

**FOUNDATION FOR ROAD
SAFETY RESEARCH**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2004

Charity number 295573
Company number 2069723



FOUNDATION FOR ROAD SAFETY RESEARCH

FINANCIAL STATEMENTS

For the year ended 31 December 2004

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FOUNDATION FOR ROAD SAFETY RESEARCH

FINANCIAL STATEMENTS

For the year ended 31 December 2004

TRUSTEES AND ADVISORS

Council of Management:

Sir John Blelloch KCB
Richard Turner
Saul Billingsley

Secretary:

Brenda King

Principal address and registered office:

Southwood East
Apollo Rise
Farnborough
Hampshire
GU14 0JW

Bankers:

Barclays Bank plc
Basingstoke & Reading Business Centre
PO Box 6193
Basingstoke
RG21 3RX

Solicitors:

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Auditors:

PricewaterhouseCoopers LLP
The Quay
30 Channel Way
Southampton
SO14 3QG

FOUNDATION FOR ROAD SAFETY RESEARCH

REPORT OF THE COUNCIL OF MANAGEMENT

The Council of Management (who are directors of the charity for the purposes of the Companies Act) present their report together with financial statements for the year ended 31 December 2004.

The Foundation for Road Safety Research ("The Foundation") was incorporated on 31 October 1986 as The Automobile Association Foundation for Road Safety Research as a company limited by guarantee and is a registered charity governed by its memorandum and articles of association. It changed its name to Foundation for Road Safety Research on 8 April 2005. The directors of the charity are its trustees for the purpose of charity law and throughout this report are collectively referred to as the Council of Management.

Objectives and policies

The Foundation was established to promote road safety for the benefit of the public and in particular by:

- (1) the carrying out or procuring (whether by way of financial assistance or otherwise) the carrying out of research into all factors affecting the safe use by all members of the community of public roads and the publication of the useful results of such research;
- (2) the promotion of the circulation throughout the community of advice, information and knowledge regarding the safe use of the public roads by all classes of users thereof;
- (3) 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 the improvement of any aspect of road safety including (but not by way of limitation of the foregoing) the carrying out of any projects or programmes intended to educate young children or others in the safe use of the public roads.

Council of Management

For the purposes of company law, the council of management shown on page 1 are the directors of the company. The AA Motoring Trust acted as the Council of Management during 2004 and until its resignation on 1 April 2005. Sir John Blleloch and Richard Turner were appointed to the Council of Management on 21 January 2005 and Saul Billingsley was appointed to the Council of Management on 31 March 2005.

The minimum number of Trustees shall be three save for circumstances where a charity (as defined by s96 of the Charities Act 1993) is appointed as a Trustee, in which case it may serve as a sole Trustee of the Foundation. There shall be no maximum number (unless otherwise determined by Ordinary Resolution).

Review of the year

During 2004 and until 1 April 2005, the Foundation was a subsidiary of The AA Motoring Trust, which is also a registered charity dealing with issues of Road Safety.

Annual Review

The 2003 Annual Report reported the Council's decision that:

"given the financial weight of EuroRAP and the confidence that major grant giving bodies have in the Foundation's capacity to manage this demanding programme, the work of the Foundation will in future concentrate solely on developing the EuroRAP programme. Existing Foundation projects will be completed and new road safety research projects will be executed by The AA Motoring Trust, whose charitable objects fully cover the work of the Foundation."

FOUNDATION FOR ROAD SAFETY RESEARCH

REPORT OF THE COUNCIL OF MANAGEMENT

Annual Review (continued)

In 2004, the Foundation's role in smaller research projects was concluded. In line with the Foundation's long standing policy of leaving advocacy and comment to others, the research was passed to The AA Motoring Trust for release as part of their publication programme.

During 2004, the Trust prepared an excellent publication *Loose in the Car* based on the Foundation's research into the effects of child seat misfitting. This was launched at the AA Awards in February 2004 and the work was commended by the leader of the Opposition, Michael Howard QC, in his remarks at the event. Video of the consequences of wrongly fitting child seats based on the real life tragedies investigated in the Foundation's research featured in peak time national television coverage. The material has also been widely requested overseas. The effective partnership between the Foundation and Trust ensured the Foundation's aims of turning "research into action" were well met.

