(Company number 3011746)

Transport Research Foundation
Reports and Financial Statements

30 June 2022

Corporate Information

Directors

Charles Rice	Chairman
Paul Campion	Chief Executive
Alan Hardy	Chief Financial Officer
Christopher Lodge	Non-Executive Director (employee appointed)
Stephen Parker	Non-Executive Director
Miranda Sharp	Non Executive Director
Guy Mason	Non Executive Director

Secretary

Peter Millard

Auditor

RSM UK Audit LLP
Third Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Bankers

Lloyds Bank PLC
10 High Street
Bracknell
Berkshire
RG12 1BT

Solicitors

Coffin Mew LLP
3rd Floor Cumberland House
15-17 Cumberland Place
Southampton
Hampshire
S015 2BG

Registered Office

Crowthorne House
Nine Mile Ride
Wokingham
Berkshire
RG40 3GA
Telephone : +44 (0)1344 773131
Fax : +44 (0) 1344 770356
Email : enquiries@trl.co.uk
Website : www.trl.co.uk

Registered Number : 3011746

STRATEGIC REPORT

GROUP PROFILE

The 'TRL' group of companies is owned by the Transport Research Foundation: a non-profit distributing company that enables our experts to give independent advice without influence from shareholders or finance companies.

TRL is a team of expert scientists, engineers and specialists working together with our clients and partners to create the future of transport.

TRL:

- Publishes software that helps the world's largest cities and many smaller towns to reduce pollution, carbon footprint and congestion with advanced traffic management, better road design and market-leading road asset management.
- Does leading edge research into infrastructure, vehicles and human behaviours which is relied on by governments, public bodies and organisations across the industry to enable safer, cleaner, more efficient transport.
- Delivers detailed incident investigation, structural survey, environmental data collection and analysis and other high value field services to help clients to improve the service they give their customers.
- Operates the Smart Mobility Living Lab: the world's first physical and virtual testbed in a global megacity (London) that lets companies test new mobility products and services safely on live public roads in the middle, and with, of a diverse community.

Established in 1933 as the UK government's Road Research Laboratory, the renamed TRL was privatised in 1996 and today has more than 1,000 clients in many countries. Our headquarters are in Crowthorne House, near Bracknell, and we have offices in Birmingham, Edinburgh, London, Germany and India.

Trading summary

The Group aimed to recover from the exceptional trading conditions during the pandemic to normal operations, to build a platform for future growth and to make a meaningful profit. These goals were achieved.

	30th June 2022	30th June 2021
Turnover	**£24.4m**	**£20.9m**
Gross profit	**£14.3m**	**£12.5m**
Gross profit margin	**59%**	**60%**
Profit/(loss) before interest, tax, depreciation & amortisation (EBITDA)	**£2.0m**	**£0.7m**
EBITDA margin	**8.2%**	**3.4%**
Profit before interest & taxation (EBIT)	**£0.99m**	**£0.03m**
Cash at bank and in hand	**£2.8m**	**£2.6m**

Extracts from audited accounting periods of 2021/22 and 2020/21.

Context

TRL operates in the market for mobility and transport. This market is a very large and foundational part of the global economy which influences the life of every person, and the operations of every business but which faces major challenges that require fundamental change over the next few decades.

- Transport as a sector is one of the largest contributors to atmospheric carbon, and it must find ways to reduce emissions of greenhouse gases and other pollutants.
- The need to reduce inequality both within and between countries will also require significant changes to the way that transport outcomes have traditionally been delivered.
- New technology, and in particular the digitalisation of transport, can provide different, and sometimes radically different ways to satisfy transport and mobility needs.

Together these drivers and enablers will require organisations to make significant changes to their operations. The demand for innovation, and the need to build strategies on a secure evidence base as new products and services are developed creates an advantageous context for TRL to operate in.

The severe impact of the COVID pandemic in the previous financial year (2020-21) had required the company to take many steps to secure its future. For example the company had taken advantage of government schemes to delay the payment of some taxes, and furlough staff.

During the financial year 2021-22, as the impact of the pandemic lessened, these schemes closed and trading condition improved.

Strategy

TRL's strategy is to pursue its vision to be an independent world leader in creating the future of transport, using evidence-based research and innovative thinking to develop sustainable solutions for its clients through various business models.

1. **Project-based research and consultancy** - These are custom projects utilising a broad range of technical disciplines to meet our clients' needs typically on fixed price or time-based contracts.
2. **Technical services** - These are typically highly specialised services that meet specific client requirements with limited customisation.
3. **Software** - We licence a variety of software products to clients to enable them to design, operate and manage roads safely and efficiently.
4. **Advanced development and testing facilities** - The Smart Mobility Living Laboratory (SMLL) in east London is a global unique environment where companies can innovate with partners from the mobility, freight and associated sectors, develop and test new products and services.

Performance

At the beginning of the financial year (July 2021) the group was emerging from the previous year's very difficult trading conditions. All the group's employees had made significant sacrifices and shown remarkable commitment to the group, and its mission, and it was vital that we were able to deliver better results that could demonstrate the strategy was valid and the plan was working.

The business achieved this goal, delivering a meaningful positive EBIT in the year whilst exiting from the various government support schemes, paying down debts incurred and returning to normal trading conditions.

The value of new contracts won were more than double that were achieved in the previous year. This excellent performance reflected investments in sales skills, resources and processes and included two significant sales which progresses the plans to reposition parts of the business. In the Services business TRL was awarded four frameworks supporting three regions of National Highways to monitor the condition of the highway assets and the Software business was awarded the contract to replace National Highways' pavement asset management system 'HAPMS'. Many smaller wins extended TRL consulting's capabilities in various technical domains and the SMLL won new business from a variety of companies developing and testing new products and services, and also grew the Innovation Community to more than 35 companies who are working together with TRL to explore and build the future of mobility and freight.

Despite continuing significant investment in developing software assets and in building skills and capabilities, the business positively managed its working capital in the period and did not utilise its overdraft facilities, which remain in place with the continued backing of Lloyds Bank. The cash in hand at the end of the financial year was approximately the same as at the beginning of the year.

Although the employment market became increasingly active during the year, and toward the year end the industry saw levels of employee churn that are unprecedented in recent times, the company has not experienced any difficulty in attracting high quality candidates and has continued to invest in its future through graduate hires, pay rises and spending on education and training.

Customers and Suppliers

TRL enjoys some long-standing and close relationship with a number of important clients, business partners and suppliers. The satisfaction of our clients with our services is good and we improved the measured quality of our delivery during the year. Although the amount of business we placed with suppliers did not increase in the year we continued to have strong and productive relationships with our key suppliers and anticipate continuing these important business relationships based on shared values and mutually profitable business.

During the year the ownership of our headquarters building, Crowthorne House, changed. We have agreed with the new landlord changed lease terms and conditions that are better suited to our current hybrid working arrangements and our anticipated future needs.

The SMLL Innovation Community grew to more than 35 organisations from a range of industries such as insurance, vehicle and vehicle sub-system manufacture, software, smart cities and city administration who see the SMLL as a place to collaborate to understand and develop future mobility and freight products and services.

Governance

Mr. Peter Millard resigned as a Non-Executive Director at the AGM on 22nd March 2022 and continues as Company Secretary. At the same meeting Mrs. Miranda Sharp and Mr. Guy Mason were appointed as Non-Executive Directors of the Transport Research Foundation.

