



AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

A COMPANY LIMITED BY GUARANTEE

ANNUAL REPORT AND
FINANCIAL STATEMENTS

2000



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 FCIT CIMgt

- Chairman

Tony Anderton

Sir John Blelloch KCB

John Dawson FIHT FICE

Kenneth Faircloth OBE FIM

George Lowe FCII

Dr Diana Montgomery

Bert Morris MCIT MIHT

Charles Naylor

SECRETARY

Brian Langer FTS

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

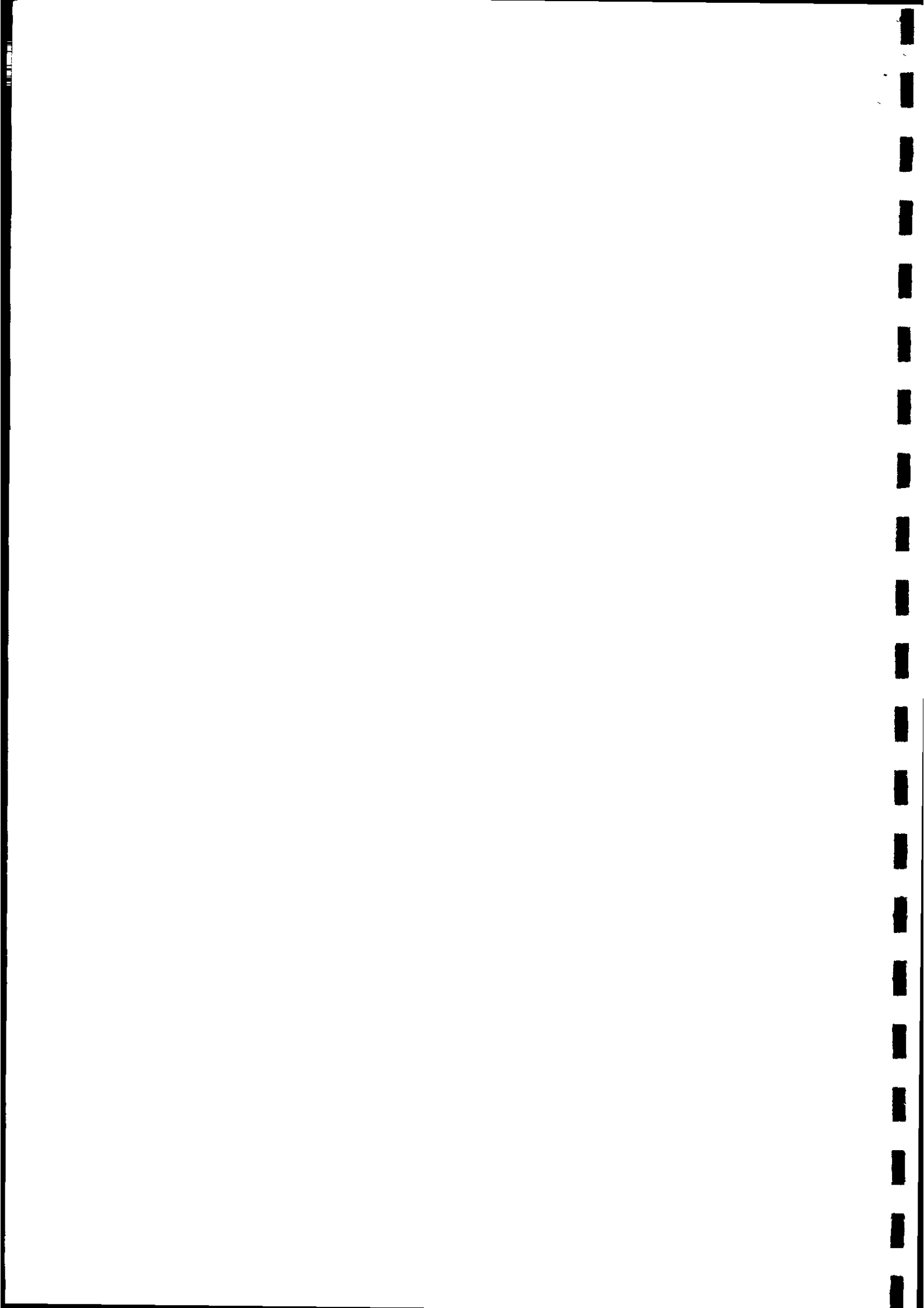
Norfolk House

Priestley Road

Basingstoke

Hampshire

RG24 9NY



REPORT OF THE CHAIRMAN

At the time of writing my statement for the 1999 Annual Report, I had only recently become Chairman of the AA Foundation following the retirement of Kenneth Faircloth. I am pleased to be able to report that 2000 was another successful year for the Foundation. It was heavily influenced by the publication of the government's road safety strategy and the need to develop the Foundation's research programme to support it.

