	3,477

Notes to the Financial Statements *(continued)*

13 Tangible fixed assets *(continued)*

The net book value of land and buildings comprises:

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Freehold (at valuation)	1,600	1,600	1,600	1,600
Freehold (deemed cost)	10,066	10,066	10,254	-
Freehold – adaptation works (at cost)	2,367	2,367	2	2
Short leasehold	333	333	440	440
	14,366	14,366	12,296	2,042

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

Group and Company	2022 £'000	2021 £'000
<i>At open market valuation:</i>		
Final valuation	1,600	1,600
Aggregate depreciation thereon	-	(25)
Net book value	1,600	1,575
<i>At cost:</i>		
Historical cost of revalued assets	799	799
Aggregate depreciation thereon	(407)	(401)
Historical cost net book value	392	398

A valuation was carried out on 16 January 2023 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.

14 Stocks

Group	2022 £'000	2021 £'000
Fuel for resale	5	11

Notes to the Financial Statements *(continued)*

15 Debtors

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Trade debtors	1,420	1,376	1,138	1,116
Deferred tax asset (note 18)	-	-	-	580
Prepayments and accrued income	1,207	1,205	1,387	1,250
	2,627	2,581	2,525	2,946

16 Creditors: amounts falling due within one year

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Trade creditors	505	441	883	845
Amounts owed to fellow group companies	-	10,210	-	1,619
Owed on acquisition of subsidiary	-	-	970	970
Corporation tax	283	237	334	288
Other taxation and social security	245	237	550	548
	1,033	11,125	2,737	4,270

17 Accruals and deferred income

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Accruals	2,146	2,094	1,834	1,779
Deferred income:				
Levy	14,113	14,113	13,228	13,228
Other	1,806	1,806	1,901	1,886
	18,065	18,013	16,963	16,893

Notes to the Financial Statements *(continued)*

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2022 £'000	Assets 2021 £'000	Liabil- ities 2022 £'000	Liabil- ities 2021 £'000	Net 2022 £'000	Net 2021 £'000
Accelerated capital allowances	-	-	(314)	(205)	(314)	(205)
Short term timing differences	27	27	-	-	27	27
Employee benefits	1,510	1,053	-	-	1,510	1,053
Revalued assets	-	-	(1,314)	(1,353)	(1,314)	(1,353)
	1,537	1,080	(1,628)	(1,558)	(91)	(478)

Deferred tax in relation to £762,000 of tax losses have not been recognised within subsidiary Gamston Aviation Limited as there is no expectation of profits from that company in the foreseeable future and the ability to relieve such losses against profits within the parent company is not yet clear.

Company	Assets 2022 £'000	Assets 2021 £'000	Liabil- ities 2022 £'000	Liabil- ities 2021 £'000	Net 2022 £'000	Net 2021 £'000
Accelerated capital allowances	-	-	(314)	(205)	(314)	(205)
Short term timing differences	27	27	-	-	27	27
Employee benefits	1,510	1,053	-	-	1,510	1,053
Revalued assets	-	-	(1,314)	(295)	(1,314)	(295)
	1,537	1,080	(1,628)	(500)	(91)	580

Notes to the Financial Statements *(continued)*

19 Commitments

Commitments under non-cancellable operating leases are as follows:

Group	2022 Land and buildings £'000	2022 Other £'000	2021 Land and buildings £'000	2021 Other £'000
Within one year	762	291	860	278
Within two to five years	931	280	2,113	177
Over five years	37	-	57	-
	1,730	571	3,030	455

Company	2022 Land and buildings £'000	2022 Other £'000	2021 Land and buildings £'000	2021 Other £'000
Within one year	742	291	840	278
Within two to five years	851	280	2,033	177
Over five years	-	-	-	-
	1,593	571	2,873	455

20 Financial Instruments

The carrying amount of financial assets and liabilities include:

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Assets measured at cost less impairment	12,978	12,809	14,630	14,333
Liabilities measured at cost	(2,651)	(2,535)	(2,717)	(2,624)
Interest receivable on assets held at amortised cost	39	39	22	22

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)*

21 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 £966,000 (2021: £905,000). Contributions amounting to £nil (2021: £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. The latest triennial valuation was carried out on 1 July 2021 and under the current recovery plan, the Company must contribute £703,586 to the Scheme before 31 August 2023.

The amounts recognised in the profit and loss account for the year are shown in note 9. The total amount recognised within other comprehensive income in respect of actuarial loss is £1,747,000 (2021: gain of £571,000). The amounts recognised in the balance sheet are as follows:

Group and Company	2022 £'000	2021 £'000
Defined benefit obligations	(15,366)	(22,542)
Plan assets	9,327	18,330
Net pension liability	<u>(6,039)</u>	<u>(4,212)</u>

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

Group and Company	2022 £'000	2021 £'000
At beginning of year	(22,542)	(22,781)
Interest cost (see note 9)	(423)	(292)
Benefits paid	554	645
Actuarial gain / (loss) on defined benefit obligation	7,045	(114)
At end of year	<u>(15,366)</u>	<u>(22,542)</u>

Notes to the Financial Statements *(continued)*

21 Pensions *(continued)*

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

Group and Company	2022 £'000	2021 £'000
At beginning of year	18,330	17,401
Expected return on plan assets (see note 9)	343	222
Company contributions	-	667
Benefits paid	(554)	(645)
Actuarial (loss) / gain on assets	(8,792)	685
At end of year	<u>9,327</u>	<u>18,330</u>

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

Group and Company	2022 £'000	2021 £'000
Equities	1,563	3,628
Property	96	550
Gilts	467	540
Corporate bonds	927	1,398
Liability Driven Investment Funds	3,361	5,346
Other	2,514	6,069
Cash and derivatives	399	799
	<u>9,327</u>	<u>18,330</u>

The actual return on the Scheme's assets (net of expenses) over the year was a loss of £8,449,000 (2021: gain of £907,000). 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:

Group and Company	2022 %pa	2021 %pa
Discount rate	4.7	1.9
Inflation assumption (RPI)	3.1	3.5
Pension increase in deferment (CPI from 2010)	2.3	3.0
Pension increase in payment		
- RPI max 5%	3.1	3.4
- RPI min 3% max 5%	3.5	3.7

Notes to the Financial Statements *(continued)*

21 Pensions *(continued)*

In valuing the liabilities of the pension fund at 31 December 2022, 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:

Group and Company	2022 Years	2021 Years
Male currently aged 45	22.7	22.7
Female currently aged 45	25.3	25.2
Male currently aged 65	21.8	21.7
Female currently aged 65	24.1	24.1

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

Group and Company	Increase / (decrease) in scheme liabilities 2022 £'000	Increase / (decrease) in scheme liabilities 2021 £'000
Increase discount rate by 0.5%pa	(922)	(1,803)
Decrease discount rate by 0.5%pa	1,076	2,029
Increase assumed rate of future inflation by 0.5%pa	615	1,353
Decrease assumed rate of future inflation by 0.5%pa	(615)	(1,127)
Increase life expectancy by 1 year	461	1,127
Decrease life expectancy by 1 year	(461)	(1,127)

22 Company limited by guarantee and controlling party

Thatcham Research 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. As no member has a majority of voting rights to be able to exert control, the directors are of the opinion that there is no ultimate controlling party.