

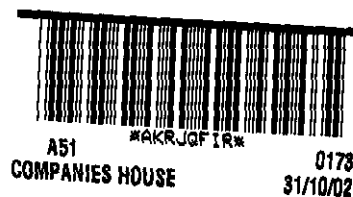


AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

A COMPANY LIMITED BY GUARANTEE

ANNUAL REPORT AND
FINANCIAL STATEMENTS

2001



COMPANY REGISTERED NUMBER 2069723
CHARITY REGISTERED NUMBER 295573

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

PATRON

HRH The Duke of Kent KG GCMG GCVO ADC

COUNCIL OF MANAGEMENT

Sir Brian Shaw - Chairman
Tony Anderton (resigned 6 March 2002)
Sir John Blelloch KCB
John Dawson FIHT FICE
Kenneth Faircloth OBE FIMI
George Lowe FCII
Dr Diana Montgomery
Bert Morris MCIT MIHT
Karen Myers (elected 17 October 2001)
Charles Naylor
Sir David O'Dowd CBE QPM CCMI (elected 17 October 2001)
Sir John Smith (resigned 20 March 2001)
David Tattersall (resigned 3 March 2001)
Lord Walton of Detchant (resigned 20 March 2001)

SECRETARY

Brian Langer FTS (resigned 5 March 2002)
Ruth Bridger (appointed 6 March 2002)

HONORARY TREASURER

Christopher Underwood FCA

REGISTERED AUDITORS

PricewaterhouseCoopers
The Quay
30 Channel Way
Southampton
SO14 3QG

BANKERS

Barclays Bank Plc
Barclays House
9-10 Victoria Street
Basingstoke
RG21 3BT

SOLICITORS

Amery-Parkes
Law Courts Chambers
33 Chancery Lane
London
WC2A 1EN

REGISTERED OFFICE

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2001

The Council of Management, who are also directors of the Foundation for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 December 2001. The Council of Management have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the charity.

The Foundation is a registered charity and was incorporated on 31 October 1986 as a company limited by guarantee. The principal objectives of the Foundation are:

- To carry out or procure, whether by way of financial assistance or otherwise, research into all factors affecting the safe use of public roads.
- Generally to do or to procure to be done all manner of things calculated to or likely to promote and encourage the safe use of the public roads by all classes of users through the circulation of advice, information and knowledge gained from research; and
- To conceive, develop and implement whether alone or jointly with third parties, ideas programmes and course of action whether of an educational or other nature designed to or having as their objective an improvement in road safety, including the carrying out of any projects or programmes intended to educate young children or others in the safe use of the public roads.

Review of activities and future developments

The Statement of Financial Activities for the year is set out on page 16 of the financial statements. A review of the work of the charity and a summary of the financial results is set out below.

Annual Review

The year 2001 saw important changes to the Foundation's research programme take effect. In 2000, the government's new road safety strategy was published. The strategy carried with it the announcement by the Prime Minister of a second national casualty reduction target – a 40% reduction in death and serious injury, with a 50% reduction for children, by 2010. That target is a touchstone for the Foundation's work and, following the preparation in 2000, the new programme was carried forward.

For the first 15 years of the Foundation's existence, the focus had been on behavioural research. The Foundation's new programme involves work in each of the key areas that must work in harmony to make for a safe road system – the driver, the road and the vehicle. The start of the year saw the publication of the report setting out the Foundation's research strategy *New Routes To Safety – delivering Britain's aggressive casualty reduction target*. The end of the year saw a major event at the National Motor Museum in Beaulieu which was attended by senior figures and practitioners from a dozen countries so they could be briefed on the *European Road Assessment Programme*, a major programme conceived and led by the Foundation. In between, the new programme included research into young and elderly drivers; into children's safety and the training of those who teach road safety to children, particularly in deprived areas; into how safely our roads are maintained.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2001 – Continued

The Foundation played its role in international collaborative programmes such as the EuroNCAP crash tests and global research into distractions in the car.