It was also the first full year of the link with Centrica, our major sponsor. I am grateful to Centrica not only for its financial support but also for its practical support for the Foundation's work.

I am delighted too that our patron, HRH the Duke of Kent, continues his keen interest in the charity, as he has done since 1987. Most recently he has agreed to provide the Foreword to the report on the Foundation's Research Strategy Conference held last November.

Published and ongoing research

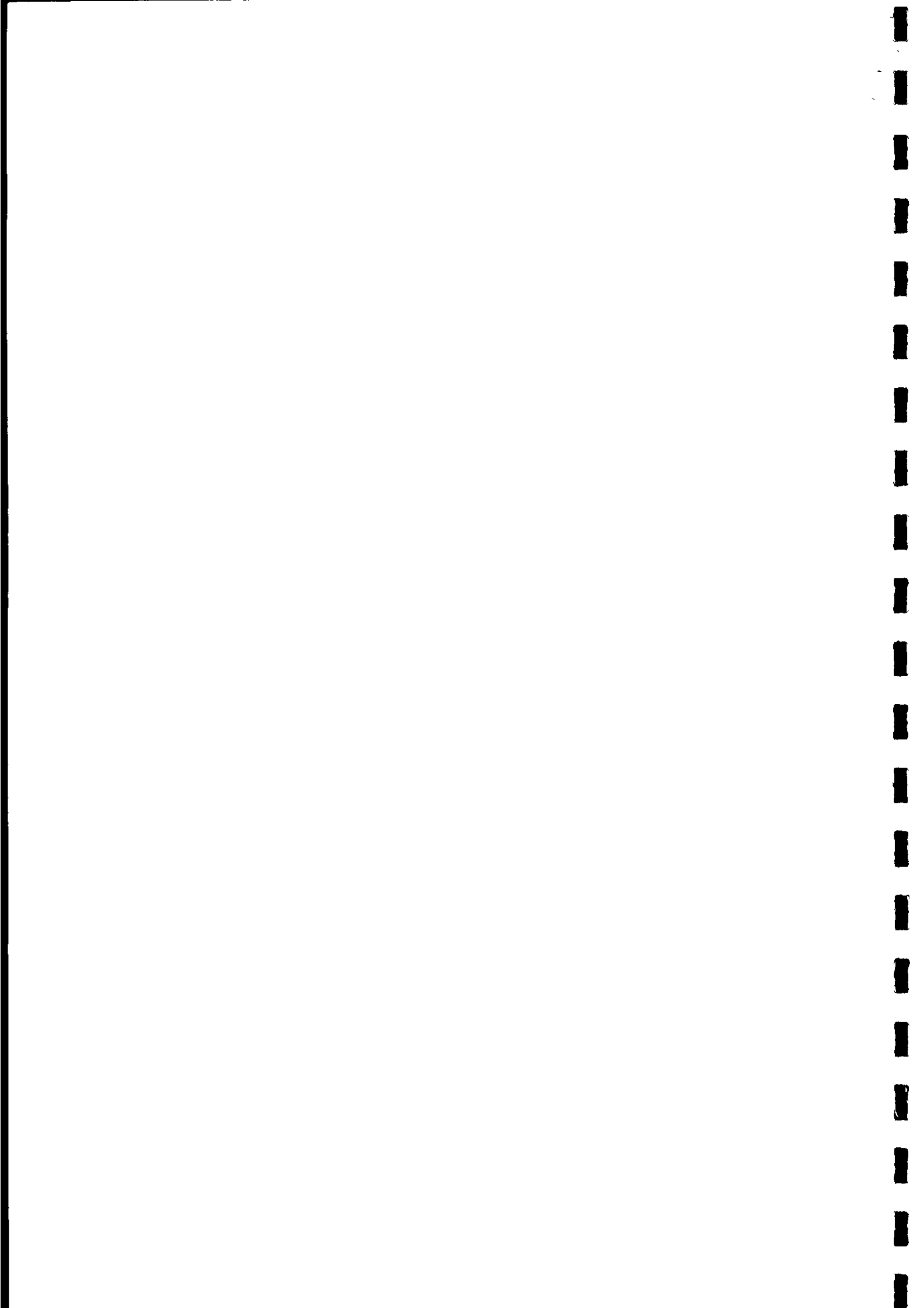
In addition to a major conference, one report was published in 2000 - *The Family and the School Run* - several research projects were underway, and others were at the contract placing stage by the end of the year. However, 2000 was not a normal year. The conference in November - *Delivering Britain's Aggressive Casualty Reduction Target* - reflected the time and effort given over to developing a future programme that could help achieve a 40 per cent reduction in death and serious injury, and 50 per cent reduction for children, by 2010.

The Family and the School Run: What would make a real difference?