There are three remaining pieces of research which the Foundation has passed to the Trust for promotion and advocacy. It is hoped that the Trust will be able to promote all of these during 2005. They are:

Night time Accidents. This research, co-funded by the Rees Jeffreys Road Fund and carried out by UCL, probes accident risk and exposure at night.

Accidents Along High Speed Dual Carriageway. This research, co-funded by the Highways Agency, probes accident risk on high speed roads.

Roads and Tyres. This research, co-funded by the County Surveyors' Society, probes the safety characteristics of in-service roads and tyres.

European Road Assessment Programme (EuroRAP)

During the year, the Foundation continued to act as lead entity for the European Road Assessment Programme. Grants were received from the FIA Foundation for the Automobile and Society, and Toyota Motor Europe.

During 2004, EuroRAP expanded further with more countries seeking to apply the road assessment protocols developed by the Association. Risk mapping and inspection and scoring of crash protection on roads is being carried into a growing number of European countries. By year end, plans included a dozen European countries.

Outside Europe, the first results from AusRAP have been published and a pilot project has begun in the United States. The very public support of governments, particularly from the Swedish and UK government, has been most welcome. At the end of 2004, EuroRAP received a Prince Michael International Road Safety Award in recognition of EuroRAP's achievements.

In 2004, the institutional development matched the technical development as the new European Road Assessment Association (EuroRAP AISBL) grew in significance. EuroRAP is an international non-profit association registered in Belgium as a sister association to EuroNCAP, the new car assessment programme. EuroRAP gained sufficient maturity to take the decision to develop as a permanent European institution for road assessment. This decision was backed by the Foundation's Council, by the European Commission, and by other financial supporters.

On 30 December 2004, the Foundation entered into a two year grant agreement with the European Commission for calendar years 2005 and 2006 during which the Foundation will help EuroRAP grow to financial maturity.

The Foundation has entered into an agreement with EuroRAP AISBL to enable this and is grateful for a loan from the AA Motoring Trust to assist this process.

FOUNDATION FOR ROAD SAFETY RESEARCH

REPORT OF THE COUNCIL OF MANAGEMENT

Structure and Governance

Now that The AA Motoring Trust is well established and EuroRAP is on the path to maturity, the Council has decided to enable its Trustee structure to better reflect its specific role in grant enabling the EuroRAP programme.

The AA Motoring Trust, which acted as Council for the Foundation during 2003 and 2004, took the decision that it should resign as sole Trustee so as to allow a small number of Trustees with specific skills to focus on the Foundation's role over the next two years as an independent charity executing a specific important task.

Sir John Blelloch, who has acted in a Trustee role for the Foundation since 1994, either directly or as Trustee of the AA Motoring Trust, was therefore elected as a Council Member. Richard Turner, currently Chief Executive Officer of the Freight Transport Association, was also elected. He brings extensive experience of transport research and running an Association as a sustainable enterprise. Saul Billingsley, who has a Research Programme Management background, was appointed in early 2005.

The Foundation has been proud to use the AA's brand since its formation in 1986 but the establishment of The AA Motoring Trust in 2002 has however resulted in confusion between the two charities which helps neither. Council has decided therefore that the Foundation should drop use of the AA brand during 2005 as it is no longer required operationally.

The support of the EuroRAP programme is now the sole activity of the Foundation. The Trustees recognise that, at the end of the current 2 year programme, envisaged to be completed by the end of 2006, the Foundation would have completed its work and could be wound up. The Trustees have also agreed to consider sympathetically whether The AA Motoring Trust would be the beneficiary of its reserves, being a charity with similar objects.

Financial review

Grants receivable for the EuroRAP project amounted to £405,158, which accounts for substantially the whole of the Foundation's income for 2004. Expenditure on the project was £395,984 giving rise to a surplus on the project of £9,174 which will be carried forward in to 2005.

Reserves policy

In 2005, the AA Motoring Trust agreed to lend the Foundation £110,000 on an interest free basis. Taking in to account this loan, the Council believes that the level of reserves are sufficient to fund the Foundation's commitment under the EuroRAP programme

Investment policy

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 deposits.

Connected charities

The following charity was connected with the Foundation until 1 April 2005:

Name	Nature of relationship
The AA Motoring Trust	Parent

FOUNDATION FOR ROAD SAFETY RESEARCH

REPORT OF THE COUNCIL OF MANAGEMENT

Risk assessment

The major risks to which the charity is exposed are currently under review by the Council of Management.