The Foundation receives correspondence from road safety specialists in the UK and around the world, expressing their thanks for the quality of reports produced by the Foundation. We are very grateful for this feedback and to have the assurance that the work of the Foundation is held in high regard.

Published and ongoing research

New routes to safety. Delivering Britain's aggressive casualty reduction target

This report of the conference held on 30 November 2000 was published in March and distributed widely, especially within the United Kingdom. We were delighted that our Patron, HRH The Duke of Kent, agreed to provide the Foreword for the report and we are grateful for the support he continues to give the Foundation. The seventy page report contained full details of all the presentations made by those invited to talk at the event as well as detailed reporting of the question and answer sessions which took place. The Keynote Address was given by Max Mosley, President of the FIA and Chairman of EuroNCAP with which the Foundation is becoming more closely involved. Government was represented by Lord Whitty, the then Parliamentary Under Secretary of State at the subsequently restructured Department of the Environment, Transport and the Regions. Many of those who spoke were keen to impress the relevance of their particular specialism in helping to achieve the reduction in casualties sought by 2010 and it is hoped that many of these will be incorporated in research commissioned by the Foundation over the next few years.

Where, When and How Child Casualties Happen

In 2000, at the presentation of the Foundation's report on the school run, the researchers showed that the journey to school was responsible for about 150 serious accidents. It became clear there was a need to explain to a wide audience where children were most at risk on the roads. Work is now underway to prepare this publication based on the most recent road casualty statistics as a basic resource to support delivery of the casualty reduction target of children.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2001 – Continued

Developing a practical pedestrian training resource

Improving the training of children in the usage of roads is basic to achieving the national casualty reduction target for child deaths and serious injuries. This project was contracted to Barnet Council in North London who wished to build on the road safety resource for 8-11 year olds developed by the Foundation and the British Institute of Traffic Education Research (BITER) in 1996. The completed report was widely distributed to both road safety and education professionals in local government and demand was such that a reprint became necessary. Valuable feedback from many of the recipients of the report will be analysed and reported on.

The safety of male and female drivers

The final draft of the report by Andrea Waylen, the Foundation-funded PhD candidate at the University of Reading, was received in December. The findings concentrate on the attitudes and actions of young drivers and pre-driving age children.

What limits speed?

Following publication in 2000 of the final report, commissioned from Babbie Ross Silcock, distribution was undertaken widely within the UK during 2001 to assist the countrywide debate on speed and how it affects the casualty rate of all road users. An AA Foundation workshop, entitled *Managing Speed with Public Support* was held in April and focused on three practical areas:

- the policy for defining speed limits, which should be related to risk of death and serious injury, and the communications strategy
- reform in how speed limits are signed and marked, particularly where they depart from drivers' expectations
- enforcement strategy, particularly the use of cameras

A number of practical proposals were agreed at the workshop including major reform of statutory guidelines; communication based on the physics of speed and injury to the human body; and development of new ways to sign and mark speed limits.

In discussions with government and road safety professionals the AA continues to take forward the results of the recently published Foundation research.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2001 – Continued

Older drivers giving up driving

Professor Patrick Rabbitt of the University of Manchester's Age and Cognitive Performance Research Centre in 2001 completed his second study into the attitudes and opinions of past and present elderly drivers. This research takes a group who were involved in the first study in the mid 1990s and notes how their attitudes and opinions have altered in the following five years, during which period some had given up driving. The findings are expected to re-emphasise the responsible attitude shown towards driving by elderly drivers, the vast majority of whom are aware of the limitations that age advancement imposes and take steps to compensate for those deficiencies. The study has an important bearing on how the country should manage the increasingly large proportion of elderly drivers on Britain's roads and how the elderly themselves should react to their increased limitations.

Surface characteristics and their effect on road safety

This project is expected to last for two years and is jointly funded with the CSS (formerly the County Surveyors Society). It is being undertaken within Hampshire County Council by a researcher, John Bullas formerly of TRL, operating within the County Surveyor's department.