The Transport Studies Group of the University of Westminster had been contracted to investigate how parents, public, schools, local authorities and government could change travel patterns associated with the school run to improve safety and reduce congestion. Their report was published in June 2000 at a launch held in Glaziers Hall, London. This was addressed by Patrick Shipp from the Department for Education and Employment, and by Margaret Morrissey OBE from the National Confederation of Parent Teachers Associations.

The main conclusions of the scoping report were:

- * Nationally, the 'school run' is not as big a contributor to traffic congestion as is commonly assumed, but the holiday patterns of working parents are important;
- * Nationally, child casualties on the journey to school are not as big a contributor to overall child casualties as is commonly assumed - but not least because of the attention paid to safe routes to school;
- * Improved bus services marketed at the transition from primary to secondary school have the greatest potential for reducing car mileage for the 'school



run', but this also requires safer access to bus stops, and improved facilities at school; and

- * The available data cannot answer the question whether a shift from car to bus would reduce or increase child road accidents taking into account the whole journey from door to door.

Significant media interest was shown in the project and by bus companies, including those interested in developing US-style school bus services. The work also demonstrated the need for the AA Foundation to help communicate where, when and how child casualties happen.

The following studies continued throughout 2000 and all should be formally published and launched during 2001.

Where, When and How Child Casualties Happen

An accessible publication setting out the facts and figures for all those working in child safety is planned for mid-2001.

Developing a practical pedestrian training resource

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 AA Foundation and the British Institute of Traffic Education Research (BITER) in the mid 1990s. In particular, it aimed to target the needs of those involved in training children's safe use of the public highway. The completed report will be presented to the Foundation in early 2001 and a decision will follow on how best to promote its recommendations.

The safety of male and female drivers

2000 saw the start of the final year's research by Andrea Waylen, the Foundation-funded PhD candidate at the University of Reading, who had been involved in the Foundation's earlier study - *Male and female drivers; how different are they?* - published in 1998. The results will be available in late 2001 and the accident patterns of young men are certain to feature in the report.

What limits speed?

An interim report - *What limits speed?* - commissioned from Ross Silcock Limited - was published in 1999 following a request from the government, so it could help inform the government's consultation on speed policy and speed limits. The final report became available in summer 2000. A large element of future road safety policy is linked to the issue of speed, and the findings and recommendations from the two reports are now a basic source of reference on the topic. The Foundation's investment in research has proved not only productive but well timed.

Older drivers giving up driving

With the population living and driving longer, the second report from the University of Manchester's Age and Cognitive Performance Research Centre will be of great interest as a group of elderly drivers is revisited five years on from the first report. Professor Rabbitt's report will be available in mid 2001.

With the changing age profile of the driver population it is paramount that road safety professionals remain aware of changing attitudes among the elderly to the sensitive matter of when to give up driving. This is yet another topic on which the Foundation has majored since its inception and which will retain a high profile nationally for years to come.

Future research programmes

Research is planned to begin by Easter 2001 on two road related projects.

One of these is a joint contract with the CSS (formerly the County Surveyors' Society) and Hampshire County Council on the subject of *Surface characteristics and their effect on road safety*. The AA Foundation is grateful to Ken Arkley, Director of Planning and Transportation at Leicestershire County Council and a former Member of the Foundation's Research Advisory Group, for his assistance in setting up the research.

The other project, co-funded by the Highways Agency, is researching accidents alongside high-speed dual carriageways.

Both of these projects are expected to run through 2001 into 2002 with the intention that interim reports be published where helpful.

