



AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

A COMPANY LIMITED BY GUARANTEE

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

2002



COMPANY REGISTERED NUMBER 2069723
CHARITY REGISTERED NUMBER 295573

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

PATRON

HRH The Duke of Kent KG GCMG GCVO

COUNCIL OF MANAGEMENT

The AA Motoring Trust	(appointed 1 January 2003)
Sir Brian Shaw	(resigned 31 December 2002)
Tony Anderton	(resigned 6 March 2002)
Sir John Blelloch KCB	(resigned 31 December 2002)
John Dawson FIHT FICE	(resigned 31 December 2002)
Kenneth Faircloth OBE FIMI	(resigned 31 December 2002)
George Lowe FCII	(resigned 31 December 2002)
Dr Diana Montgomery	(resigned 31 December 2002)
Bert Morris MCIT MIHT	(resigned 31 December 2002)
Karen Myers	(resigned 31 December 2002)
Charles Naylor	(resigned 31 December 2002)
Sir David O'Dowd CBE QPM CCM	(resigned 31 December 2002)

SECRETARY

Ruth Bridger

HONORARY TREASURER

Christopher Underwood FCA

REGISTERED AUDITORS

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BANKERS

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REGISTERED OFFICE

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AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2002

The Council of Management, which is also a director of the Foundation for the purposes of the Companies Act, submits its annual report and the audited financial statements for the year ended 31 December 2002. The Council of Management continues to adopt 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 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.

During 2002, the Foundation's main benefactor, The Automobile Association Limited, established another charity, The AA Motoring Trust, the objectives of which include some which are similar to the Foundation's objectives. Four of the Trustees of The AA Motoring Trust were also members of the Council of Management of the Foundation. In conjunction with The AA Motoring Trust, the Council of Management then agreed to resign and The AA Motoring Trust was appointed as the sole member of the Council of Management and Member of the Foundation. Accordingly, as from 1 January 2003, The AA Motoring Trust became responsible for the Foundation.

Review of activities and future developments

The Statement of Financial Activities for the year is set out on page 14 of the financial statements. A review of the work of the charity and a summary of the financial results is set out below.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2002 -- Continued

Annual Review

The year 2002 saw the Foundation continue its research to support the government's second national casualty reduction target – a 40% reduction in death and serious injury, with a 50% reduction for children, by 2010.

In February, results from the innovative *European Road Assessment Programme (EuroRAP)*, a major programme conceived and led by the Foundation, were released which brought wide media coverage. This programme is being taken forward with additional funding from the FIA Foundation for the Automobile and Society and the European Commission. EuroRAP has its own web site, www.eurorap.org, and in December it won a prestigious international award for site content and design.

In March, a seminar was held in London to launch two reports:

- *Cradle Attitudes, Grave consequences?* – the Development of Gender Differences in Attitudes and Behaviour in Risky Road Use
- *Age, Health and Driving* – Longitudinally observed changes in reported general health, in mileage, self-rated confidence and in attitudes of older drivers

In July the Foundation's website, www.aafoundation.com, was launched and is attracting over 400 visitors a month. This will become a key method of disseminating the research results of the Foundation in the future.

Work continued on various research projects, and new research projects commenced during the year.

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

The Facts About Children and Road Accidents

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 152 children killed and seriously injured. It became clear that, although the school run represents almost 20 per cent of the total children killed and seriously injured, there was a need to explain to a wide audience where children were most at risk on the roads. The Foundation researched the latest statistical picture and worked in partnership with The AA Motoring Trust so that a popular booklet with advice could be launched in early 2003. The Foundation's statistics act as a basic resource to support delivery of the casualty reduction target for children.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2002 – Continued

Developing a practical pedestrian training resource

Following the distribution of this report in 2001, a follow-up letter was sent to the recipients asking for feedback on the usefulness of the report. An analysis of the responses showed the report was of value. The survey also highlighted the problems in recruiting and keeping volunteers (usually parents) to be trained as trainers.