The objectives of the study are:

- To investigate whether any relationship exists between the surface characteristics of the road surface and the accidents that occur, and in particular to investigate influencing factors, including:
 - wet/dry conditions;
 - the role of splash and spray in skidding and as an impairment to visibility;
 - the role of sunlight and artificial lighting;
 - the presence of porous surfaces and their impact on skid resistance and on behavioural adaptation (ie drivers going faster);
 - the presence or absence of white lines at the road margins.
- To report on relevant research into the role and efficacy of the tyre in the tyre/road interaction.
- To advise Decision Makers on appropriate levels of maintenance, Suppliers on the selection of materials and, generally, the direction that developments of surface characteristics should take in order to improve safety.

It is hoped that some useful findings will begin to emerge during 2002 following the researcher's links with a selection of local highway authorities and the tyre industry but the final report will not be available until late 2003.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2001 - Continued

Estimating safety effects of Road maintenance using Computer-held databases of Maintenance Activity

Only a scoping study has been approved for this project at this stage. It was suggested by two members of the Foundation's Research Advisory Group, Professor Richard Allsop of University College London and Ken Arkley, formerly the CSS representative. A workshop was held in May in order to quantify the effects of maintenance on road traffic accidents by using STATS 19 accident data in conjunction with computer-held road maintenance data. The outcome of those discussions were that:

- An understanding of the relationship between road maintenance standards and road traffic accident rates could be important in casualty reduction and a major influence determining benefit arguments on future maintenance budgets and priorities;
- Some highways authorities are statistically better served than others and discussions should start with individual highway authorities so that the viability of a research project can be assessed and costed;
- Compatible databases for road maintenance records would help benchmarking and authority performance.

The scoping study, which is being undertaken by TRL with input from Professor Allsop, will investigate how maintenance activity records are structured and how the various activities are categorised; it will be an exercise into getting an understanding of data availability. The results are expected to be known during 2002 and a decision will then have to be taken on whether additional funding is justified for more in-depth research.

Accidents alongside high-speed dual carriageways

This delayed project finally got underway during 2001 with TRL as contractor. It is co-funded by the Highways Agency who already hold substantial data on accidents alongside motorways, in particular those that occur on the hard shoulder. The ultimate purpose of the project would be to investigate the incidence of hard shoulder stops, the reasons, the duration and the frequency by time of day, day of week, season etc and the accident frequency and circumstances for hard shoulder accidents. Again, only a scoping study has been approved to date and this will draw together existing information and to identify gaps in knowledge. The scoping study is expected to be completed during 2002 when a decision will need to be taken on financing stages which would investigate people's behaviour in stopping through a questionnaire and ultimately investigate specific routes to produce accident data.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2001 – Continued

AIT/FIA Foundation research into the effect of in-car activity on safety

In 2000 we reported that many new electronic and telematic systems are being developed for the car and that the Foundation is co-funding research being undertaken by the University of Central Florida. The aim of that research is to benchmark the effect on safety of the various common activities undertaken by a driver whilst driving (eg adjusting the radio, talking to a passenger, eating). The aim is to help consumers and designers alike judge whether new systems are making the driving task easier or worse – and to reinforce advice on paying attention to the driving task.

A presentation on project progress was made by an AAA Foundation for Traffic Safety executive at the AIT/FIA Conference week in Bulgaria in June 2001.

Pan-European research on consumer-interest road safety issues

The Foundation, in conjunction with other European motoring organisations, co-funded consumer research into headrests and child restraints in 2001. The studies were undertaken in Germany as part of the Eurotest programme. This type of consumer-facing research came to the fore in the mid 1990s when new cars were tested for their crash worthiness against a standard testing protocol as part of EuroNCAP. That programme has resulted in major improvements to car safety in recent years and the Foundation continues to participate in the further development of this 'umbrella' programme. However, new sources of funding may become available in 2002, thereby relieving earmarked Foundation funds for use elsewhere.

European Road Assessment Programme

The Foundation during 2001 led research in Europe on a sister programme to EuroNCAP, the European Road Assessment Programme (EuroRAP). It involved co-operation with several European motoring organisations, from Catalonia, Germany, Italy, the Netherlands, Spain and Sweden with additional clubs showing a keen interest in becoming involved as the year progressed and as the project's exciting prospects became clearer.