Community

TRL scientists and engineers engage with the wider community of stakeholders in transport in numerous ways.

1. TRL publishes as many of its research outputs as it can and makes them freely available for download from the TRL website.
2. TRL actively encourages its staff to publish and disseminate TRL science (from contract research and self-funded work) in peer-reviewed publications (journals and conference proceedings) and in wider settings such as media engagement, blogging, webinars (hosted by TRL and contribution to others) and industry workshops and publications.
3. TRL scientists and engineers sit on numerous working groups and expert committees, including government advisory panels, EU and UN transport groups, and peer-review boards for research funding bodies and journals, at national and international level, meaning their expertise is used to determine the direction of scientific investment. This is in-line with the TRL mission to create clean, efficient transport that is safe, reliable and accessible for everyone.

TRL's wider networking activities ensure that TRF members are also given opportunities to feed into such activities.

STRATEGIC REPORT

(CONTINUED)

People

TRL is a people-based business.

The Group's measures to protect its employees meant that no-one caught or was suspected of having caught COVID-19 at work. Attrition remained at industry levels (although the economy saw increased employee mobility as the unusual conditions of the pandemic receded) and at no time has the organisation struggled to attract high calibre candidates to fill vacancies. During the year the wage restraint, furlough and other measures were removed, and a "Future Working" plan was implemented that gives employees high level of flexibility in how and where they work which supports the productivity improvements we have sought and makes TRL an attractive place to work. During the year TRL was again awarded and "Investors in People" Silver award (with improved scores in all categories over the last evaluation three years ago) and launched a "Plan for Gold" to ensure that employees continue to see continuous improvement in their working conditions.

The Group is grateful to all its employees for the commitment and support they have shown during challenging times.

Principal risks

There are a range of risks and uncertainties facing the Group. The examples below are not intended to be exhaustive, but comprise the principal risks that the Directors believe could have a significant impact on the Group's performance:

- Macro-Economic Conditions: The Group continues to operate a diversified portfolio, however a large proportion of TRL's activity is focused in the UK and, a material downturn in the UK economy could pose a risk to Group performance. The inflationary conditions, particularly wage inflation, are tending to increase our cost base and, if we were unable to pass these costs onto our clients, would tend to reduce our gross margins.
- Framework Contracts: The Group is reliant on certain major UK public sector clients for contracts awarded under framework agreements, which are subject to periodic competitive tender.
- Pension Deficit: The Group continues to have a defined benefit pension scheme deficit, details of which are contained within note 18. The directors have agreed with the scheme trustees an on-going plan to deal with this deficit. The size of the deficit calculated in accordance with FRS102 has reduced in the year from £21.0m to £6.2m, principally due to an increase in corporate bond yields and hence the discount rate used to calculate scheme liabilities.
- Employees: The Group's continued competitive and reputational success depends on having sufficient employees with appropriate knowledge and expertise. TRL is essentially a knowledge business, with employees as its major asset. There is the risk that if the Group loses, or fails to attract, employees of the requisite calibre, this could adversely impact the business. The Group seeks to mitigate this risk by investing in appropriate professional development, remuneration incentives and focused recruitment.

The Directors maintain a Group risk register that identifies and evaluates risks as soon as possible, while co-ordinating the implementation of suitable measures to mitigate such risks. The risk register is reviewed at least every three months, with each identified risk having a 'risk-owner' within the senior leadership team.

STRATEGIC REPORT

(CONTINUED)

Directors' Duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 and summarised as follows;

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to;

- The likely consequences of any decisions in the long-term;
- The interests of the group and company's employees;
- The need to foster the group and company's business relationships with suppliers, customers and others;
- The impact of the group and company's operations on the community and environment;
- The desirability of the group and company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary from an independent advisor.

Risk Management

For details of our principal risks and uncertainties, and how we manage our risk environment, please see page 5.

Our People

TRL depends on its people whose knowledge and skill are its principal assets.

For further details on our people, please see pages 5, 9 and 10.

Business Relationships

For details on how we work with our customers and suppliers, please see page 4.

Community and Environment

TRL scientists and engineers engage with the wider community of stakeholders in transport in numerous ways. For further details on how we interact with communities and the environment, please see pages 4, 10, 11 and 12.

Business Conduct

For details of the certifications and accreditations that have been achieved by TRL, please see page 12.

Members

For further details on how we engage with our members, please see page 4.

Outlook

The Directors note TRL's turnover growth and return to meaningful profitability in FY 21/22. Although the economic environment continues to be uncertain, the business has demonstrated an improved ability to win and perform work during FY 21/22 and is planning a further improvement in FY 22/23.

P Campion
Chief Executive
20 September 2022

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Group encompass a range of research, technology and software solutions for surface transport modes and related markets of automotive, motorsport, insurance and energy.

RESEARCH AND DEVELOPMENT

As well as performing research projects for its customers, the Group also funds its own programme of innovative research, managed through the TRL Academy, which is mainly delivered internally by the Group's personnel. Outcomes of this research are disseminated on behalf of the Group through TRL's website, www.trl.co.uk. As a result, TRF has Scientific Research Association status under s469 of the Income and Corporation Taxes Act 2010, which it has maintained since incorporation.

DIRECTORS OF THE COMPANY

The Directors who served during the year were as follows:

C J Rice *	Chairman
P J Campion	
A Hardy	
C Lodge *	
P Millard *	(resigned 13 January 2022)
S Parker *	
M H Sharp *	(appointed 13 January 2022)
G R Mason *	(appointed 13 January 2022)

* Non-executive director

The Board ensures that the Group operates with effective systems and controls. These ensure that both authority and accountability are clearly defined. They also ensure that risks are appropriately managed. The Board generally meets at least eight times per year, although additional meetings may be held when required.

The Group has an Executive Leadership Team. It is this team's responsibility to ensure that the Board has timely, accurate and relevant information to enable it to carry out its responsibilities.

The Transport Research Foundation is a company limited by guarantee, and as such there is no share capital in the Company. No Director had any interests in the share capital of the Company's subsidiaries.

EMPLOYEES

The average monthly number of employees for the year ended 30 June 2022 was 271 (2021: 284).

RATIOS

Annualised turnover generated per employee for the year ended 30 June 2022 was £90,000, as compared to £74,000 for the year ended 30 June 2021.

The current ratio (current assets as a ratio of current liabilities) as at 30 June 2022 was 1.65, compared to 2.22 at 30 June 2021.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, and the financial position of the Group are set out in the Strategic Report on pages 2 to 6.

The Group uses cash flow forecasts derived from the budget and medium-term planning to identify headroom and any future funding requirements. The Group meets its day to day working capital requirements through operating cash flow, with facilities available to meet bonding and capital expenditure requirements. In order to support the new HAPMS contract and future domestic and international sales of TRL's iROADS software, a new General Export Facility (GEF) loan was agreed during the year which has provided £2.5m of facility to provide funding for software development expenditure. The Group had £1.6m (2021: £1.1m) of undrawn facilities as at 30 June 2022.

The Group has a pension scheme deficit that, measured under FRS 102, was £6.2m (2021: £21.0m) at the end of June 2022. This liability is due to unwind over a long period of time and scheme payments by TRL are pre-set every three years as part of a triennial funding review.

The Group's forecasts and projections, including stress testing taking account of reasonable changes in trading performance, confirm that the Group should be able to operate within the level of its banking facilities. The Group has also continued to seek efficiencies within its cost base. After making enquiries and having evaluated the on-going trading of the business, the Directors have reasonable expectations that the Group has adequate resources to continue to operate for a period considered to be at least 12 months from the date of this report. Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the Annual Reports and Financial Statements.