Accidents alongside high-speed dual carriageways

The purpose of the project is to investigate the incidence of stops alongside motorways and all purpose high speed dual-carriageway roads, the reasons, the duration and the frequency by time of day, day of week, and the accident frequency and circumstances of these accidents.

A draft report of this project was completed towards the end of the year and is to be presented to the Highways Agency (which is jointly funding the project) in early 2003.

Results from this project will be published in 2003.

Surface characteristics and their effect on road safety

This project is in its second year, with the final report expected in July 2003. It 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 on skidding and as an impairment to visibility;
 - lighting provision for accidents after dark;
 - the presence of porous surfaces vis-a-vis skid resistance and vis-a-vis behavioural adaptation (i.e. drivers going faster);
 - the presence or absence of white lines at the road margins.
- To report on the provision regarding relevant research on 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.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2002 – Continued

Estimating safety effects of Road maintenance using databases of Maintenance Activity

The scoping study, undertaken by TRL with advice from Professor Richard Allsop of University College London, was completed in 2002. This study investigated how maintenance activity records were structured and how the various activities were categorised. It also gained an understanding of data availability. The study indicated significant potential to improve the targeting of road maintenance programmes to achieve greater casualty reduction. A detailed proposal is being written in order to seek external funding for research and development work required, particularly from stakeholders.

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

Draft results from this research (conducted by the University of Central Florida) were presented to the Foundation and some of the co-funding motoring organisations in Europe at a meeting in Barcelona in March 2002. The final results were presented and demonstrated to international media at the AIT/FIA Conference week, also in Barcelona, in July 2002. These results are being formulated into advice on distraction issues (due for release mid 2003) that will 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.

European Road Assessment Programme (EuroRAP)

The Foundation continued to lead this research, which started in 2001 on the European Road Assessment Programme (EuroRAP).

The aim of EuroRAP is to provide a safety rating for roads across Europe. This will generate consumer information for the public and give road engineers and planners vital benchmarking information on death and serious injury risks.

The major new contribution of EuroRAP will be to provide two new protocols:

- Risk Rate Mapping – the mapping of death and serious injury rates to common criteria;
- Road Protection score – the scoring of the protection afforded against death and serious injury by design features on individual sections of route.

In February, the first findings were published, including risk mapping, in the UK, Sweden, the Netherlands and Spain (Catalonia). These findings received widespread coverage in national and regional media, particularly in the countries with risk maps.

The results were also made available on the website www.eurorap.org. The AA agreed to carry the risk map for British trunk roads in its 2003 road atlases.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2002 – Continued

European Road Assessment Programme (EuroRAP) - continued

There will also be a series of road design findings illustrating how high-level road characteristics influence the likelihood of death and serious injury. These findings aim to reinforce best practice through the countries of the European Union and beyond.

EuroRAP also aims to increase awareness of death and serious injury resulting from road accidents and cause the issue to rise in public consciousness and debate across Europe. Consumer-driven pressure should ensure that it becomes increasingly unacceptable for lives to be lost because affordable best practice is not applied.

It is expected that EuroRAP will encourage best-affordable technology to be used to avoid the likely and foreseeable human and economic costs of life-threatening impacts. The programme will direct existing resources to be spent more wisely and give engineers objective benchmarking information on the performance of in-service roads, which they do not currently have.

In May, the Foundation was successful in attracting grant funding from the FIA Foundation for the Automobile and Society and, in December, the European Commission also agreed grant funding for the research. Until these grants were available, the Foundation funded the programme for the first five months of 2002, costing a total of £69,000. Work is continuing in the initial four countries and is being extended to include Italy, Ireland and France with other countries in Europe also interested in the programme.

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.