The intention is that the research findings will benchmark the safety of roads against a standard protocol. The results from the first pilot year of research were made available at a Private Briefing on 10 December at Beaulieu, Hampshire - the home of the National Motor Museum. This was attended by around 70 senior representatives from the European Commission, motoring organisations and those with an interest in motoring and road safety with a keynote address being given by a senior Westminster MP. The public launch took place during February 2002.

TRL, in particular David Lynam, has undertaken much of the research for this project which has been project managed on the Foundation's behalf by Dr Steve Lawson, the AA's Head of Policy Research. The pilot research was funded by the Eurotest Consortium of European motoring organisations. It is hoped that new sources of funding will become available during 2002 to expand this potentially important programme.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2001 - Continued

Other areas of research being considered

The Research Advisory Group recommended that research into the following areas should be supported:

- Accidents and newly qualified drivers: this topic will become particularly relevant once the DTLR consultative paper on novice and pre-age drivers is published early in 2002. It is thought that the findings of the University of Reading will be especially pertinent in deciding future projects to fund in this area.
- Night-time accidents: discussions are taking place with the Rees Jeffreys Road Fund with a view to drafting a mutually acceptable project specification which could lead to joint funding for the project.
- Close following accidents: work is continuing on investigating the possibilities of undertaking research in this area, specifically relating to an improved warning to following vehicle drivers by means of changes to the way brake lights operate.

The Council's Research Advisory Group's review of the future research programme

This group met twice in 2001 and is chaired by John Dawson, Managing Director of the Foundation. It consists of Sir Peter Baldwin (former Foundation Chairman), Professor Richard Allsop (Centre for Transport Studies, University College London), Professor Frank McKenna (Psychology Department, University of Reading), Kate McMahon (Road Safety, Department of Transport Local Government and the Regions), Howard Sherriff (Consultant Accident and Emergency, Addenbrooke's Hospital Cambridge), Janet Swain, (Nottinghamshire County Council for CSS), and Keith Willett (Consultant Trauma and Orthopaedics at John Radcliffe Hospital Oxford). Rod Kimber (Technical Director of the Foundation) and Bert Morris (Manager of the AA Motoring Policy Unit) also attend meetings, as did Brian Langer, Manager and Company Secretary of the Foundation until he retired in March 2002.

Members give their time freely and the exchange of views from a wide range of disciplines which these meetings engender never fails to stimulate discussion and help drive the Foundation's programme forward. It also helps ensure the Foundation's limited financial resources are carefully targeted on worthwhile research, not duplicated elsewhere and relevant to achieving the government's revised casualty reduction targets.

Financial support to third parties promoting research programmes

During 2001, the Foundation was once again pleased to sponsor the programmes supported by the Prince Michael International Road Safety Awards (PMIRSA) scheme and the Scottish Road Safety Campaign (SRSC). Brian Langer, the Foundation's Manager, is a member of the PMIRSA Advisory Council and Neil Greig, the AA's Head of Policy Scotland, is a major contributor to the work of the SRSC. Andrew Howard, the AA's Head of Road Safety Policy, gave the keynote address at the SRSC Annual Conference held in Aviemore during October.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2001 – Continued

Income generation

The Foundation's income increased from £191,000 to £440,000, due mainly to an additional donation from The AA. The AA continues to be the main benefactor for the Foundation donating £313,000 in the year, compared with £111,000 for 2000.

However, consolidation in the insurance industry means that sponsorship for this sector noticeably reduced from the levels only a matter of five years ago.

Efforts will continue to be made in 2002 to attract new sponsors using the fundamental appeal that the Foundation has – the strength and national and international importance of its research programme – but it is more and more likely that our research programme will be undertaken in future on a jointly-funded basis with third party organisations.

A list of sponsors is given on page 13.

Investment policy and returns

The Foundation has adopted a low risk approach to investing surplus cash by placing cash on deposit at the bank. Investment returns are improved by placing cash, not required in the short term, in fixed term deposits.