Council of Management responsibilities for the financial statements

The Council 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 8 to 14 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 also has a 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 of fraud and other irregularities.

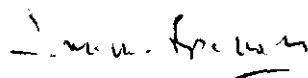
The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

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

Auditors

PricewaterhouseCoopers LLP offer themselves for reappointment as auditors in accordance with section 385 of the *Companies Act 1985*.

ON BEHALF OF THE COUNCIL OF MANAGEMENT



Sir John Blelloch
Chairman

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FOUNDATION FOR ROAD SAFETY RESEARCH**

We have audited the financial statements which comprise the statement of financial activities, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in Note 1.

Respective responsibilities of Council of Management and Auditors

The Council of Management is also a director of The Foundation for Road Safety Research for the purpose of Company Law. Its responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Council of Management responsibilities.

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. This report, including the opinion, has been prepared for and only for the Company's member as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FOUNDATION FOR ROAD SAFETY RESEARCH

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 2004 and of the net resources expended, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
SOUTHAMPTON,

21 September 2005

FOUNDATION FOR ROAD SAFETY RESEARCH

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 December 2004

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
Income					
Incoming resources					
Donations and gifts	2	182	-	182	276,981
Activities in furtherance of the Foundation's objects	3	1,665	405,158	406,823	555,119
Activities for generating funds:					
Investment income	4	6,143	-	6,143	8,890
Total incoming resources		7,990	405,158	413,148	840,990
Expenditure					
Resources expended					
<i>Charitable expenditure:</i>					
Costs of activities in furtherance of the Foundation's objects:					
Research projects, development & publication		(82,263)	(393,808)	(476,071)	(899,132)
Support costs		-	-	-	(5,888)
Management and administration		(7,138)	(2,176)	(9,314)	(9,467)
Total resources expended	5	(89,401)	(395,984)	(485,385)	(914,487)
Net (expenditure)/ income for the year		(81,411)	9,174	(72,237)	(73,497)
Fund balances at 1 January 2004		194,280	-	194,280	267,777
Fund balances at 31 December 2004		112,869	9,174	122,043	194,280

All items dealt with in arriving at the results for the year relate to continuing operations.

The company has no recognised gains and losses other than the results for the financial years reported above and therefore no separate Statement of Total Recognised Gains and Losses is presented.

The accompanying accounting policies and notes form an integral part of these financial statements

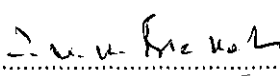
FOUNDATION FOR ROAD SAFETY RESEARCH

BALANCE SHEET

As at 31 December 2004

	Note	2004 £	2003 £
Tangible fixed assets			
Computer equipment	8	731	1,463
Current assets			
Debtors	9	1,963	322,146
Cash at bank and in hand		203,298	314,782
		<u>205,261</u>	<u>636,928</u>
Creditors: amounts falling due within one year	10	<u>(83,949)</u>	<u>(444,111)</u>
Net current assets		121,312	192,817
Net assets	11	<u>£122,043</u>	<u>£194,280</u>
Funds			
Restricted funds		9,174	-
Unrestricted funds		<u>112,869</u>	<u>194,280</u>
Total funds	11	<u>£122,043</u>	<u>£194,280</u>

The financial statements were approved by the Council of Management on 21 Sept. 2005.


 Sir John Belloch

Trustee

The accompanying accounting policies and notes form an integral part of these financial statements

FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

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

The principal accounting policies of the foundation have remained unchanged from the previous year and are set out below.

INCOMING RESOURCES

Donations and gifts

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Grants receivable

Revenue grants are credited as incoming resources when they are received or receivable if the grant has been applied for, the work to which it relates has been completed and it will be received subsequently, unless they relate to a specified future period, in which case they are deferred.

RESOURCES EXPENDED

Expenditure, which is charged on an accruals basis, is allocated between:

- Expenditure incurred directly to the fulfilment of the charity's objectives (direct charitable);
- Expenditure incurred directly in the effort to raise voluntary contributions (fundraising and publicity); and
- Expenditure incurred in the management and administration of the charity.