Pan-European research on consumer-interest road safety issues

The Foundation, in conjunction with other European motoring organisations, co-funded consumer research into child restraints and tunnel safety in 2002. The studies were managed from 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. The Foundation continues to participate in the further development of this 'umbrella' programme.

The testing of child seats revealed that standards of side impact protection could be materially improved and manufacturers are responding to the test results.

The research on tunnels showed the UK performing below best European standards. It is gratifying to see practical action at the Merseyside Kingsway and Tyne tunnels encouraged by the programme.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2002 - Continued

Night-time accidents

A scoping study was proposed to investigate casualties at night. It looks at:

- people's concerns, attitudes and beliefs with regard to the problems of night time driving, and
- what information exists which relates to the issues outlined here, including, particularly, who is driving at night and why.

The purpose of the study is to arrive at a picture of what people believe and feel, and what facts are available. The study is likely to probe, particularly, driving by younger and older groups.

Work commenced on this study in October, led by University College London with joint funding from the Rees Jeffreys Road Fund. Results are due later in 2003.

Close following accidents

"Shunt" accidents appear to be a growing problem on crowded roads. A brief scoping study commenced in late 2002 to draw together available data and preventative technologies.

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.
- Child restraints: to investigate ways of demonstrating importance of proper child restraint, of securing proper fit and use.
- Effectiveness of air ambulances: to secure more practical assessment method to take into account benefits and operating practices of air ambulances.

They are also looking at research into the definition of injuries, video camera evidence of fatal accidents, enforcement and behavioural extremes and speed issues, including a speed template.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2002 – Continued

Financial support to third parties promoting research programmes

During 2002, 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). Andrew Howard took over from Brian Langer (who retired in March 2002) as 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.

In September Andrew Howard, the AA's Head of Road Safety Policy, presented a paper at the British Geriatric's Society conference on older drivers and the Foundation made a donation to the Society. Over 700 medical professionals attended the conference and were given synopses of the five reports on older drivers produced by the Foundation.

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

This group met three times (one of which was a day to consider much wider aspects of the future Foundation programme) in 2002 and is chaired by John Dawson, Director, The AA Motoring Trust. 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 for Transport), 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), Bert Morris (Deputy Director, The AA Motoring Trust) and Ruth Bridger (Company Secretary) also attend meetings.

Due to pressure of new work responsibilities, Keith Willett has had to step down from the Advisory Group, but his place has been taken by another member of the medical profession, Robert Handley who also works at the John Radcliffe Hospital Oxford. The Foundation wishes to express its grateful thanks to Keith for the important contribution he has made as a member of CRAG.

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.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2002 - Continued

Financial review

Income generation

The Foundation's income for the year amounted to £298,899 (2001: £440,607); in 2001, there was a second donation from The AA. The AA continues to be the main benefactor for the Foundation donating £149,181 in the year.

Further consolidation in the insurance industry means that donations from this sector noticeably reduced from the levels only a matter of five years ago. In 2002, £15,807 was received from other Corporate donors, compared with £52,836 in 2001.

Efforts will continue to be made in the future to attract new donors 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 structured on the emerging pattern of jointly-funded projects with third party organisations and with grants from other charities and government bodies.

The Foundation obtained a grant of £102,067 from the FIA Foundation for the Automobile and Society to fund the EuroRAP project, which it is managing on behalf of partners across Europe.

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 have increased from £340,193 in 2001 to £358,883 in 2002. 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

In accordance with the Council's statement on the Foundation's policy on reserves in last year's report, which was to reduce the level of reserves over a two year period, the Foundation's total reserves have decreased by £59,984 during the year. In conjunction with The AA Motoring Trust, the Council, in 2003, will be carrying out a review of the level of reserves of the Foundation for the future.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2002 - Continued

Governance and internal control

The Council of Management, chaired by Sir Brian Shaw, met twice in 2002. At the Council of Management's meeting in October 2002, the decision was made to invite the newly-formed charity, The AA Motoring Trust, to become the sole trustee with effect from 1 January 2003.