Resources expended and services

The resources expended on charitable expenditure has increased from £219,000 in 2000 to £340,000 in 2001. Full details on the achievements of the Foundation and of the projects undertaken during the year are set out in the annual review above.

Reserves

The Council of Management has reviewed the reserves of the Foundation and concluded that to allow the Foundation to be managed efficiently and to provide a buffer for uninterrupted research work, a general reserve equivalent to £150,000 should be maintained. This equates to approximately 6 months of fund expenditure. During the year, the Foundation's Fund balance increased from £227,000 to £327,000. The budget and plan for the next two years has forecast deficits to reduce the general fund.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2001 - Continued

Governance and internal control

This year saw Sir Brian Shaw's first full year as chairman of the Foundation and as chairman of its Council of Management which met twice in 2001.

As reported in last year's Statement Lord Walton of Detchant resigned from the Council in March 2001. Sir John Smith, whose long police career and involvement with road safety was a great asset in our deliberations, also decided to leave at this time and so for much of the year we operated with a significantly under-strength Council. However, in October both Karen Myers, AA Communications Director and Sir David O'Dowd, former HM Chief Inspector of Constabulary, were elected to the Council. Karen brings her extensive knowledge of public relations and media involvement to the discussions, including many years in various AA posts, and Sir David a wealth of experience of policing which will prove him an excellent successor to Sir John. We have been less successful in finding someone to fill Lord Walton's shoes but it is hoped that by this time next year we will have someone eminent within the medical profession on our Council.

The Research Advisory Group also met twice in 2001 and continues to be chaired by the Foundation Managing Director, John Dawson. There was no change to the group's membership this year but we are grateful, yet again, for the members' dedicated support of our work.

The Council of Management is required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation as at the end of the financial year and of its net movement in funds for the financial year.

The Council confirms that, in preparing the financial statements on pages 16 to 20 appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used and that all applicable accounting standards have been followed. The Council also confirms that the financial statements have been prepared on a going concern basis.

The Council has overall responsibility for ensuring that the Foundation has an appropriate system of controls, financial and otherwise. The Council has responsibility for ensuring that the Foundation keeps proper accounting records, for safeguarding the assets of the Foundation and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2001 - Continued

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material mis-statement or loss. They include:

- An annual budget approved by the Council
- Consideration by the Council of financial results and variances from budgets
- Delegation of authority and segregation of duties
- Identification and management of risks

The Council has, with advice from their auditors, introduced a formal risk management process to assess business risks. This involves identifying the types of risks the Foundation faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks.

Technical Director

Rod Kimber continues in this role on behalf of the TRL. The arrangement is now in its third year and has proved extremely effective. It was agreed earlier in 2001 that the existing contract between the Foundation and TRL should be renewed but on a rolling basis with no specific duration but with either party able to give six months notice to the other; this was effected during the summer.

Publicity and staffing

The Foundation has, throughout 2001, built on its already sound links with government at national and local level, and with academics and road safety experts. We are pleased to report that its reputation amongst those professionals remains high both in the United Kingdom and abroad.

The AA's Public Relations Department has again given sound support to our work and contributed significantly to the media interest that is essential for ensuring that the results of research are actually carried to those who will turn the findings into action. The Foundation works closely with the Motoring Policy Unit of the AA, in particular with Andrew Howard MBE, the AA's Head of Road Safety. A special mention this year needs to be made of Steve Lawson who, as the AA's Head of Policy Research, has worked strenuously on the EuroRAP project as the AA Foundation's project manager.

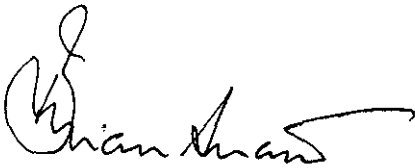
Commencing in 2001, although not available until mid-2002, a new web site has been developed for the Foundation showing details of past reports and current research projects. This provides another valuable method of publicising the work of the Foundation – www.aafoundation.com

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

**Report of the Council of Management for the year ended 31 December 2001 -
Continued**

The overall success of Foundation events and management of the day to day activities has largely rested with Brian Langer, who left the AA Foundation in March 2002 after over twelve years as its manager.