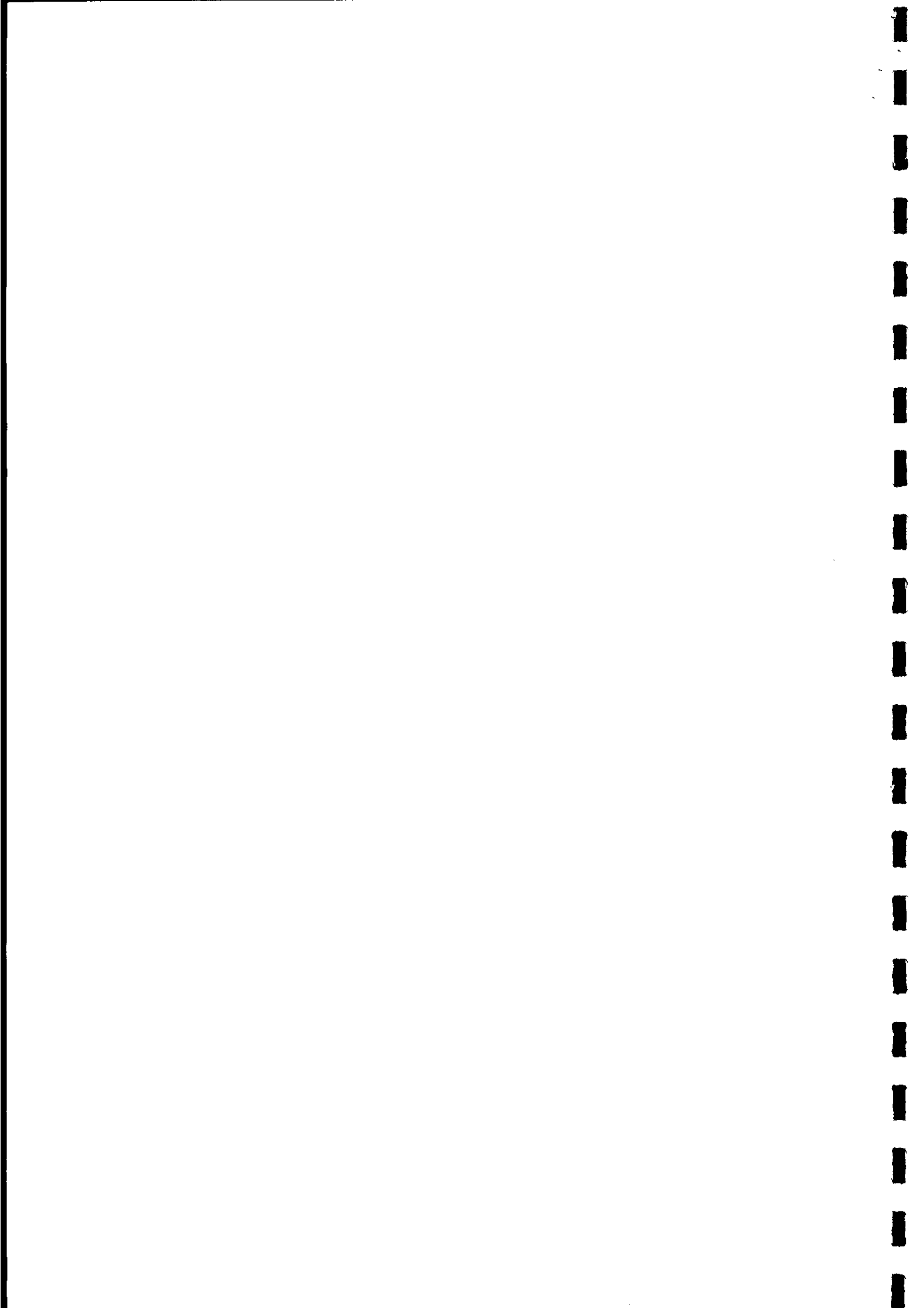
The Council's Research Advisory Group's review of the future research programme

This group is chaired by John Dawson, Managing Director of the AA Foundation, and 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 the Environment, Transport and the Regions), Howard Sherriff (Consultant Accident and Emergency, Addenbrooke's Hospital), Janet Swain, (Nottinghamshire County Council for CSS), and Keith Willett (Consultant Trauma and Orthopaedics at John Radcliffe Hospital). Rod Kimber (Technical Director of the Foundation), Brian Langer (Manager of the Foundation) and Bert Morris (Manager of the AA Motoring Policy Unit) also attend meetings.

Members give their time freely and I particularly appreciate their attendance at the additional meetings called during 2000 to help formulate the Foundation's forward research programme.

30 November Conference - *Delivering Britain's Aggressive Casualty Reduction Target*

One outcome of the Research Advisory Group's discussions was the decision to hold a major conference to promote the topics on which the Foundation was intending to commission research or support financially in the coming years. Over 160 guests attended the conference, which I chaired, and which was addressed by Lord Whitty, the Road Safety Minister, and Max Mosley, President of the FIA and Chairman of the European New Car Assessment Programme (EuroNCAP). These keynote speeches, combined with those from 13 other presenters on distinct topics, all of which the Foundation intended to support, resulted in a very successful event. No one attending that conference could have left with a belief



that the AA Foundation was not prepared to play its part in achieving the national road safety targets.

The conference report will be published during spring 2001 and will be distributed, not only to those invited to the event but widely amongst road safety professionals.

Specific areas for research or financial support

Pan-European research on consumer-interest road safety issues

The AA Foundation, in conjunction with other European motoring organisations, will be co-funding consumer research into headrests and child restraints in 2001. 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. The programme has resulted in major improvements to car safety in recent years and the AA Foundation will be participating in the further development of this programme.

The AA Foundation will also be leading research in Europe on a sister programme to Euro-NCAP, the European Road Assessment Programme. If successful, this will benchmark the safety of roads against a standard protocol. The results from the first pilot year of research will be published later in 2001.

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
- * Development of a new speed limit template
- * Night-time accidents;
- * Close following accidents; and
- * The adequacy of UK road safety institutions.