The Research Advisory Group met three times in 2002 and continues to be chaired by John Dawson, Director, The AA Motoring Trust. At the end of 2002, Keith Willett had to resign from the group due to pressure of new appointments and the Foundation is very grateful for his expertise in the medical field. His position on CRAG is being taken by Robert Handley. We are very grateful 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 of Management confirms that in preparing the financial statements on pages 14 to 18 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 of Management also confirms that the financial statements have been prepared on a going concern basis.

The Trustee has overall responsibility for ensuring that the Foundation has an appropriate system of controls, financial and otherwise. The Council of Management also 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.

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

Following the formation of The AA Motoring Trust and its appointment as sole trustee, The AA Motoring Trust will update the assessment of the risks to which the Foundation is exposed. This assessment will be carried out in 2003 together with its own risk assessment.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

Report of the Council of Management for the year ended 31 December 2002 - Continued

Technical Director

Rod Kimber continues in this role on behalf of the TRL. The arrangement is now in its fifth year and has proved extremely effective.

Publicity and staffing

The Foundation has, throughout 2002, 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 worked 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.

Launched in 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

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 2 May 2003 and the Council of Management appointed its successor, PricewaterhouseCoopers LLP, as auditors.

This report was approved by the Council of Management on 2 May 2003.



Sir Brian Shaw
Chairman, The AA Motoring Trust

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF THE AUTOMOBILE ASSOCIATION FOUNDATION
FOR ROAD SAFETY RESEARCH**

We have audited the financial statements on pages 14 to 18, which have been prepared under the historical cost convention and accounting policies set out on page 16.

Respective responsibilities of Council of Management and Auditors

The Council of Management is also a director of The Automobile Association 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 on page 10.

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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER 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 2002 and of the net resources expended 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, *2 May* 2003

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	Unrestricted Funds 2002 £	Restricted Funds 2002 £	Total 2002	Total 2001
Incoming resources					
Donations	2	164,988	-	164,988	366,404
Activities in furtherance of the Foundation's objects	3	16,005	107,167	123,172	62,850
Activities for generating funds	4	10,739	-	10,739	11,353
Total incoming resources		<u>191,732</u>	<u>107,167</u>	<u>298,899</u>	<u>440,607</u>
Resources expended					
Charitable expenditure:					
Costs of activities in furtherance of the Foundation's objects:					
Research projects, development and publication		(217,493)	(105,642)	(323,135)	(278,056)
Support costs		(28,568)	-	(28,568)	(56,232)
Management and administration		(7,180)	-	(7,180)	(5,905)
Total resources expended	5	<u>(253,241)</u>	<u>(105,642)</u>	<u>(358,883)</u>	<u>(340,193)</u>
Net movement in funds		(61,509)	1,525	(59,984)	100,414
Fund balance at 1 January 2002		327,761	-	327,761	227,347
Fund balance at 31 December 2002		<u>£266,252</u>	<u>£1,525</u>	<u>£267,777</u>	<u>£327,761</u>

All items dealt with in arriving at the net movement in funds for 2002 and 2001 relate to continuing operations.

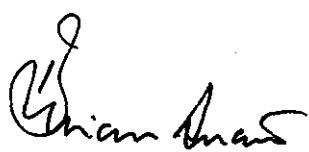
The Foundation has no recognised gains or losses in 2002 and 2001, other than those included in the statement of financial activities reported above and, therefore, no separate statement of total recognised gains or losses is presented.