FINANCIAL INSTRUMENTS RISKS

Exposure to credit, liquidity and interest rate risks arise in the normal course of business. These are monitored by the Board of Directors and were not considered to be significant at the Statement of Financial Position date. The risks are mitigated by the Group's financial management policies below;

- Credit risk – The Group assesses new and current customers for their creditworthiness. Trade debtor balances are monitored on an ongoing basis.
- Liquidity risk – The Group manages liquidity risk through forecasting cash flows and monitoring funds on a daily basis.
- Interest rate risk – The Group has limited external borrowings and manages cashflows as not to require additional facilities. As such, the Group have a low level of interest charges from our existing banking facilities.

DIRECTORS' REPORT

(CONTINUED)

FUTURE DEVELOPMENTS

The Group will continue to seek opportunities to develop its new business through diversification into new geographies and services as well as ensure that its existing valuable customer base remains fully satisfied with its current provision of research, technology and software solutions.

EMPLOYEE INVOLVEMENT

The employment policies of the Group embody the principles of equal opportunity and the Group does not discriminate against anyone on any grounds. Employment arrangements are intended to be fair, equitable and consistent with the skills and abilities of the employee and the needs of the business. It is Group policy to comply with all applicable laws governing employment practices. The Group ensures that every individual is given equal opportunity in employment, training and development regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation, thereby building a diverse and inclusive workforce.

TRL has been awarded Silver accreditation under the Investors in People framework 'We invest in apprentices'. The Investors in People apprenticeship framework is designed to support the apprentice and the company in equal measure. The framework is a means of assessing how well the employer is doing at supporting its apprentices. The framework covers three areas: commitment, development and communication.

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees and Regulations 2004. The Group keeps employees informed via internal electronic communications and by periodic "Town Hall" meetings and internal announcements. Account is taken of any comments and feedback provided directly by employees, or through the Employee Council, in the formulation of policies and procedures. A member of staff is appointed by employees to serve as a non-executive Director.

The Board would like to thank all employees of the Group for the valuable contribution that they made during the year.

GENDER PAY GAP

Our people are key to our competitive advantage and it is, therefore, essential that we are able to recruit and retain staff from the widest possible talent pools. To support this, we are committed to being recognised as an employer of choice, creating an inclusive working environment in which all staff feel valued and respected, where opportunities are accessible to all, and where diversity and flexibility in our working and employment practices is embraced. The full Gender Pay Gap statement is available in full on our website via www.trl.co.uk/about-us/assurance-independent-certification.

REAL LIVING WAGE

In May 2022, TRL became a Real Living Wage accredited employer. As the cost of living continues to outplace wage growth and many households in the UK struggle with food and energy bills, TRL has pledged to pay its employees and those employed by third party suppliers the Real Living Wage.

MODERN SLAVERY POLICY STATEMENT

We take responsibility for our impact on society, and our Modern Slavery Policy Statement sets out the steps the Group has taken to ensure that slavery and human trafficking is not taking place in our supply chains or in any part of our business. The statement is available in full on our website via www.trl.co.uk/about-us/assurance-independent-certification.

ENVIRONMENTAL POLICY

The Group is committed, by means of target setting, monitoring and periodic audits, to ensure that environmental issues are considered in planning our business and managing our operations and to comply with the requirements of environmental legislation, regulations and codes of practice.

Carbon reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 require all large companies to report on their energy consumption (kWh) and greenhouse gas (GHG) emissions, which are classified as either direct or indirect and which are divided between Scope 1, Scope 2, and Scope 3 emissions. Our emissions reporting exceeds SECR requirements by including enhanced scope 3 emissions. Direct GHG emissions (Scope 1) are emissions from sources that are owned or controlled by the Group (typically tank-to-wheel emissions from TRL's fleet). Indirect GHG emissions (Scope 2 and 3) are emissions that are a consequence of the activities of the Group, but that occur at sources owned or controlled by others. Our Scope 2 represents the consumption of electricity and heat provided by the landlord of our premises. These are estimated as we are not provided with full sub metering at leased locations. Our Scope 3 emissions correspond to well-to-tank emissions from our fleet; energy consumption and loses; emissions from employees' business and commuting trips including car rentals; hotel stays and mileage; water consumption; waste; IT servers and the procurement of computers. The carbon accounting methods follows UK Government conversion factors for company reporting of greenhouse gas emissions and the GHG Protocol Corporate Value Chain (Scope 3) Standard.

We have chosen to report two different carbon intensity key performance indicators to enable the Group to monitor year-on-year progress, compare these with other organisations from our sector and drive strategical decisions to achieve net zero by 2028. As the Group is a 'people' business, the most suitable metric is 'Emissions per Employee', based on the average number of Full Time Employee Equivalent (FTE) employees during the year. As we work with many transport infrastructure owners and managers, and construction companies, we also report from this year carbon intensity based on revenue, as this is a typical metric used by the industry.

DIRECTORS' REPORT

(CONTINUED)

The Group's emissions per employees are shown in the table below[1].

Scope	Description	Current Reporting Year 2021 – 2022	Historical Updated Reporting Year 2020-2021
	kWh	823,033	440,908
Scope 1	Fuels used in our fleet	78	15
Scope 2	Electricity and heating used (leased locations)	84	92
Scope 3	Vehicles used but not owned	217	117
Total		379	224
Carbon Intensity per employee (t $CO2_e$ /FTE)		1.51	0.79
Carbon intensity per revenue (t $CO2_e$ /£m)		15.5	10.7

TRL has an environmental management system and is ISO14001 certified. To continue our progress to achieving net zero, we are committed to reach this by 2028, exceeding SBTi targets. We believe this offers the best prospect to keep global warming under the 1.5°C scenario. Our GHG emissions have already decreased over 80% from the baseline year (FY2018/2019) despite having increased during the last year as a result of the end of the Covid-19 restrictions and the return to normal operations.

