

**FOUNDATION FOR ROAD
SAFETY RESEARCH**

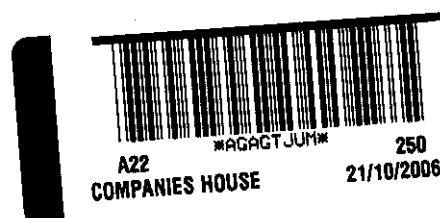
(Formerly Automobile
Association Foundation for Road
Safety Research)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2005

Charity number 295573
Company number 2069723



FOUNDATION FOR ROAD SAFETY RESEARCH

FINANCIAL STATEMENTS

For the year ended 31 December 2005

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FOUNDATION FOR ROAD SAFETY RESEARCH

FINANCIAL STATEMENTS

For the year ended 31 December 2005

TRUSTEES AND ADVISORS

Council of Management:

Sir John Blelloch KCB
Richard Turner
Saul Billingsley
Christopher Underwood

Secretary:

Brenda King

Principal address and registered office:

Worting House
Worting
Basingstoke
Hampshire
RG23 8PX

Bankers:

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

Solicitors:

Farrer & Co
66 Lincolns 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 2005.

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 until its resignation on 1 April 2005. During 2005, the following appointments were made to the Council of Management:

Sir John Blelloch and Richard Turner - 21 January 2005

Saul Billingsley - 31 March 2005

Christopher Underwood - 5 October 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).

FOUNDATION FOR ROAD SAFETY RESEARCH

REPORT OF THE COUNCIL OF MANAGEMENT

Review of the year

During 2005, the Foundation successfully played its planned role as the enabling body behind the high profile European Road Assessment Programme.

Launches of national EuroRAP results took place across Europe throughout the year - notably in Ireland, Sweden, Austria, Germany, Britain and Spain as the Foundation implemented the first year of its two year agreement with the European Commission to enable the EuroRAP II programme during 2005 and 2006.

The EuroRAP programme was developed and presented at events, workshops and conferences throughout the year. A highlight was the major international EuroRAP conference held in London in March 2005. A joint workshop with the European motor industry was held in Brussels in September to examine the interaction between crash protection in cars and on roads. Major international events to manage and develop the programme technically were held in May in Dublin and in November in Vienna.

The event in Vienna allowed close liaison with the Austrian authorities ahead of their assumption of the European Presidency in January 2006. The plans for the Austrian Presidency were to promote road safety in general as a theme of its Presidency and an infrastructure Directive in particular.

The year culminated at an event in Brussels in December where EuroRAP presented its first pan-European progress report *From Arctic to Mediterranean*. This report set out the work carried out during the year and carried a welcoming preface from Commissioner Jacques Barrot, Vice President of the European Commission. The Council was grateful for the thanks recorded to both the Foundation and its Trustees in this major report.

EuroRAP AISBL

The Foundation initiated the European Road Assessment Programme in 1999. With the completion of a successful EuroRAP pilot and momentum for a continuing European wide programme established, the Foundation helped found EuroRAP AISBL (*Association International Sans But Lucratif*) as an international non-profit Association registered in Brussels in 2003.

One of the strategic goals of the Foundation's EuroRAP II agreement with the European Commission is to bring EuroRAP AISBL to maturity as a permanent institution for European Road Assessment. The Foundation is enabling the EuroRAP II programme through a partnership Agreement with EuroRAP AISBL who manage and deliver the programme executively. The Foundation's key role is to monitor delivery of the programme and meter grant received from the EU for the programme.

iRAP (International Road Assessment Programme)

During the year, the Council was pleased to see the Road Assessment Programmes initiative, which the Foundation began, going from strength to strength internationally. The Australian AusRAP programme has been followed by a successful pilot programme in the United States, usRAP, which is expected to publish its first results in October 2006.

The three expanding regional programmes – usRAP, AusRAP and EuroRAP – have now come together to form an umbrella organisation, the International Road Assessment Programme (iRAP). With the support of the FIA Foundation for Automobile and Society, iRAP will promote Road Assessment programmes throughout the globe in both developed and developing countries. In particular, arrangements are already in an advanced state of planning with the FIA Foundation and the World Bank to develop techniques suitable for low and middle income countries.

EuroRAP in the UK

It is planned that the Foundation's role in enabling the European programme will be concluded in 2006. Future European programmes will be led directly by a mature EuroRAP AISBL. The Foundation's focus will then return to enabling the UK programme for which it is the responsible EuroRAP member.