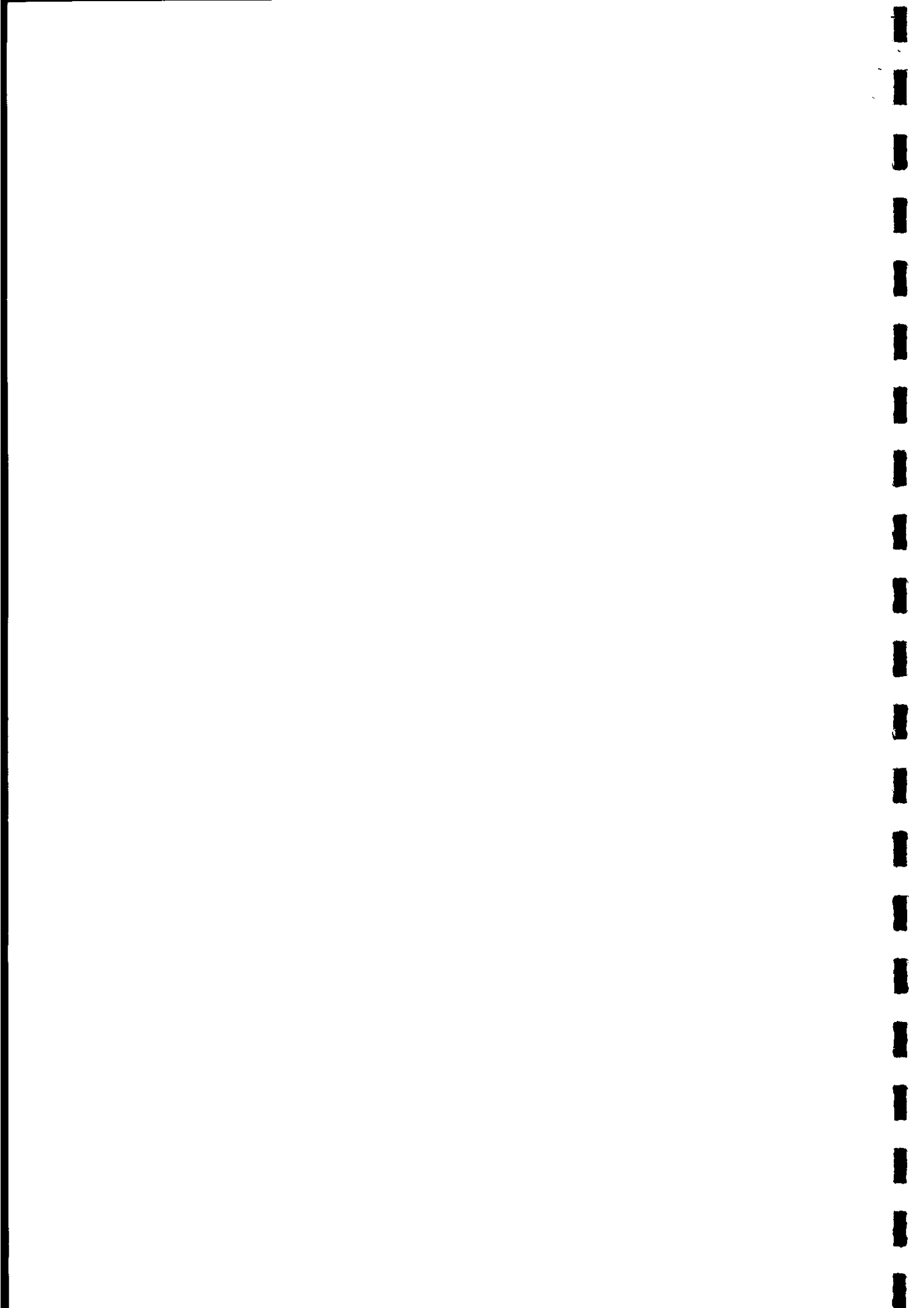
The projects are being assessed for priority and detailed project specifications will be drawn up. I hope to inform you of significant progress when I report in 2002.

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

Many new electronic and telematic systems are being developed for the car. There has been widespread concern about the safety of using hand held and even hands free mobile phones while driving. The AA Foundation is co-funding research being undertaken by the University of Central Florida whose aim 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.

Financial support to third parties promoting research programmes

During 2000, the Foundation was 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 Council and Neil Greig, the AA's Head of Policy Scotland, is a major contributor to the work of the SRSC.

Sponsorship

I was delighted that, at the Foundation's conference in November, I was presented with a cheque from one of our sponsors. To confirm its decision to sponsor our work for the first time, Mike Caldwell, Director of Corporate Communications of Vodafone, presented a cheque for £10,000. It is pleasing that major companies are prepared to participate in such events, and emphasise the importance to the AA Foundation of corporate giving.

Maintaining levels of sponsorship is always a challenge, especially during the current consolidation in the insurance industry. Efforts will be made in 2001 to attract new sponsors using the fundamental appeal that the AA Foundation has – the strength and national and international importance of its research programme.