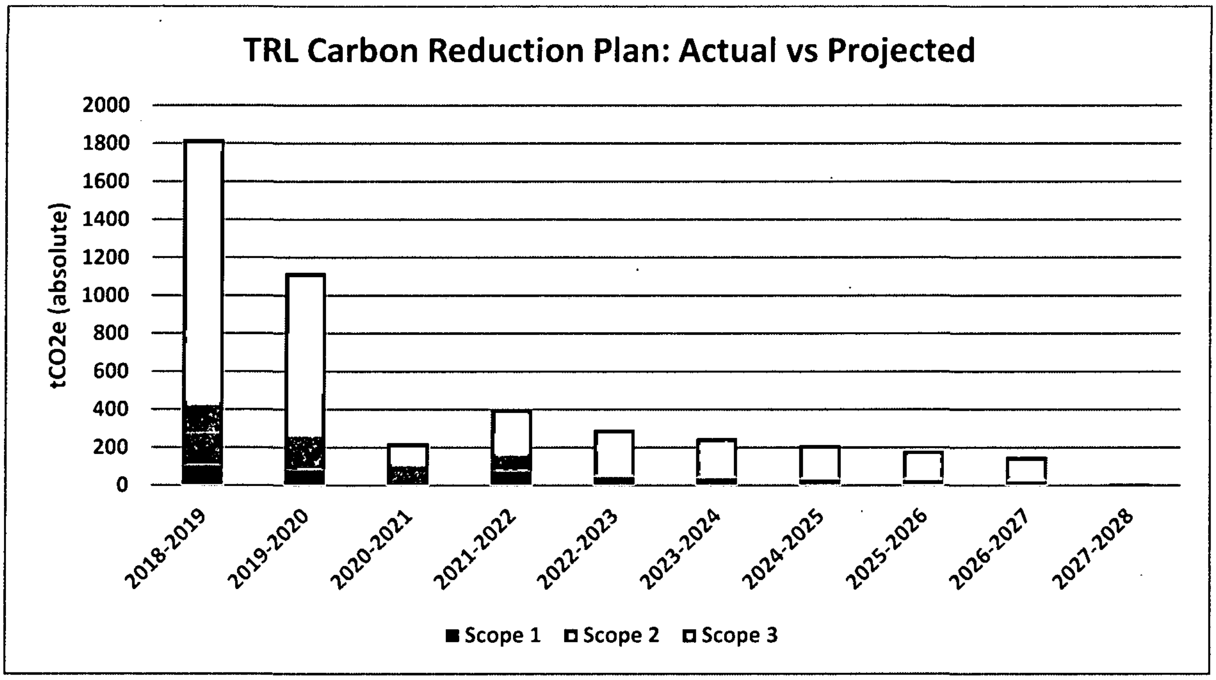
Compared to our (PPN6-21) decarbonisation plan forecast, TRL has decreased total emissions over initial expectations after introducing and promoting several decarbonisation policies. Enabling the workforce to work from home led to a significant reduction in scope 3 emissions. We expect to reduce current emissions by 15% year-on-year until FY2026/2027 when residual emissions will be eliminated, enabling TRL to achieve net zero by 2028.

(1) *Emissions reported in **t $CO2_e$** based on emission factors published annually by the UK Government (Government conversion factors for company reporting of greenhouse gas emissions - GOV.UK (www.gov.uk))*

DIRECTORS' REPORT

(CONTINUED)

Updated TRL historical and forecast GHG emissions, as required in PPN6-21.



We lead by example by setting stringent decarbonisation targets for ourselves. Climate mitigation and climate resilience are key pillars of TRL environmental strategy. We support and deliver environmentally friendly transport solutions aligned with the climate emergency and UN Sustainable Development Goals that are cost-efficient, scalable, tractable, safe and resilient. To that end we have developed tools and frameworks to decarbonise fleets, infrastructure, and operations, and others to assess the impact of climate scenarios on transport assets.

Further details regarding our Carbon reduction plan and decarbonisation policies are available in full on our website via TRL | Assurance & Independent Certification.

CERTIFICATIONS

On behalf of the wider Group, TRL Limited is currently certified to the following standards:

- ISO 9001:2015 – Quality Management System Requirements
- ISO 14001:2015 – Environmental Management System
- ISO 45001:2018 – Health & Safety Management System
- ISO 27001:2013 – Specification for Information Security
- ISO/IEC 17025:2017 – Testing Laboratory Management System Requirements
- Cyber Essentials Plus.

In addition to its formal certifications, the Group's Anti-Bribery policy adopts some of the principles established in other Standards such as BS 22301 (Business Continuity), ISO 44001 (Collaborative Relationships) and BS 10500 (Anti-Bribery) as appropriate for the business.

AUDIT AND REMUNERATION COMMITTEES

The Audit Committee comprises Mr. Charles Rice (Chairman), Mr. Stephen Parker, Mr Guy Mason and Mrs Miranda Sharp. The Chief Executive, Chief Financial Officer and external auditor are also present as required. The Committee meets at least once a year to review and monitor such matters as the Group's external financial reporting process and audit activities.

The Remuneration Committee comprises the same members as the Audit Committee. The Committee meets at least once a year to decide all the elements of the remuneration and benefits of the Executive Directors.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year the Group purchased and maintained liability insurance for its Directors and officers as permitted by section 234 of the Companies Act 2006.

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Director's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware and each Director has taken all steps that they ought to have taken as a Director to make them aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

RE-APPOINTMENT OF AUDITOR

In accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for re-appointment of RSM UK Audit LLP as auditor of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make adjustments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

DIRECTORS' REPORT

(CONTINUED)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Sch. 7.11B (1) and (2) (how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others).

Approved by the Board of Directors and signed on its behalf by:

A Hardy
Chief Financial Officer
20 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSPORT RESEARCH FOUNDATION

Opinion

We have audited the financial statements of Transport Research Foundation (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise Group Income Statement, Group Statement of Comprehensive Income, Statement of Changes in Equity (Group and Parent Company), Group Statements of Financial Position, Parent Company Statement of Financial Position, Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from Branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Directors' responsibilities statement set out on pages 13 and 14, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSPORT RESEARCH FOUNDATION (CONTINUED)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and Parent Company operate in and how the Group and Parent Company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations and pension law. We have performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, evaluating advice received from external tax advisors and confirmed that the Group continues to make pension contributions in line with the funding agreement.

The audit engagement team identified the risk of management override of controls and revenue cut-off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and reviewing managements stage of completion calculations on a sample of contacts at the balance sheet date.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Christopher Hurren BA FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
One London Square
Cross Lanes
Guildford
GU1 1UN

Date: 30 September 2022

GROUP INCOME STATEMENT
for the year ended 30 June 2022

	Notes	**2022** £000	2021 £000
TURNOVER	3	**24,358**	20,874
Cost of sales		**(10,016)**	(8,337)
Gross profit		**14,342**	12,537
Administrative expenses - excluding depreciation and amortisation		**(12,421)**	(12,473)
Administrative expenses - government income - CJRS		**88**	644
		(12,333)	(11,829)
Profit before interest, tax, depreciation & amortisation		**2,009**	708
Depreciation and amortisation		**(1,023)**	(683)
GROUP OPERATING PROFIT	4	**986**	25
PROFIT BEFORE INTEREST & TAXATION		**986**	25
Interest payable and similar expenses	7	**(448)**	(383)
PROFIT/(LOSS) BEFORE TAXATION		**538**	(358)
Tax (charge)/credit on profit/(loss)	8	**(501)**	858
PROFIT FOR THE FINANCIAL YEAR		**37**	500

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

		2022 £000	2021 £000
Profit for the financial year		**37**	500
Remeasurement gain recognised on defined benefit pension scheme	18	**15,107**	1,949
Movement on deferred tax relating to pension liability	8(c)	**(3,777)**	(370)
Effect of increased tax rate on deferred tax asset	8(c)	**-**	1,262
Currency translation differences		**(30)**	51
Total comprehensive profit for the year		**11,337**	3,392

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2022

GROUP

	Profit and loss account
	£000
At 1 July 2020	(10,563)
Profit for the year	500
Net decrease in pension liability	2,841
Currency translation differences	51
Total comprehensive loss for the year	3,392
At 30 June 2021	(7,171)
Profit for the year	37
Net decrease in pension liability	11,330
Currency translation differences	(30)
Total comprehensive profit for the year	11,337
At 30 June 2022	**4,166**

PARENT COMPANY	Profit and loss account
	£000
At 1 July 2020	16,802
Loss for the year	(6)
At 30 June 2021	16,796
Loss for the year	(13)
At 30 June 2022	**16,783**