From the inception of the EuroRAP programme in 1999, the Foundation enabled work in the UK so that it represented a model application of what could be achieved. For EuroRAP II, the Foundation has entered into a successful partnership agreement for the UK work with The AA Motoring Trust which concludes at end-2006.

Council had envisaged that by end-2006 The AA Motoring Trust, to whom it has passed general stewardship of two decades of Foundation research, would be best placed to continue its charitable work long term. Council were particularly pleased with the Trust's publication in 2005 of *Getting A Grip* which reviewed the interaction of road surfaces and tyres and was based on the Foundation's recently completed research project.

The AA Motoring Trust is however undertaking a strategic review of its future and Council is therefore also undertaking a similar review. In particular, the Foundation now has access to the world class research capability and network which it has helped build through the EuroRAP and iRAP programmes. The EuroRAP III programme planned for 2007-2010 now has wide stakeholder support throughout Europe and in the UK in particular. In undertaking its review, Council plans to work with partners to enable delivery of a strong EuroRAP programme in the UK and to consider participation in developing the emerging role for London as a leading centre for global road safety research, development and training.

FOUNDATION FOR ROAD SAFETY RESEARCH

REPORT OF THE COUNCIL OF MANAGEMENT

Structure and Governance

Until 31 March 2005, the Foundation was a subsidiary of The AA Motoring Trust, which is also a registered charity dealing with issues of road safety, which acted as Council for the Foundation during 2004 and until its resignation in 2005. The decision that it should resign as sole Trustee was 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.

Financial review

Grants receivable for the EuroRAP project amounted to £283,269, which accounts for substantially the whole of the Foundation's income for 2005. Expenditure, again most of which was incurred on the EuroRAP project, amounted to £283,485 giving rise to a surplus of £8,815 in the year, which will be added to reserves carried forward in to 2006.

Reserves policy

During the year The AA Motoring Trust kindly agreed to lend the Foundation £110,000 on an interest free basis to assist with cash flow during the duration of the EuroRAP project. Taking in to account this loan, the Council believes that the level of reserves is 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-term deposits.

Connected charities

The following charities were connected with the Foundation for Road Safety Research until 31 March 2005:

Name	Nature of relationship
The AA Motoring Trust	Parent
AA Motoring Trust Trading Limited	Fellow subsidiary
EuroRAP AISBL	Partner in the EuroRAP II programme

FOUNDATION FOR ROAD SAFETY RESEARCH

REPORT OF THE COUNCIL OF MANAGEMENT

Risk assessment

The Council of Management has recently reviewed the major risks to which the Foundation are exposed and their potential impact. Actions have been taken or identified to mitigate them, and they will continue to be reviewed periodically.

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 9 to 17 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.

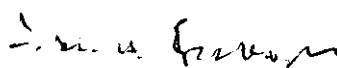
The systems of internal control are designed to provide reasonable, but not absolute, assurance against material mis-statement or loss. They include:

- 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 of Foundation for Road Safety Research for the year ended 31 December 2005 which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies contained therein.

Respective responsibilities of Council of Management and Auditors

The Trustees are also directors of the Foundation for Road Safety Research for the purpose of Company Law. As described in the statement of Council of Management responsibilities, the Trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) 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 any 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 require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Council of Management. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

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

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.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Foundation's affairs as at 31 December 2005 and of the net resources expended, including the 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,

5 October 2006

FOUNDATION FOR ROAD SAFETY RESEARCH

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2005

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2005 £	Total 2004 £
Incoming resources					
Donations and gifts	2	-	-	-	182
Activities in furtherance of the Foundation's objects	3	-	283,560	283,560	406,823
Activities for generating funds: Investment income	4	8,740	-	8,740	6,143
Total incoming resources		8,740	283,560	292,300	413,148
Resources expended					
Costs of activities in furtherance of the Foundation's objects:					
Research projects, development & publication		5,793	(268,956)	(263,163)	(476,071)
Management and administration		(15,453)	(4,869)	(20,322)	(9,314)
Total resources expended	5	(9,660)	(273,825)	(283,485)	(485,385)
Net expenditure for the year		(920)	9,735	8,815	(72,237)
Fund balances at 1 January 2005		112,869	9,174	122,043	194,280
Fund balances at 31 December 2005		111,949	18,909	130,858	122,043

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.