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

BALANCE SHEET AT 31 DECEMBER 2002

	Notes	2002 £	2001 £
Current Assets			
Debtors	7	43,414	7,463
Short term deposits	8	340,000	250,000
Cash at bank and in hand		49,235	140,639
		<u>432,649</u>	<u>398,102</u>
Creditors:			
Amounts falling due within one year	9	(164,872)	(70,341)
Net assets		<u>£267,777</u>	<u>£327,761</u>
Restricted funds	10	1,525	-
Unrestricted funds		266,252	327,761
Total funds		<u>£267,777</u>	<u>£327,761</u>

The financial statements on pages 14 to 18 were approved by the Council of Management on 2 May 2003 and were signed on its behalf by:



SIR BRIAN SHAW
CHAIRMAN, THE AA MOTORING TRUST

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE ACCOUNTS – 31 DECEMBER 2002

1 ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and 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 AA Motoring Trust is the sole member of the company. 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 Trustee in furtherance of the general objectives of the Foundation and which have not been designated for other purposes.

Restricted funds are funds that should only be applied for a particular purpose – namely on the EuroRAP Project.

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 2002- Continued

2 DONATIONS

	2002 £	2001 £
Donations from The Automobile Association Limited	149,181	313,568
Donations from other corporate donors	15,807	52,836
	<u>£164,988</u>	<u>£366,404</u>

3 ACTIVITIES IN THE FURTHERANCE OF THE CHARITY'S OBJECTS

Activities in furtherance of the charity's objects includes a grant receivable of £102,067 (2001: £57,556) for European research work.

4 ACTIVITIES FOR GENERATING FUNDS

Activities for generating funds comprises interest receivable of £10,739 (2001: £11,353)

5 TOTAL RESOURCES EXPENDED

	Direct Costs £	Project Management £	Costs recharged by the AA £	Other £	Total 2002 £	Total 2001 £
Research projects	228,194	49,481	30,613	14,847	323,135	278,056
Support costs	-	-	28,568	-	28,568	56,232
Management and administration	-	-	-	7,180	7,180	5,905
	<u>£228,194</u>	<u>£49,481</u>	<u>£59,181</u>	<u>£22,027</u>	<u>£358,883</u>	<u>£340,193</u>

Other costs include auditors' remuneration of £3,000 (2001: £2,263). The Foundation has no employees or direct staff costs.

6 TRUSTEE REMUNERATION

The Trustees did not receive any emoluments in respect of their services to the Foundation and three members were reimbursed travelling expenses, totalling £2,975 (2001: £nil).

7 DEBTORS

	2002 £	2001 £
Interest receivable	3,750	4,288
Other debtors	15,226	1,000
The Automobile Association Limited	24,438	2,175
	<u>£43,414</u>	<u>£7,463</u>

AUTOMOBILE ASSOCIATION FOUNDATION FOR ROAD SAFETY RESEARCH

NOTES TO THE ACCOUNTS – 31 DECEMBER 2002 - Continued

8 SHORT TERM DEPOSITS

Short term deposits, which are stated at cost, comprise fixed term time deposits with Barclays Bank plc.

9 CREDITORS

Amounts falling due within one year

	2002 £	2001 £
Research projects accruals	132,052	55,224
Other accruals	32,820	15,117
	<u>£164,872</u>	<u>£70,341</u>

10 RESTRICTED FUNDS

These funds are restricted to expenditure on research on the EuroRAP project. Further funds were received in 2003 to fund the continuing activities on this project.

11 RELATED PARTY TRANSACTIONS

The Automobile Association Limited donated £149,181 (2001: £313,568) to the Foundation during the year. The Association recharged costs of £30,613 (2001: £42,337) relating to research development and production of reports and £28,568 (2001: £56,232) for support costs.

12 REVENUE COMMITMENTS

At 31 December 2002 there were future revenue commitments relating to research projects amounting to £91,453 (2001: £19,210).

13 CASH FLOW STATEMENT

The Foundation falls below the threshold for the requirement to produce a cash flow statement.

14 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

2002	Unrestricted funds £	Restricted funds £	Total £
Current assets	345,386	87,263	432,649
Creditors	(79,134)	(85,738)	(164,872)
	<u>£266,252</u>	<u>£1,525</u>	<u>£267,777</u>