GROUP STATEMENT OF FINANCIAL POSITION
at 30 June 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Intangible assets	9	**4,937**	2,813
Tangible assets	10	**1,189**	1,442
		6,126	4,255
Current assets			
Stocks		**58**	97
Debtors : amounts falling due within one year	11	**5,369**	4,565
Debtors : amounts falling due in more than one year	11	**7,038**	11,073
Cash at bank and in hand		**2,873**	2,621
		15,338	18,356
Creditors: amounts falling due within one year	13	**(9,235)**	(8,284)
Net current assets		**6,103**	10,072
Total assets less current liabilities		**12,229**	14,327
Creditors: amounts falling due after one year	16	**1,405**	-
Provisions for liabilities and charges	17	**453**	453
Defined benefit pension liability	18	**6,205**	21,045
Total equity & profit and loss account		**4,166**	(7,171)
		12,229	14,327

The financial statements on pages 18 to 48 were approved by the Board of Directors and authorised for issue on 20 September 2022 and are signed on its behalf by;

C. J. Rice

C J Rice
Chairman
20 September 2022

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
at 30 June 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Investments	14	**16,800**	16,800
Current assets			
Debtors : amounts falling due within one year	11	**54**	54
Cash at bank and in hand		**1**	1
		55	55
Creditors: amounts falling due within one year	13	**(72)**	(59)
Net current liabilities		**(17)**	(4)
Total assets less current liabilities		**16,783**	16,796
Capital and reserves			
Called up share capital		**-**	-
Profit and loss account		**16,783**	16,796
		16,783	16,796

The loss for the Company for the year ended 30 June 2022 was £13k (2021: Loss of £6k)

The financial statements on pages 18 to 48 were approved by the Board of Directors and authorised for issue on 20 September 2022 and are signed on its behalf by;

C J Rice
Chairman
20 September 2022

GROUP STATEMENT OF CASH FLOWS
for the year ended 30 June 2022

	Notes	2022 £000	2021 £000
Net cash inflow from operating activities	12 (a)	**706**	793
Taxation			
Research and development tax credit		**670**	831
Investing activities			
Payment to acquire tangible fixed assets		**(66)**	(63)
Payment to acquire intangible fixed assets		**(2,828)**	(1,070)
Net cash outflow from investing activities		**(2,894)**	(1,133)
Financing activities			
New long term loan		**1,405**	-
Net cash inflow from investing activities		**1,405**	-
(Decrease)/Increase in cash in the year		**(113)**	491
Cash and cash equivalents at 1 July		**2,621**	2,130
Cash and cash equivalents at 30 June		**2,508**	2,621

Notes to the Financial Statements

At 30 June 2022

1. Accounting Policies

GENERAL INFORMATION

Transport Research Foundation is a limited by guarantee company incorporated in England. The Registered Office is Crowthorne House, Nine Mile Ride, Wokingham, Berkshire, RG40 3GA.

PRINCIPAL ACTIVITIES

The principal activities of the Group encompass a range of research, technology and software solutions for surface transport modes and related markets of automotive, motorsport, insurance and energy.

BASIS OF PREPARATION

The Group's financial statements have been prepared in compliance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as it applies to the financial statements of the Group for the year ended 30 June 2022.

The financial statements have been prepared in accordance with applicable UK accounting standards.

These financial statements have been prepared in accordance with FRS 102 and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £'000.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of the Transport Research Foundation and all of its subsidiary undertakings drawn up to 30 June each year.

No Income Statement is presented for the Transport Research Foundation as permitted by s408 of the Companies Act 2006. The Company individual Statement of Financial Position shows the Company loss for the financial year.

REDUCED DISCLOSURES

The Company has taken advantage of the exemption from disclosing the following information in its Company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

• Section 7 'Statement of Cash Flows' – Presentation of a Company Statement of Cash Flow and related notes and disclosures

GOING CONCERN

The Group uses cash flow forecasts derived from the budget and medium-term planning to identify headroom and any future funding requirements. The Group meets its day to day working capital requirements through operating cash flow, with facilities available to meet bonding and capital expenditure requirements. This facility has recently been renewed until 30 September 2023. The facility was not used during the financial year 30 June 2022 and the Group had £1.6m of undrawn facilities as at 30 June 2022. Cash at bank on the same date was £2.8m.

1. Accounting Policies (continued)

The Directors have prepared projected cash flows for the period ending 12 months from the approval of these financial statements (the 'Projections'). The Group's forecasts and projections including stress testing show that the Group is capable of operating within facilities currently available and complies with the facility requirement for the full term covered by the Projections. The Group has also continued to seek efficiencies within its cost base.

Therefore the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the next twelve months from the date of signing the financial statements and for the foreseeable future thereafter. Accordingly, they continue to adopt the going concern basis in preparing the Strategic Report, Directors Report and financial statements.

GOODWILL

Positive goodwill acquired on each business combination is capitalised and classified as an asset on the Statement of Financial Position. It is initially recognised at cost and subsequently measured at cost less accumulated amortisation and impairment losses. Amortisation is provided on a straight line basis over its useful life up to a presumed maximum of 20 years. If a subsidiary is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the Income Statement is taken into account in determining the profit or loss on sale or discontinuance.

Amortisation period for goodwill arising on acquisition of Appia Infrastructure Solutions Limited is 10 years.

INTANGIBLE FIXED ASSETS

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or contractual rights, and where there is no history of exchange transactions. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which is it incurred.

Research costs are expensed as incurred. Development expenditure (including directly attributable staff costs) on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development; and
- The ability to use the intangible asset generated.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful life. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable

1. Accounting Policies (continued)

The useful economic lives of intangible assets are as follows:

Software development costs – 2 to 5 years

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period, previous estimates shall be reviewed and, if current expectations differ, the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit are accounted for as a change in accounting estimate.

FIXED ASSET INVESTMENTS

In the Statement of Financial Position of the Company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in the Income Statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the Income Statement unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets, except for goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less residual value of each asset evenly over its expected useful life, as follows:

Major test facilities	4 to 11 years
Other research equipment	3 to 20 years
Leasehold improvements	Over the shorter of the lease term and 15 years
Computers and office equipment	2 to 10 years
Vehicles	3 to 8 year

Notes to the Financial Statements
at 30 June 2022

1. Accounting Policies (continued)

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

REVENUE RECOGNITION

Profit is assessed on a contract-by-contract basis and is reflected in the income statement by recording turnover and related costs as the contract progresses.

Fixed price contract revenue on each contract is calculated using the percentage of completion method. The actual costs incurred to date are divided by the forecasted total costs. This is then applied to the forecasted revenue which gives the percentage of revenue to be recognised on the contract. Turnover earned to date on cost-plus contracts is calculated in line with the actual charges contractually agreed with the customer for each unit of activity. Provision is made for all known losses and expected losses as soon as they are foreseen. Gross profit is calculated as the turnover earned to date less total costs incurred to date and any provisions for charges.

Where it is determined that a contract will be loss making, the entire value of the expected loss is recognised immediately.

Any turnover to be recognised but not yet billed is shown as amounts recoverable on contracts.

GOVERNMENT GRANTS

Income from Government grants is presented within administrative expenses. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

PROVISION FOR LIABILITIES

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

TAXATION

The tax expense included in the Group Income Statement consists of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the Statement of Financial Position date. The expense is recognised in the Group

1. Accounting Policies (continued)

Income Statement except to the extent that it relates to items recognised in the Group Statement of Comprehensive Income, in which case it is recognised directly in the Group Statement of Comprehensive Income.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those which they are recognised in the financial statements except that:

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the Group Statement of Financial Position date, dividends have been accrued or received;
- Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination, a deferred tax liability/ (asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised; and
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the Directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other further taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the period which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Group Statement of Financial Position date.