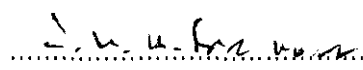
FOUNDATION FOR ROAD SAFETY RESEARCH

BALANCE SHEET

As at 31 December 2005

	Note	2005 £	2004 £
Tangible fixed assets			
Computer equipment	8	-	731
Current assets			
Debtors	9	-	1,963
Cash at bank and in hand		305,876	203,298
		305,876	205,261
Creditors: amounts falling due within one year	10	(65,018)	(83,949)
Net current assets		240,858	121,312
Total assets less current liabilities		240,858	122,043
Creditors: amounts falling due after more than one year	11	(110,000)	-
Net assets	12	130,858	122,043
Funds			
Restricted funds		18,909	9,174
Unrestricted funds		111,949	112,869
Total funds	12	130,858	122,043

The financial statements were approved by the Council of Management on 5 October 2006.


 Sir John Blelloch
 Trustee

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

FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

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 established up in 2002 with 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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CASHFLOW STATEMENT

The company is exempt from the requirement to prepare a cash flow 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

	2005	2004
	£	£
Donations:		
Corporate donors	-	182
	-	182

FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

3 ACTIVITIES IN FURTHERANCE OF THE FOUNDATION'S OBJECTS

	2005 £	2004 £
Grants receivable:		
The AA Motoring Trust	-	85,000
Other	283,269	320,158
Other income	291	1,665
	283,560	406,823

4 INVESTMENT INCOME

Investment income comprises income from:

	2005 £	2004 £
Bank deposits	8,740	6,143

5 ANALYSIS OF RESOURCES EXPENDED

	Direct costs	Recharge of AA seconded staff	Communications and reports	Other	Total	Total
	2005 £	2005 £	2005 £	2005 £	2005 £	2004 £
Charitable expenditure						
Research projects	246,116	22,840	(6,353)	560	263,163	476,071
Management and administration	-	-	-	20,322	20,322	9,314
	246,116	22,840	(6,353)	20,882	283,485	485,385

FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

5 ANALYSIS OF RESOURCES EXPENDED continued

Total resources expended include:

	2005 £	2004 £
Auditors remuneration:		
Audit services	5,500	4,290
Depreciation	731	732

6 EMPLOYEES

The Foundation does not have any employees.

7 PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

Travel expenses amounting to £61 were paid to the 2 Council of Management members during the year (2004: Nil).

No Trustees received any remuneration for their services during the year (2004: nil).

8 FIXED ASSETS

	Computer Equipment £
Cost	
At 1 January and 31 December 2005	<u>2,194</u>
Depreciation	
At 1 January 2005	1,463
Charge for the year	<u>731</u>
At 31 December 2005	<u>2,194</u>
Net book value	
At 31 December 2005	-
At 31 December 2004	731

FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

9 DEBTORS

	2005	2004
	£	£
Other debtors	-	1,963
	-	1,963

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Trade creditors	22,840	33,416
Accruals	5,763	18,489
Other creditors	36,415	24,767
Amounts owed to fellow subsidiary	-	7,277
	65,018	83,949

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005	2004
	£	£
Interest free loan, repayable in more than one year but not more than two years	110,000	-

FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total 2005 £
Tangible fixed assets	-	-	-
Current assets	126,800	179,076	305,876
Current liabilities	(14,851)	(50,167)	(65,018)
Long-term liabilities	-	(110,000)	(110,000)
	111,949	18,909	130,858

13 CAPITAL COMMITMENTS

The Foundation did not have any capital commitments at 31 December 2005 or 31 December 2004.

14 CONTROLLING RELATED PARTY

At 31 December 2004 and until 31 March 2005, the directors consider that the ultimate parent undertaking of this company 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. The decision that it should resign as sole Trustee was 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 project.

FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

15 RELATED PARTY TRANSACTION

Until 31 March 2005, 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.

During this period, a loan of £110,000 was made by The AA Motoring Trust to the company and remains outstanding at the year end. It is interest free and repayable on completion of the EuroRAP project, during 2007.

During 2005, the Foundation made payments totalling £238,898 (2004 £nil) to EuroRAP AISBL as part of its partnership agreement for the EuroRAP II programme.

16 INDEMNITY INSURANCE

Until 31 March 2005, indemnity insurance was paid for by the parent charity, covering the Council of Management worldwide with the exclusion of North America. Cover ceased to be provided by the parent with effect from 1 April 2005 when the company ceased to be a subsidiary undertaking.