

Annual Report 2009



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Incorporating the Annual Accounts
for 2009 and Notice of the
Annual General Meeting 2010

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COMPANIES HOUSE

Safe, efficient and sustainable supply chains

Annual General Meeting 2010

Notice is hereby given that the Annual General Meeting of Freight Transport Association Limited will be held at the NEC Birmingham at 9 30am on Tuesday 27 April 2010 for the purpose of transacting the following business

1 Directors' Report

To receive the Report of the Directors for the year 2009

2 Annual Accounts

To receive the Income and Expenditure Account for the year ended 31 December 2009 the Balance Sheet as at that date and the Auditors Report

3 Auditors

To appoint Auditors and to fix their remuneration

4 Other Business

To deal with any other business admitted by the Chairman



By order of the National Executive Board
John Coghlan – Honorary Treasurer
Hermes House, St John's Road,
Tunbridge Wells, Kent TN4 9UZ

5 March 2010

The Report of the Directors for the year ended 31 December 2009

Your Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31 December 2009

For the purposes of the Companies Act 2006, Members of the FTA Board are Directors The names of those persons who were members of the Board during 2009 appear on page 13 of the Accounts

The Association acts as a trade association for those organisations in membership who operate or manage supply chains and use freight transport in connection with their business During the year it continued to provide a range of services to the membership and pursued a vigorous and responsible representational role

The Association performed well in 2009 despite adverse market conditions Income at around £25m is derived from a combination of membership fees and services Services include Vehicle Inspection, Tachograph Analysis, Training, Consultancy and Shopfta Membership numbers have remained strong with a total of 14,017 members at the year end, having fallen a modest 2 per cent during the year Throughout the year the Board has taken action to control costs and as a result headcount has fallen to around 450 The full costs of this re-organisation totalled £200k and its benefits will be fully reflected in 2010 performance The operating surplus for the year increased boosted partially by the recovery of £152k of bank deposits as explained in Note 4 of the financial statements Market conditions for 2010 remain tough though the Board believe the Association is well placed to succeed given its continuing downward pressure on costs and the timely action taken in 2009

Key performance indicators used within the business include membership numbers and renewal rates, contract numbers and productivity in Vehicle Inspections, productivity and turnaround times in Tacho and delegate numbers attending our training courses, seminars and Freight Councils

FTA's mission is to help its members develop safer, more efficient and sustainable supply chains The Association's future will be shaped by four factors

- 1 Members demands needs and expectations arising from their membership and ownership of one of the country's biggest trade associations
- 2 Changing economic and market pressures – the environment in which members trade
- 3 New regulatory and policy pressures – members compliance obligations
- 4 innovation or acquisition of other services that maximise the safety efficiency and sustainability of members supply chains and grow the trading strength of FTA

FTA's strategic plan maps out the expected changes in these factors and builds a plan that responds to them and underpins growth consistent with its objectives

Key risks facing the organisation are the need to maintain membership numbers, the need to invest in further development of its services to members and the requirement to meet its pension funding obligations Management processes exist to monitor, report on and control all of these areas

The Balance Sheet at 31 December 2009 fell by £3.2m, all arising from an increase in the pension scheme deficit under FRS17 In common with all defined benefit pension schemes there is continuing volatility in this area due to the turmoil in the financial markets

Changes to the tangible assets of the Association are detailed in note 8 of the Accounts In 2009 £300k was spent on the refurbishment of the Association's offices in Learnington Spa

Formal arrangements exist for the management team to discuss and contribute to the financial, economic and social objectives of the Association and regularly to brief all staff on the activities in which the Association is engaged. During the year FTA maintained its policy of giving full and fair consideration to applications for employment made by disabled people. The Association is committed to continuing employment and training of employees who become disabled and to the training, career development and promotion of all employees.

During 2009 the Remuneration Committee – chaired by the President – and the Audit Committee – chaired by the Honorary Treasurer – met to consider matters appropriate to their remit and subsequently update the FTA Board of directors.

Auditors

A resolution proposing that Kingston Smith LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



By order of the National Executive Board
John Coghlan – Honorary Treasurer

5 March 2010

National Executive Board 2009/2010

President and Chairman
S Oades

Vice Presidents
A P Burleton
R J Jenkins

Other Members of the Board

J E Entwistle
A J Haines
I Jones
A J Parker
G Roberts
G Scott (*appointed 24 September 2009*)

Honorary Treasurer
J B Coghlan

I Veitch
P Watts
J H Williams

The following also held office during the year
E Fitzsimmons (*resigned 25 June 2009*)

Freight Transport Association Limited Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 company and of the profit and loss of the company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 company will continue in business.