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the Directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

DERIVATIVE INSTRUMENTS

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the Income Statement. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Notes to the Financial Statements
at 30 June 2022

1. Accounting Policies (continued)

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Group Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

For the purpose of the Group Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding overdrafts.

INTEREST BEARING LOANS AND BORROWINGS

Basic financial liabilities, including bank loans that are classified as debt, are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

SHORT-TERM DEBTORS AND CREDITORS

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement in Administrative expenses.

PENSION COSTS

Defined Benefit Scheme

The Group operates a funded defined benefit pension scheme. With effect from 1 January 2011, with the agreement of all active members, the scheme was closed to future accrual. An alternative defined contribution pension scheme arrangement was made available to the employees, who had been active members of the defined benefit scheme.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice.

The net interest cost or income is determined by multiplying the net defined benefit liability by the discount rate at the start of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the Income Statement as interest payable.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in the net interest) are recognised immediately in Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to the Income Statement in subsequent periods. The defined benefit net pension asset or liability in the Group Statement of Financial Position comprises the present value of the defined benefit obligation (using a discount rate based on

1. Accounting Policies (continued)

high quality corporate bonds) less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Defined Contribution Scheme

The Group also operates a defined contribution pension scheme which is open to all new joiners under auto enrolment. Employer Contributions are recognised in the Income Statement in the year in which they become payable in accordance with the rules of the scheme.

Employees who are members of the defined contribution pension scheme have the option to sacrifice salary up to the value of their nominated level of employee pension scheme deductions. The employer contributions are then increased by the same figure to ensure that total contributions are unaffected by any salary sacrificed.

LEASING AND HIRE PURCHASE COMMITMENTS

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the Group Statement of Financial Position and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are shown as liabilities in the Group Statement of Financial Position. The interest elements of the rental obligations are charged in the Income Statement over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the Income Statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

EMPLOYEE BENEFITS

The best estimate of expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employee or to provide termination benefits.

AUDIT EXEMPT SUBSIDIARIES

Audits will not be performed on the wholly owned subsidiaries listed below, as permitted under s479A of the Companies Act 2006:

TRL International Limited	(Company registration number 6816625)
Appia Infrastructure Solutions Limited	(Company registration number 6653143)
Transport and Travel Research Limited	(Company registration number 2667976)
SMLL Limited	(Company registration number 11099379)
TRL Software Limited	(Company registration number 11099346)

An audit will not be performed on the wholly owned subsidiaries listed below, as permitted under s480 of the Companies Act 2006:

TRL Academy	(Company registration number 3664805)
Transport Research Laboratory Limited	(Company registration number 3562621)

2. Judgement and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Group Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- Development expenditure

  Development expenditure is capitalised in accordance with the accounting policy outlined in note 1. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

The following are the Group's key sources of estimation uncertainty;

- Pension and other post employment benefits

  The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount factors, future salary increase, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to uncertainty. In determining the appropriate discount rate, management receives guidance from its actuarial advisors. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details on these assumptions are given in note 18. The sensitivities associated with each of the key financial assumptions are as follows;

  - A decrease of 0.5% in the discount rate would increase the scheme liabilities by 7.8%;
  - A 0.5% increase in RPI (and associated assumptions for pensions increases) would increase the scheme liabilities by 6.2%;
  - A 1 year decrease in the life expectancy of scheme members' would reduce the scheme liabilities by 4.0%.

2. Judgement and Key Sources of Estimation Uncertainty (continued)

- Revenue recognition

Contract accounting requires estimates to be made for contract costs and income. In a number of cases these may span more than one financial period. Management bases their judgement of costs and income and its assessment of the expected outcome of each contractual obligation on the latest information available, which includes forecasts of the costs to complete. Project managers meet with senior finance officials to review stage of completion estimates and determine whether any projects are forecast to be loss making.

- Goodwill and intangible assets

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

- Taxation

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates.

3. Turnover

Turnover on contracts is calculated on the basis set out in note 1. Turnover from other activities represents the values of goods and services provided. Turnover is stated net of VAT and trade discounts. Turnover is almost entirely from the Group's principal activity of research, testing, software sales and consultancy, with a small percentage earned from the provision of training courses, library services and software royalties.

Turnover by geographic region;

	2022	2021
	£000	£000
UK	**21,763**	18,326
India	**775**	63
Europe	**681**	1,596
Africa	**487**	381
Other	**652**	508
	24,358	20,874

Notes to the Financial Statements
at 30 June 2022

4. Group Operating Profit

This is stated after charging/(crediting):	**2022**	2021
	£000	£000
Depreciation	**319**	376
Amortisation of goodwill	**43**	43
Amortisation of software development	**661**	264
Research and development expensed	**173**	138
Research and development credit	**(1,258)**	(954)
Operating lease rentals expense	**448**	1,014
Foreign exchange loss	**1**	74
Government income - Coronavirus Job Retention Scheme (CJRS)	**88**	644

5. Auditor's Remuneration

The remuneration of the auditor is analysed as follows:

	2022	2021
	£000	£000
Audit of the financial statements	**42**	39
Audit of the subsidiaries	**16**	15
	58	54
Amounts payable to auditor's overseas affiliates		
Audit of the subsidiaries	**14**	13
Taxation compliance services	**6**	2
Other non-audit services	**-**	1
	20	16
Total	**78**	70

Notes to the Financial Statements
at 30 June 2022

6. Group Staff Costs

a) Staff costs

	2022	2021
	£000	£000
Salaries and wages	**12,431**	11,732
Social security costs	**1,267**	1,157
Other pension costs	**641**	601
	14,339	13,490

The average monthly number of people employed (including executive Directors) during the year was:

	2022	2021
Research and technical	**212**	233
Managerial, business development and administrative	**59**	51
	271	284

b) Directors' remuneration	**2022**	2021
	£000	£000
Fees	**118**	86
Salary, annual performance bonuses & benefits in kind	**463**	396
	581	482

All executive Directors were members of a defined contribution pension scheme, or received a salary supplement in lieu of pension payments, for the full duration of their directorship.

Notes to the Financial Statements
at 30 June 2022

6. Group Staff Costs (continued)

b) Directors' remuneration (continued)

The remuneration of the highest paid Director in the period compared to that of the previous as follows;

	2022	2021
	£000	£000
Salary, annual performance bonuses & benefits in kind	**282**	231
	282	231

Transport Foundation entity has no employees other than Directors, who are remunerated through other Group companies.

7. Net Interest Payable and Similar Charges

	2022	2021
	£000	£000
Bank interest payable	**28**	-
Expected return on pension scheme assets	**(1,569)**	(1,322)
Interest on pension scheme liabilities	**1,989**	1,705
Net cost	**448**	383

Notes to the Financial Statements
at 30 June 2022

8. Tax on Profit/(Loss)

No corporation tax is provided in these financial statements for the Company on the basis that the Transport Research Foundation (TRF) will claim Scientific Research Association (SRA) status for the year ended 30 June 2022 when the tax computation for the year is submitted. With SRA status, any profits generated by TRF will not be chargeable to corporation tax.