Many companies have supported our research for many years. Whether they are long-term supporters or more recent ones, I wish to convey my sincere thanks to them and my appreciation of their generosity to the Foundation. It remains to be seen whether the changes to the tax law affecting donations to charities, which came into being in April 2000, will have a serious effect on our revenue.

A list of sponsors is given on page 8.

Council of Management and Research Advisory Group changes

I have written earlier that I succeeded Kenneth Faircloth as Chairman in February 2000. This was also reported in the previous Annual Report. I am delighted that Kenneth has agreed to remain a member of the Council and will thereby be able to contribute significantly to its direction for some time to come.

Charles Naylor, Director Corporate Affairs at Centrica, has completed his first year as a Council Member and Lord Walton of Detchant gave notice that he intended not to seek re-election in February 2001. Lord Walton has made a significant contribution to public awareness of the Foundation's work, especially in Parliament, and I am grateful for his many years of energetic and substantial support.

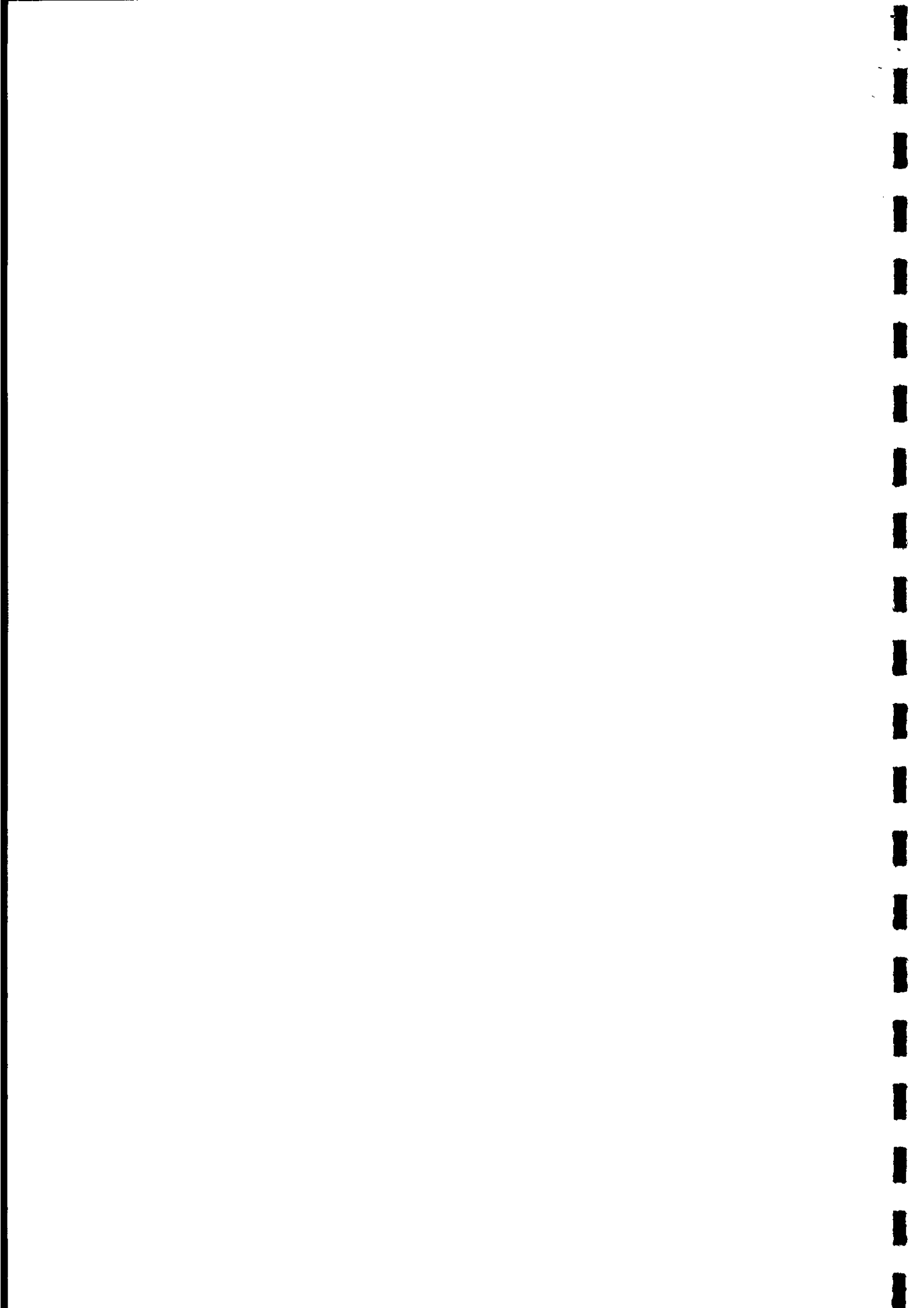
The Research Advisory Group is now chaired by the Foundation Managing Director, John Dawson. The group has provided magnificent support to our work this past year and I am particularly grateful for the excellent attendance record from those, like Janet Swain from Nottinghamshire County Council, who have had to cope with major transport delays to attend meetings.