FUND ACCOUNTING

Restricted funds are to be used for specific purposes laid down by the donor. Expenditure for those purposes is charged to the fund.

The restricted fund was set up in 2002 by a donation from the FIA Foundation for the Automobile and Society to carry out work pertaining to the European Road Assessment Programme (EuroRAP) programme. The programme has been set up to provide regular tracking of accident risk, initially on Britain's primary route network but further extending to other European countries.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is calculated to write down the cost by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Computer equipment	3 years
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FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

CASHFLOW STATEMENT

The company is exempt from the requirement to prepare a cashflow statement under FRS 1 (Revised) as it is a small company.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the statement of financial activities.

2 DONATIONS AND GIFTS

Donations

	2004 £	2003 £
The AA Motoring Trust	-	265,000
The Automobile Association Limited	-	-
Other corporate donors	182	11,981
	<hr/>	<hr/>
	182	276,981

3 ACTIVITIES IN FURTHERANCE OF THE FOUNDATION'S OBJECTS

	2004 £	2003 £
Grants receivable:		
The AA Motoring Trust	85,000	-
Other	320,158	555,119
Other income	1,665	-
	<hr/>	<hr/>
	406,823	555,119

FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT INCOME

Investment income comprises income from:

	2004 £	2003 £
Bank deposits	<u>6,143</u>	<u>8,890</u>

5 ANALYSIS OF RESOURCES EXPENDED

	Direct costs	Recharge of AA seconded staff	Communications and reports	Other	Total	Total
	2004 £	2004 £	2004 £	2004 £	2004 £	2003 £
Charitable expenditure						
Research projects	91,747	305,497	38,827	40,000	476,071	899,132
Support costs	-	-	-	-	-	5,888
Management and administration	-	-	-	9,314	9,314	9,467
	<u>91,747</u>	<u>305,497</u>	<u>38,827</u>	<u>49,314</u>	<u>485,385</u>	<u>914,487</u>

Total resources expended include:

	2004 £	2003 £
Auditors remuneration:		
Audit services	4,290	6,157
Depreciation	<u>732</u>	<u>731</u>

FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

6 EMPLOYEES

The Foundation does not have any employees.

7 PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No expense reimbursements were paid to the Council of Management (2003:Nil) during the year. No Trustees received any remuneration for their services during the year (2003: nil).

8 FIXED ASSETS

	Computer Equipment £
Cost	
At 1 January and 31 December 2004	<u>2,194</u>
Depreciation	
At 1 January 2004	731
Charge for the year	<u>732</u>
At 31 December 2004	<u>1,463</u>
Net book value	
At 31 December 2004	<u>731</u>
At 31 December 2003	<u>1,463</u>

9 DEBTORS

	2004 £	2003 £
Other debtors	1,963	133,898
Prepayments	-	3,362
Amounts owed by parent	-	165,000
Amounts owed by fellow subsidiary	-	19,886
	<u>1,963</u>	<u>322,146</u>

FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	33,416	44,348
Accruals	18,489	41,898
Other creditors	24,767	-
Amounts owed to fellow subsidiary	7,277	357,865
	<u>83,949</u>	<u>444,111</u>

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds 2004 £	Restricted Funds 2004 £	Total 2004 £
Tangible fixed assets	-	731	731
Current assets	145,838	59,423	205,261
Current liabilities	(32,969)	(50,980)	(83,949)
	<u>112,869</u>	<u>9,174</u>	<u>122,043</u>

12 CAPITAL COMMITMENTS

The Foundation did not have any capital commitments at 31 December 2004 (31 December 2003: nil).

13 CONTROLLING RELATED PARTY

The directors consider that the ultimate parent undertaking of this company at 31 December 2004 was The AA Motoring Trust, incorporated in England and Wales. The AA Motoring Trust ceased to be a member as from 1 April 2005.

The AA Motoring Trust was the company's controlling related party by virtue of its holding of the significant influence and control which it demonstrates over the decision making processes of the company. A copy of the consolidated accounts can be obtained from the registered office (see page 1).

14 RELATED PARTY TRANSACTION

As a subsidiary of The AA Motoring Trust, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by The AA Motoring Trust which eliminate on consolidation.

15 INDEMNITY INSURANCE

The indemnity insurance is paid for by the parent charity and covers the Council of Management worldwide with the exclusion of North America.