On the element of eligible R&D expenditure that is self-funded by TRF, the Group continues to claim an enhanced R&D deduction. However, on the remaining eligible R&D expenditure, the Group is continuing to claim an R&D expenditure credit, rather than an enhanced R&D deduction. As a result, the Group anticipates that sufficient taxable profits will be generated in the future accounting periods and has therefore, fully recognised the closing deferred tax asset of £7,038,000 (2021: £11,073,000) in the Group Statement of Financial Position as at 30 June 2022.

Following the recognition of the deferred tax asset, movements in the value of the deferred tax asset result in either a deferred tax charge or credit, which is recognised in either the Income Statement or Statement of Comprehensive Income.

(a) Tax on Profit/(Loss)

The tax charge/(credit) is made up as follows:

	2022	2021
	£000	£000
Current tax:		
UK corporation tax at 19% (2021: 19%)	**218**	142
Tax under provided in previous years	**25**	40
Total current tax charge	**243**	182
Deferred tax:		
Origination and reversal of timing differences	**180**	197
Effect of change in tax status	**-**	158
Effect of increased tax rate on closing asset	**78**	(1,395)
Total deferred tax charge/(credit)	**258**	(1,040)
Tax charge/(credit) on profit/(loss) (note 8b)	**501**	(858)

Notes to the Financial Statements

at 30 June 2022

8. Tax on Profit/(Loss) (continued)

(b) Factors affecting the total tax credit

The tax assessed on the profit for the year is higher (2021: lower) than the effective rate of corporation tax in the UK of 19% (2021: 19 %). The differences are reconciled below:

	2022	2021
	£000	£000
Profit/(loss) before tax	**538**	(358)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2021:19%)	**102**	(68)
Expenses not deductible for tax purposes	**18**	185
Effect of changes in tax rates	**78**	(1,395)
Utilisation of tax losses	**742**	370
Difference arising on transfer of assets	**-**	91
Research & development tax credit	**(442)**	(255)
Adjustments in respect of prior periods	**3**	214
Total tax charge/(credit)	**501**	(858)

(c) Tax included in Group Statement of total other Comprehensive Income

The tax charge/(credit) is made up as follows:

	2022	2021
	£000	£000
Deferred tax:		
Relating to an actuarial gain on pension scheme in the year	**3,777**	370
Effect of increased tax rate on deferred tax asset	**-**	(1,262)
Total tax charge/(credit)	**3,777**	(892)

Under Finance Act 2021, which was substantively enacted on 24 May 2021 it was announced that the main rate of Corporation Tax would increase to 25% from 1 April 2023. Therefore, the Deferred Tax balances at 30 June 2022 have been calculated accordingly at 25% except where the timing differences are expected to unwind before 31 March 2023.

Notes to the Financial Statements

at 30 June 2022

9. Group intangible assets

	Software development expenditure	Goodwill		Total
		Appia Infrastructure Solutions Limited	Transport and Travel Research Limited	
Cost:	£000	£000	£000	£000
At 1 July 2021	3,610	424	15	4,049
Additions	2,828	-	-	2,828
Disposals	-	-	-	-
At 30 June 2022	**6,438**	**424**	**15**	**6,877**
Amortisation:				
At 1 July 2021	871	350	15	1,236
Provided during the year	661	43	-	704
Disposals	-	-	-	-
At 30 June 2022	**1,532**	**393**	**15**	**1,940**
Net book value				
At 30 June 2022	**4,906**	**31**	**-**	**4,937**
At 30 June 2021	2,739	74	-	2,813

10. Group tangible assets

	Major test facilities	Other research equipment	Computers & office equipment	Vehicles	Leasehold improvements	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 July 2021	626	690	1,280	93	2,053	4,742
Additions	-	-	66	-	-	66
Disposals	-	-	(202)	-	-	(202)
At 30 June 2022	**626**	**690**	**1,144**	**93**	**2,053**	**4,606**
Depreciation						
At 1 July 2021	405	690	1,104	86	1,015	3,300
Provided during the year	27	-	109	5	178	319
Disposals	-	-	(202)	-	-	(202)
At 30 June 2022	**432**	**690**	**1,011**	**91**	**1,193**	**3,417**
Net book value						
At 30 June 2022	**194**	**-**	**133**	**2**	**860**	**1,189**
At 30 June 2021	221	-	176	7	1,038	1,442

Notes to the Financial Statements
at 30 June 2022

11. Debtors

Amounts falling due within one year:

	Group 2022 £000	Group 2021 £000	**Company 2022 £000**	Company 2021 £000
Trade debtors	**2,496**	2,523	**-**	-
Amounts recoverable on contracts	**1,286**	782	**-**	-
Research and development tax debtor	**1,149**	697	**-**	-
Other debtors	**8**	70	**54**	**54**
Prepayments and accrued income	**430**	493	**-**	-
	5,369	4,565	**54**	54

Amounts falling due after one year:
The deferred tax asset in the Group statement of financial position is analysed as follows and is the sole debtor within amounts falling due in more than one year

	2022 £000	2021 £000
Decelerated capital allowances	**1,718**	2,099
Pension costs	**1,552**	5,261
Tax losses carried forward	**2,787**	2,794
Research and development tax credit	**960**	875
Other timing differences	**21**	44
	7,038	11,073

	£000
At 1 July 2021	**11,073**
Deferred tax charge in Group Income Statement	**(258)**
Amount charged to other comprehensive income	**(3,777)**
At 30 June 2022	**7,038**

Notes to the Financial Statements
at 30 June 2022

12. Group Statement of Cash Flows

(a) Reconciliation of profit to net cash inflow from operating activities.	**2022**	2021
	£000	£000
Group profit for the year	**37**	500
Taxation	**501**	(858)
Finance costs	**448**	383
Depreciation and impairment of tangible fixed assets	**319**	376
Amortisation of development expenditure	**661**	264
Amortisation of goodwill	**43**	43
Difference between pension charge and cash contributions	**(153)**	165
(Increase)/decrease in debtors	**(1,775)**	1,058
Decrease/(increase) in stocks	**39**	(47)
Increase/(decrease) in creditors	**586**	(1,091)
	669	293
Net cash inflow from operating activities	**706**	793

(b) Analysis of changes in net debt

	At 1 July 2021	Cashflows	Other non cash changes	At 30 June 2022
	£000	£000	£000	£000
Cash at bank and in hand	2,621	252	-	**2,873**
Short term borrowings	-	(365)	-	**(365)**
Cash and cash equivalents	**2,621**	**(113)**	-	**2,508**
Bank loan	-	(1,405)	-	**(1,405)**
Net debt	**2,621**	**(1,518)**	-	**1,103**

13. Creditors due within less than one year	**Group**	Group	**Company**	Company
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Short term borrowings	**365**	-	-	-
Payments on account	**1,115**	1,580	-	-
Trade creditors	**2,815**	2,186	-	-
Amounts due to Group undertakings	-	-	**72**	59
Other taxation and social security	**976**	1,327	-	-
Other creditors	**11**	150	-	-
Accruals and deferred income	**3,953**	3,041	-	-
	9,235	8,284	**72**	59

Notes to the Financial Statements
at 30 June 2022

14. Investments

	Shares in subsidiary undertakings
Cost:	**£000**
At 1 July 2021 and 30 June 2022	**16,800**

Holdings of more than 20%:

The Company holds more than 20% of the share capital of the following companies;

Company	Country of registration or incorporation		Shares held Class	%
TRL Limited	England		Ordinary	100
Transport Research Laboratory Limited	England	+	Ordinary	100
TRL International Limited	England	*	Ordinary	100
Appia Infrastructure Solutions Limited	England	* +	Ordinary	100
Transport and Travel Research Limited	England	* +	Ordinary	100
TRL Software Limited	England	*	Ordinary	100
SMLL Limited	England	*	Ordinary	100
TRL Deutschland GmbH	Germany	# +	Ordinary	100
TRL Technologies India Private Limited	India	*	Ordinary	70

* These interests are held via TRL Limited
# These interests are held via TRL International Limited
\+ Company was dormant during the financial year

The Company is also the sole member of TRL Academy a dormant company limited by guarantee and having no share capital.