This report was approved by the Council of Management on 23 October 2002.

A handwritten signature in black ink, appearing to read 'Brian Shaw', with a stylized flourish at the end.

Sir Brian Shaw
Chairman

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

SPONSORS

The Council of Management records with thanks donations and financial assistance from the following organisations:

Allianz – Cornhill Insurance

Amery Parkes

Axa – Guardian Insurance

Capital Bank

The Caravan Club

Centrica/AA

CGNU

Zurich Insurance

Europcar UK

Fennemores

Fortis Insurance

Groupama Insurance

Herbert Smith

Hiscox Insurance

MMA Insurance

Vodafone

INDEPENDENT AUDITORS' REPORT TO COUNCIL OF MANAGEMENT OF THE AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

We have audited the financial statements on pages 16 to 20, which have been prepared under the historical cost convention and accounting policies set out on page 18.

Respective responsibilities of Council of Management and Auditors

The Council of Management are also directors of The Automobile Association Foundation for Road Safety Research. Their responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards are set out on pages 10 and 11. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act 1985. We also report to you if, in our opinion, the report of the Council of Management is not consistent with the financial statements, if the Foundation has not kept proper accounting records, if we have not received all the information and explanations we required for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. The other information comprises only the report of the Council of Management.

Basis of Audit Opinion

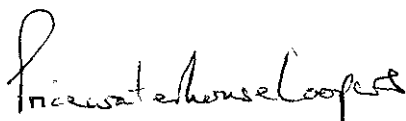
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Foundation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO COUNCIL OF MANAGEMENT
OF THE AUTOMOBILE ASSOCIATION FOUNDATION FOR
ROAD SAFETY RESEARCH – continued**

Opinion

In our opinion the financial statements give a true and fair view of the state of the Foundation's affairs as at 31 December 2001 and of the net incoming resources for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, reading "PricewaterhouseCoopers".

PricewaterhouseCoopers
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
SOUTHAMPTON, 23 OCTOBER 2002

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	Unrestricted Funds 2001 £	Unrestricted Funds 2000 £
Incoming resources			
Donations	2	366,404	178,009
Activities in furtherance of the Foundation's objects	3	62,850	1,440
Activities for generating funds	4	11,353	12,119
Total incoming resources		<u>440,607</u>	<u>191,568</u>
Resources expended			
Charitable expenditure:			
Costs of activities in furtherance of the Foundation's objects:			
Research projects, development and publication		(278,056)	(165,571)
Support costs		(56,232)	(51,835)
Management and administration		(5,905)	(1,756)
Total resources expended	5	<u>(340,193)</u>	<u>(219,162)</u>
Net movement in funds		100,414	(27,594)
Fund balance at 1 January 2001		227,347	254,941
Fund balance at 31 December 2001		<u>£327,761</u>	<u>£227,347</u>

All items dealt with in arriving at the net movement in funds for 2001 and 2000 relate to continuing operations.

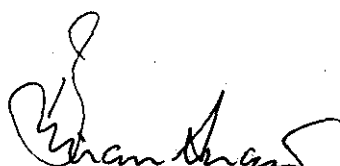
The Foundation has no recognised gains or losses in 2001 and 2000, other than those included in the statement of financial activities reported above and, therefore, no separate statement of total recognised gains or losses is presented.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

BALANCE SHEET AT 31 DECEMBER 2001

	Notes	2001 £	2000 £
Current Assets			
Debtors	7	7,463	8,590
Short term deposits	8	250,000	150,000
Cash at bank and in hand		140,639	84,985
		<u>398,102</u>	<u>243,575</u>
Creditors:			
Amounts falling due within one year	9	(70,341)	(16,228)
Net assets		<u>£327,761</u>	<u>£227,347</u>
Unrestricted funds		<u>£327,761</u>	<u>£227,347</u>

The financial statements on pages 16 to 20 were approved by the Council of Management on 23 October 2002 and were signed on its behalf by:



SIR BRIAN SHAW
CHAIRMAN

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE ACCOUNTS – 31 DECEMBER 2001

1 ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000 and applicable accounting standards.