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.

Financial Review

The Foundation incurred a small deficit in the year of £27,000, reducing the fund balance to £227,000 at 31 December 2000. The accumulation of funds reflects the necessary lapse of time between the initial receipt of contributions and the



AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

authorisation of research projects. The balance is adequate to fund current research commitments.

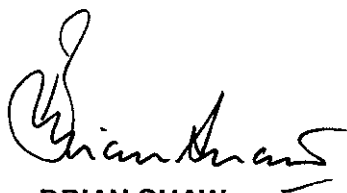
Income increased by 14% to £191,000; this includes donations of £111,000 - an increase of £42,000 - from The Automobile Association Limited (a subsidiary of Centrica plc).

Expenditure on research has decreased as, while some projects were completed in early 2000, arrangements for new research were being completed. The AA has charged the charity £51,000 in the year for programme management and administrative expenses, for which no charge had previously been made.

Publicity and staffing

The Foundation has, throughout 2000, continued to enjoy links with government at national and local level, with academics and road safety experts and 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. The overall success of Foundation events and management of the day to day activities has largely rested with Brian Langer and Rosemary Curtis. To all of them I express my sincere thanks.



BRIAN SHAW
20 March 2001

SPONSORS

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

Allianz - Cornhill
Amery Parkes
Capital Bank
The Caravan Club
Centrica
CGNU
Eagle Star (part of the Zurich Insurance Group)
Europcar (UK)
Fennemores
Fortis
Groupama
Guardian (part of the AXA Group)
Herbert Smith
Hiscox
MMA (formerly Norman Insurance)
Vodafone

REPORT OF THE COUNCIL OF MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2000

The Council presents herewith its Report and audited financial statements for the year ended 31 December 2000.

PRINCIPAL OBJECTIVES AND ACTIVITIES

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 courses 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.

The principal activities of the Foundation during the year are described in the Chairman's report on pages 2 to 7.

RESULTS

The results of the Foundation's operations for the year are set out in the financial statements on pages 13 to 17 and are described in the Chairman's report.

COUNCIL OF MANAGEMENT

The members of the Council of Management are set out on page 1. Sir Brian Shaw was appointed Chairman from 1 March 2000 following the retirement of Kenneth Faircloth on 29 February 2000. All served for the whole year, except for Charles Naylor who was appointed on 29 February 2000. In addition, the following were members of the Council of Management at the beginning of the year and have subsequently resigned:

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Frank Thackwray	-	resigned 29 February 2000
David Tattersall	-	resigned 3 March 2001
Sir John Smith	-	resigned 20 March 2001
Lord Walton of Detchant		resigned 20 March 2001

Sir Brian Shaw, Tony Anderton, John Dawson, George Lowe and Bert Morris are also members of the company; their individual liability, as members of the company, is limited to £500 in the event of the company being wound up.

COUNCIL MEMBERS' RESPONSIBILITIES

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 13 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 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.

APPROVAL AND ADOPTION OF REPORT

The Council approves and adopts the Chairman's report, the Report of the Council and the financial statements.

By order of the Council of Management

BRIAN LANGER

SECRETARY



Basingstoke 20 March 2001

REPORT OF THE AUDITORS TO MEMBERS OF THE AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

We have audited the financial statements on pages 13 to 17, which have been prepared in accordance with the accounting policies set out on page 15.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Foundation's Council is responsible for preparing the annual report. As described on page 10, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 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.

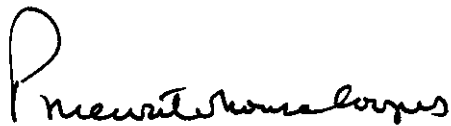
BASIS OF AUDIT OPINION

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.

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 2000 and of its net movement in funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over a large, stylized capital letter 'P'.

PricewaterhouseCoopers
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
SOUTHAMPTON, 20 MARCH 2001

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	Unrestricted funds 2000 £	Unrestricted funds 1999 (Note 1) £
INCOMING RESOURCES			
Donations		178,009	151,506
Investment income		12,119	10,626
Other income		1,440	6,483
Total incoming resources		191,568	168,615
RESOURCES EXPENDED			
Direct charitable expenditure	3	(165,571)	(225,931)
Programme management and administration of the charity	4	(53,591)	(737)
Total resources expended		(219,162)	(226,668)
NET MOVEMENT IN FUNDS	5	(27,594)	(58,053)
Fund balance at 1 January 2000		254,941	312,994
FUND BALANCE AT 31 DECEMBER 2000		£227,347	£254,941

All items dealt with in arriving at the net movement in funds for 2000 and 1999 relate to continuing operations.