The registered office for the UK registered entities is Crowthorne House, Nine Mile Ride, Wokingham, Berkshire, RG40 3GA.

TRL International Limited is a Partner of TRL Professional & Software Services (India) LLP, a Limited Liability Partnership incorporated on 9 December 2016 in India. TRL international Limited has 100% of the rights to the net profits of the LLP. The registered office for the LLP is E-277. Greater Kailash-1, New Delhi 110048, India

On 21 October 2020 TRL Deutschland GmbH was incorporated and registered in Germany, with a share capital of €25,000. On the same date TRL International Limited acquired €12,500 of the share capital of TRL Deutschland GmbH, which represents 100% of the allotted, called up and paid share capital in the subsidiary.

On 9 June 2021 TRL Technologies India Private Limited was incorporated and registered in India. TRL Limited owns 70% of the share capital of the new entity.

15. Obligations under operating leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Land & buildings		Other	
	2022	2021	**2022**	2021
Operating leases which expire:	**£000**	£000	**£000**	£000
Not later than one year	**1,219**	1,180	-	1
Later than one year and not later than five years	**4,535**	4,756	-	-
Later than five years	**271**	816	-	-
	6,025	6,752	-	1

16. Creditors due after more than one year

	Group	Group	**Company**	Company
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Bank loan	**1,405**	-	-	-

A new General Export Facility (GEF) loan was agreed during the year with a total facility of £2.5 million available to the Group. An interest rate of 2.25% plus base rate is applicable on the loan and has a fixed repayment date by 28 March 2024.

17. Provisions for liabilities and charges

	Group	Group	**Company**	Company
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
At 1 July 2021 and 30 June 2022	**453**	453	-	-

Provision relates to dilapidations provision in respect of leased property, where outflows are expected when the lease expires in 2027.

Notes to the Financial Statements

at 30 June 2022

18. Pensions and other post-retirement benefits

The Group operates both a defined benefit pension scheme providing benefits based on final pensionable pay, which is closed to new entrants and further accruals, and a defined contribution pension scheme.

The assets of these schemes are separately administered.

The pension cost charge for the defined contribution scheme represents contributions payable by the Group to the fund. This scheme commenced on 1 March 2002. Employer contributions received in the year to 30 June 2022 amounted to £1,550,000 (2021: £1,410,000). Of these contributions received in the year to 30 June 2022, £907,000 (2021: £806,000) were paid by the employer on behalf of employees who had sacrificed the equivalent contributions from their salary.

The remainder of this note refers to the defined benefit scheme.

An analysis of the financial position of the deferred benefit pension scheme was carried out as at 30 June 2021 by a qualified independent actuary. The analysis was based on the full actuarial valuation as at 5 April 2018.

Assumptions used to determine benefit obligations at:

	2022	2021
Interest rate for discounting liabilities	**3.95%**	2.00%
Retail price inflation	**3.00%**	3.10%
Consumer price inflation	**2.20%**	2.20%
Rate of pension increases, LPI 5%	**2.90%**	3.00%
Rate of pension increases, LPI 2.5%	**2.00%**	2.05%
Mortality	101% S3NXA, CMI 2021, 1% long term improvement	S2NXA, CMI 2020, 1% long term improvement

Life expectancy on post-retirement mortality table:

	2022		2021	
	Male	**Female**	Male	Female
Member age 65 (current life expectancy)	**21.9**	**24.4**	21.6	23.8
Member age 45 (life expectancy at age 65)	**22.9**	**25.5**	22.6	25.0

18. Pensions and other post-retirement benefits (continued)

The amounts recognised in the Group Statement of Financial Position are as follows

	2022	2021
	£000	£000
Fair value of scheme assets	**64,596**	80,553
Present value of scheme liabilities	**(70,801)**	(101,598)
Deficit	**(6,205)**	(21,045)
Related deferred tax asset	**1,552**	5,261
Net liability	**(4,653)**	(15,784)

Pension cost recognised in the Group Income Statement for the period ending 30 June

	2022	2021
	£000	£000
Operating cost		
Administrative expenses	**626**	949
Finance cost		
Interest cost	**1,989**	1,705
Interest income	**(1,569)**	(1,322)
Subtotal for finance cost	**420**	383
Total pension cost in the Group Income Statement	**1,046**	1,332

18. Pensions and other post-retirement benefits (continued)

Reconciliation of the assets and liabilities

	Assets	Liabilities	Total
	£000	**£000**	**£000**
At 1 July 2021	80,553	(101,598)	(21,045)
Benefits paid	(4,353)	4,353	-
Employer contributions	779	-	779
Expenses paid	(626)	-	(626)
Interest income/(expense)	1,569	(1,989)	(420)
Remeasurement gains/(losses)			
- Actuarial gains	-	28,433	28,433
- Return on plan assets excluding interest income	(13,326)	-	(13,326)
At 30 June 2022	**64,596**	**(70,801)**	**(6,205)**

	£000
Actual return on assets over the period to 30 June 2022	**(11,757)**

Amounts included in the fair value of scheme assets for:

	2022	2021
	£000	£000
Bonds	**19,283**	21,882
Other	**45,313**	58,671
Total	**64,596**	80,553

18. Pensions and other post-retirement benefits (continued)

Contributions

The Group expects to contribute approximately £795,000 to its defined benefit pension scheme in the year to 30 June 2023.

Balance Sheet reconciliation, excluding any related deferred tax

	2022	2021
	£000	£000
Net liability at beginning of year	**21,045**	22,446
Amounts recognised in the Income Statement in the year	**1,046**	1,332
Remeasurement gains in the year	**(15,107)**	(1,949)
Employer contributions made in the year	**(779)**	(784)
Net liability at end of year	**6,205**	21,045

19. Related party transactions

During the year ended 30 June 2022 the only related party transactions were with companies within the Transport Research Foundation group.

Transactions with key management personnel

Key management personnel are defined as the Executive Leadership team.

Total compensation of Executive Leadership team in the year amounted to £748k (2021: £718k). National Insurance contributions paid on behalf of the Executive Leadership team were £74k (2021: £69k).

There were no other transactions with key management personnel.

20. Profit and loss account

Represents cumulative profit and loss including the net defined benefit pension obligation.

Notes to the Financial Statements
at 30 June 2022

21. Guarantees

The Transport Research Foundation, TRL Limited and TRL Professional & Software Services (India) LLP are parties to cross guarantees in favour of the Group's bankers and lenders. The potential exposure under these arrangements to Transport Research Foundation is £365k at 30 June 2022.

22. Limited by guarantee

The liability of each Member of Transport Research Foundation is limited to no more than £1, being the amount that each Member undertakes to contribute to the assets of the Company in the event of it being wound up while he is a member or within one year after he ceases to be a member.