The Directors are responsible for keeping proper 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of Freight Transport Association Limited

We have audited the financial statements of Freight Transport Association Limited for the year ended 31 December 2009 which comprise of the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 13 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its surplus for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us or
- the 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.



Devonshire House, 60 Goswell Road
London EC1M 7AD

9 March 2010

Janice Riches (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Freight Transport Association Limited

Balance Sheet 31 December 2009

	Note	2009		2008	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible Assets	8		3,137		3,043
Current Assets					
Stock	1(iv)	179		222	
Debtors	9	5,225		5,444	
Cash at bank and in hand		<u>3,614</u>		<u>2,840</u>	
		9,018		8,506	
Creditors					
Amounts falling due within one year	10	<u>4,307</u>		<u>3,871</u>	
Net Current Assets			<u>4,711</u>		<u>4,635</u>
Net Assets Excluding Pension Liability			7,848		7,678
Less Pension Scheme Liability	11		<u>10,383</u>		<u>6,921</u>
			<u>(2,535)</u>		<u>757</u>
Reserves					
Accumulated Reserves:					
General reserve	12(i) to (v)		7,848		7,678
Pension reserve			<u>(10,383)</u>		<u>(6,921)</u>
			<u>(2,535)</u>		<u>757</u>

Approved by the board and authorised for issue on
5 March 2010



S Oades, President



J B Coghlan, Honorary Treasurer
Company registration no 00391957

Freight Transport Association Limited

Income and Expenditure Account for the year ended 31 December 2009

	Note	2009		2008	
		£'000	£'000	£'000	£'000
Income	1(vi) and 2		24 922		26 220
Direct Expenses			<u>13,131</u>		<u>15,001</u>
Gross Surplus			11 791		11 219
National Operating Expenses	3		<u>9 833</u>		<u>9,041</u>
Trading Surplus			1 958		2 178
Exceptional item – recovery/provision for (loss) of cash deposit	4(ii)		<u>152</u>		<u>(500)</u>
Operating Surplus	4(i)		2,110		1,678
Income from deposits		12		119	
Surplus on disposal of other fixed assets		–		4	
Interest payable and similar charges	5	(3)		(4)	
Other Finance Expenditure	15	<u>(561)</u>		<u>(343)</u>	
			<u>(552)</u>		<u>(224)</u>
Surplus before taxation			1 558		1,454
Taxation	7		<u>25</u>		<u>(20)</u>
Surplus for the year			<u>1,583</u>		<u>1 434</u>

Continuing Operations

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during the above two financial years. The income and operating result derive entirely from continuing operations.

Freight Transport Association Limited

Cash Flow Statement for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	13(i)	1,480	2,585
Return on investments and servicing of finance	13(ii)	9	115
Taxation – Corporation Tax paid		–	(55)
Capital expenditure and financial investment	13(iii)	<u>(663)</u>	<u>(1,422)</u>
Net cash inflow before use of liquid resources and financing		826	1,223
Financing			
Capital element of finance lease rental payment		<u>(52)</u>	<u>(83)</u>
Increase/(decrease) in cash in the year	14	<u>774</u>	<u>1,140</u>
Reconciliation of net cash flow to movements in net funds (note 14)			
Increase in cash in the period		774	1,140
Cash outflow – finance lease payments		<u>55</u>	<u>83</u>
Change in net debt resulting from cash flows		829	1,223
Provision for (loss) of deposit		<u>–</u>	<u>(500)</u>
Movement in net funds in the year		829	723
Net funds at 1 January 2009		<u>2,777</u>	<u>2,054</u>
Net funds at 31 December 2009		<u>3,606</u>	<u>2,777</u>

Statement of Total Recognised Gains and Losses for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Surplus before transfer to Reserves		1,583	1,434
Actuarial (loss)/gain on pension scheme	15	<u>(4,875)</u>	<u>299</u>
Total recognised (losses)/gains relating to the year		<u>(3,292)</u>	<u>1,733</u>

Freight Transport Association Limited

Notes to the Accounts 31 December 2009

I Accounting policies

(i) Preparation of Accounts

These Accounts have been prepared under the Historical Cost Convention

(ii) Compliance with Accounting Standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) which have been applied consistently (except as otherwise stated)

(iii) Depreciation

Depreciation is provided on an annual instalments basis over the expected useful lives of assets as follows

Freehold Buildings	50 years	Furniture and Equipment	4 to 10 years
Motor Vehicles	4 years	Computers	3 to 5 years

(iv) Stock

Stock is valued at the lower of cost and net realisable value and is comprised of finished goods and goods for resale

(v) Taxation

Taxation is provided on non-member income only

(vi) Income

Income is recognised at the time the goods or services are provided

All turnover excludes value added tax

(vii) Pensions

For the defined benefit pension scheme Operating Surplus is charged with the cost of providing pension benefits earned by employees in the year. The expected return on pension scheme assets less the interest on pension scheme liabilities is shown as other finance income within the Income and Expenditure Account.