The Foundation has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Foundation's activities.

b) Company status

The Foundation is a company limited by guarantee. The members of the company are Sir Brian Shaw, John Dawson, Karen Myers, Bert Morris and George Lowe. Tony Anderton was a member until his resignation in March 2002. In the event of the Foundation being wound up, the liability in respect of the guarantee is limited to £500 per member of the Foundation.

c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Council of Management in furtherance of the general objectives of the Foundation and which have not been designated for other purposes.

d) Incoming resources

All incoming resources are included in the statement of financial activities when the Foundation is legally entitled to the income and the amount can be quantified with reasonable accuracy.

e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Support costs are those costs incurred directly in support of expenditure on the objects of the Foundation and include project management costs. Management and administration costs are those incurred in connection with administration of the Foundation and compliance with constitutional and statutory requirements.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE ACCOUNTS – 31 DECEMBER 2001 - Continued

2 DONATIONS

	2001 £	2000 £
Donations from The Automobile Association Limited	313,568	111,743
Donations from other corporate donors	52,836	66,266
	<u>£366,404</u>	<u>£178,009</u>

3 ACTIVITIES IN THE FURTHERANCE OF THE CHARITY'S OBJECTS

Activities in furtherance of the charity's objects includes a grant receivable of £57,556 (2000, £nil) for European research work.

4 ACTIVITIES FOR GENERATING FUNDS

Activities for generating funds comprises interest receivable of £11,353 (2000, £12,119)

5 TOTAL RESOURCES EXPENDED

	Direct Costs £	Project Management £	Costs recharged by the AA £	Other £	Total 2001 £	Total 2000 £
Research projects	162,933	44,608	42,337	28,178	278,056	165,571
Support costs	-	-	56,232	-	56,232	51,835
Management and administration	-	-	-	5,905	5,905	1,756
	<u>£162,933</u>	<u>£44,608</u>	<u>£98,569</u>	<u>£34,083</u>	<u>£340,193</u>	<u>£219,162</u>

Other costs include auditors' remuneration of £2,263 (2000, £1,500). The Foundation has no employees or direct staff costs.

6 COUNCIL OF MANAGEMENT REMUNERATION

Members of the Council of Management did not receive any emoluments in respect of their services to the Foundation and no members were reimbursed travelling expenses (2000, 3 members received £277).

7 DEBTORS

	2001 £	2000 £
Interest receivable	4,288	7,180
Other debtors	1,000	-
The Automobile Association Limited	2,175	1,410
	<u>£7,463</u>	<u>£8,590</u>

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE ACCOUNTS – 31 DECEMBER 2001 - Continued

8 SHORT TERM DEPOSITS

	2001	2000
	£	£
At 1 January 2001	150,000	150,000
Additions during the year	250,000	150,000
Disposals during the year	(150,000)	(150,000)
At 31 December 2001	<u>250,000</u>	<u>150,000</u>

The short term deposits are stated at cost.

The short term deposits comprise fixed deposits with Barclays Bank plc which mature on 18 June 2002 at a rate of 4 7/8% and 2 January 2002 at a rate of 3%.

9 CREDITORS

Amounts falling due within one year

	2001	2000
	£	£
Research projects accruals	55,224	3,850
Other accruals	15,117	12,378
	<u>£70,341</u>	<u>£16,228</u>

10 RELATED PARTY TRANSACTIONS

The Automobile Association Limited donated £313,568 (2000, £111,743) to the Foundation during the year. The Association recharged costs of £42,337 (2000, £59,908) relating to research development and production of reports and £56,232 (2000, £51,835) for support costs.

11 REVENUE COMMITMENTS

At 31 December 2001 there were future revenue commitments relating to research projects amounting to £19,210 (2000, £1,500).

12 CASH FLOW STATEMENT

The Foundation falls below the threshold for the requirement to produce a cash flow statement in accordance with Financial Reporting Standard 1 (Revised).