As the financial statements have been drawn up under the historical cost convention, there is no difference between the net movement in funds, reported above, and its historical cost equivalent.

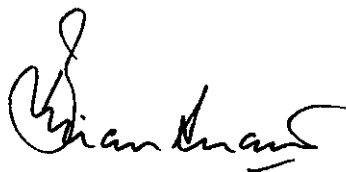
The Foundation has no recognised gains or losses in 2000 and 1999, other than those included in the net movement in funds for the year above and, therefore, no separate statement of total recognised gains or losses is presented.

BALANCE SHEET

AT 31 DECEMBER 2000

	Note	2000 £	1999 £
CURRENT ASSETS			
Debtors	6	8,590	40,289
Cash at bank and in hand		84,985	94,624
Investments	7	150,000	150,000
		<u>243,575</u>	<u>284,913</u>
LIABILITIES			
Creditors: amounts falling due within one year	8	(16,228)	(29,972)
NET ASSETS		<u>£227,347</u>	<u>£254,941</u>
UNRESTRICTED INCOME FUNDS		<u>£227,347</u>	<u>£254,941</u>

The financial statements on pages 13 to 17 were approved by the Council of Management on 20 March 2001 and were signed on its behalf by:



BRIAN SHAW
CHAIRMAN

NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2000

1 FORMAT OF ACCOUNTS

The Foundation has adopted Statement of Recommended Practice for Accounting by Charities issued by the Charity Commissioners (SORP2).

The company is a registered charity and so achievements cannot be measured by normal commercial criteria. Accordingly, the officers consider that it would be inappropriate to present financial statements in either of the formats set out in the Companies Act 1985. Therefore, as permitted by the Companies Act, in order to reflect the special nature of the company's activities and comply with SORP2, the officers have presented a statement of financial activities rather than a profit and loss account.

The analysis within incoming resources and resources expended for 1999 has been changed to reflect the more appropriate analysis adopted for 2000.

2 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Income

Income, other than tax recoverable and bank interest, is taken into account when received by the Foundation. Tax recoverable and bank interest are accounted for on an accruals basis. All income is unrestricted.

Expenditure

Expenditure on research projects represents the cost of work carried out in the accounting period.

3 DIRECT CHARITABLE EXPENDITURE

	2000	1999 (Note 1)
Research projects and development	67,006	119,413
Reports production and launches	46,719	64,863
AA Foundation conference	17,046	-
Technical direction	34,800	41,655
	<u>£165,571</u>	<u>£225,931</u>

NOTES TO THE ACCOUNTS - (continued)

AT 31 DECEMBER 2000

4 PROGRAMME MANAGEMENT AND ADMINISTRATION OF THE CHARITY

	2000	1999 (Note1)
Recharge from The Automobile Association Limited		
Salaries	44,988	-
Travel expenses	6,847	-
Audit fee	1,500	-
Office and travel expenses	256	737
	<u>£53,591</u>	<u>£737</u>

5 NET MOVEMENT IN FUNDS

The Foundation has no employees or direct staff costs.

Members of the Council of Management did not receive any emoluments in respect of their services to the Foundation and three members were reimbursed £277 for travelling expenses in relation to their attendance at Council meetings.

6 DEBTORS

	2000	1999
Interest receivable	7,180	5,777
Taxation recoverable	-	31,281
Other debtors	-	3,231
The Automobile Association Limited	1,410	-
	<u>£8,590</u>	<u>£40,289</u>

7 INVESTMENTS

	2000	1999
At 1 January 2000	150,000	200,000
Additions during the year	150,000	150,000
Disposals during the year	(150,000)	(200,000)
At 31 December 2000	<u>£150,000</u>	<u>£150,000</u>

The current asset investment is stated at cost.

The investment relates to a fixed deposit with Barclays Bank plc which matures on 17 April 2001 at a rate of 6 9/16%.

NOTES TO THE ACCOUNTS - (continued)

AT 31 DECEMBER 2000

8 CREDITORS*Amounts falling due within one year*

	2000	1999
The Automobile Association Limited	-	8,472
Research Projects	3,850	17,500
Accruals	12,378	4,000
	<u>£16,228</u>	<u>£29,972</u>

9 RELATED PARTY TRANSACTIONS

The Automobile Association Limited donated £111,743 (1999, £69,300) to the Foundation during the year. The Association recharged costs of £59,908 (1999, £7,735) relating to research development and production of reports and £51,835 (1999, £nil) for management and administrative expenses. In 1999, the Association also incurred expenses of some £94,000 on behalf of the Foundation for which no charge was made.

10 REVENUE COMMITMENTS

At 31 December 2000 there were future revenue commitments relating to research projects amounting to £1,500 (1999, £18,700).

11 CAPITAL COMMITMENTS

At 31 December 2000, there were no capital commitments (1999, nil).