Actuarial gains and losses arising in the year from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in financial assumptions are included in the Statement of Total Recognised Gains and Losses

For the defined contribution scheme the amount charged to the Income and Expenditure Account in respect of pension cost is the contributions payable in the year

(viii) Operating Leases

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the term of the lease

(ix) Finance Leases

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased equipment and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations net of finance charges are included in creditors. The interest element of the finance cost is charged to the Income and Expenditure Account over the lease period so as to produce a constant periodic rate of interest for each period. Equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term

(x) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

All differences are taken to the Income and Expenditure Account

Freight Transport Association Limited

Notes to the Accounts 31 December 2009

2 Income

	2009	2008
	£'000	£'000
Membership fees	3,899	3,806
Commercial activities	<u>21,023</u>	<u>22,414</u>
	<u>24,922</u>	<u>26,220</u>
Geographical analysis		
United Kingdom	24,620	25,913
Ireland	266	236
Rest of world	<u>36</u>	<u>71</u>
	<u>24,922</u>	<u>26,220</u>

3 National Operating Expenses

The heading 'Administration expenses' which is specified in the Companies Act 2006 has been altered in favour of the heading 'National Operating Expenses'. The Directors consider that this heading more accurately describes the nature and substance of the expenses than that prescribed by the Companies Act 2006.

4 Operating Surplus

(i) The surplus for the year is derived after charging/(crediting)

	2009	2008
	£'000	£'000
Auditors remuneration in respect of		
Statutory audit services	32	34
Pension Plan audit	–	6
Other non-audit services	12	13
Depreciation		
Owned assets	482	492
Assets held under finance leases	87	77
(Gain)/loss on foreign exchange transactions	(47)	52
Operating lease payments:		
Land and buildings	63	74
Other operating leases	<u>970</u>	<u>1,022</u>

(ii) Exceptional item – Recovery/provision for loss of cash deposit

At 31 December 2008, the company had £500,000 in a deposit account with the Icelandic bank, Kaupthing, Singer and Friedlander (KSF). On 8 October 2008, Kaupthing, Singer and Friedlander went into administration whereupon all deposits were frozen and no withdrawals are permitted. The company ranks as a non-preferential creditor against KSF and is being dealt with in accordance with the Insolvency Act 1986. In the absence of any reliable information to substantiate how much of the deposit was likely to be recoverable, a provision of £500,000 was made at 31 December 2008 for non-recovery of the entire deposit. During 2009 the company received £152,000 from the administrators thus reducing the overall loss provision to £348,000 as at 31 December 2009.

5 Interest payable and similar charges

	2009	2008
	£'000	£'000
Finance charges payable on finance leases	<u>3</u>	<u>4</u>

Freight Transport Association Limited

Notes to the Accounts 31 December 2009

6 Employment Costs

	2009	2008
	£'000	£'000
Employee costs during the year amounted to		
Salaries and bonuses	12,503	12,274
Social Security costs	1,207	1,290
Defined Contribution pension costs	<u>632</u>	<u>601</u>

	2009	2008
The average number of employees during the year was		
Operations	315	345
National Operating Expenses	<u>167</u>	<u>150</u>
	<u>482</u>	<u>495</u>

7 Taxation

	2009	2008
	£'000	£'000
UK Corporation Tax at 21 per cent	–	25
Over provision in previous years	<u>(25)</u>	<u>(5)</u>
Current tax charge	<u>(25)</u>	<u>20</u>

Factors affecting the tax charge of the year

The Association is liable for taxation on investment income and capital gains. In 2009 this amounted to £165,555 (2008 (£380,776))

	2009	2008
	£'000	£'000
Taxable income multiplied by standard rate of UK corporation tax of 21 per cent (2008 21 per cent)	<u>35</u>	<u>(80)</u>
Effects of		
Tax losses utilised in year	(35)	–
Tax losses carried forward	–	80
Adjustments to previous periods	<u>(25)</u>	<u>20</u>
Current tax (credit)/charge	<u>(25)</u>	<u>20</u>

The company has estimated losses of £215,000 (2008 £380,776) available to carry forward against future investment income

8 Tangible Assets

	Freehold Property £'000	Motor Vehicles £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
Balance at 1 January 2009	2,033	132	1,726	2,065	5,956
Additions	<u>–</u>	<u>2</u>	<u>424</u>	<u>237</u>	<u>663</u>
Balance at 31 December 2009	<u>2,033</u>	<u>134</u>	<u>2,150</u>	<u>2,302</u>	<u>6,619</u>
Depreciation					
Balance at 1 January 2009	814	64	605	1,430	2,913
Charge for the year	<u>40</u>	<u>33</u>	<u>141</u>	<u>355</u>	<u>569</u>
Balance at 31 December 2009	<u>854</u>	<u>97</u>	<u>746</u>	<u>1,785</u>	<u>3,482</u>
Net Book Value 31 December 2009	<u>1,179</u>	<u>37</u>	<u>1,404</u>	<u>517</u>	<u>3,137</u>
Net Book Value 31 December 2008	<u>1,219</u>	<u>68</u>	<u>1,121</u>	<u>635</u>	<u>3,043</u>

Freight Transport Association Limited

Notes to the Accounts 31 December 2009

8 Tangible Assets (continued)

The net book value of £3,137,000 includes an amount of £10,000 (2008 £75,000) in respect of assets held under finance leases.

A charge was created over the Association's head office, Hermes House, St John's Road, Tunbridge Wells, on 28 June 2002 in favour of the Trustees of the FTA Occupational Pension Plan in the sum of £1.5 million

Included in freehold property is freehold land at cost of £38,027 (2008 £38,027) which is not depreciated

9 Debtors

	2009	2008
	£'000	£'000
Debtors for goods and services	3,240	3,839
Other debtors	279	205
Due from FTA pension plan	516	899
Prepayments and accrued income	1,190	501
	<u>5,225</u>	<u>5,444</u>

10 Creditors Amounts falling due within one year

	2009	2008
	£'000	£'000
Trade creditors	1,619	1,426
Corporation Tax	–	20
Social Security and other taxes	730	872
Obligations under finance leases (note 16)	8	63
Accruals and deferred income		
Vehicle and Tachograph Inspection Services	1,157	548
Other member services	294	306
General	499	636
	<u>4,307</u>	<u>3,871</u>

11 Pension Scheme Deficit

Provision has been made for the pension scheme deficit in the Financial Statements

	2009	2008
	£'000	£'000
Deficit at start of year	6,921	8,677
Cash contributions paid in the year	(1,974)	(1,800)
Other Finance Expenditure	561	343
Actuarial loss/(gain)	4,875	(299)
Deficit at end of year	<u>10,383</u>	<u>6,921</u>

12 Reserves

(i) Accumulated Reserve

The Association is limited by guarantee and does not have any share capital. Annual surpluses or deficits are transferred to the accumulated fund.

(ii) Reconciliation of movements in shareholders' funds

Within the meaning of FRS3 the total of the Association's General Reserve and Pension Reserve constitute 'Shareholders' funds'. The movements in the reserves are detailed below.

Freight Transport Association Limited

Notes to the Accounts 31 December 2009

(iii) General Reserve and Pension Reserve

	2009			2008
	General Reserve	Pension Reserve	Total	
	£'000	£'000	£'000	£'000
Balance at 1 January 2009	7,678	(6,921)	757	(976)
Surplus for the year	170	1,413	1,583	1,434
Actuarial (loss)/gain	–	(4,875)	(4,875)	299
Balance at 31 December 2009	<u>7,848</u>	<u>(10,383)</u>	<u>(2,535)</u>	<u>757</u>

(iv) Campaign Fund

General reserves include income and expenditure on the Campaign Fund as follows

	2009	2008
	£'000	£'000
Income	335	328
Expenditure	(423)	(456)
(Deficit) of expenditure over income	(88)	(128)
Balance at 1 January 2009	1,356	1,484
Balance at 31 December 2009	<u>1,268</u>	<u>1,356</u>

Assets representing this Fund are held in Current Assets

Expenditure from this fund is specifically authorised by the National Executive Board

- (v) As at 31 December 2009 FTA held £34,034 (2008 £40,994) of guarantee deposits for TIR carnets. These funds are not in the beneficial ownership of FTA and do not form part of FTA's net assets.

13 Analysis of Cash Flows for headings netted in the Cash Flow Statement

	2009	2008
	£'000	£'000
(i) Reconciliation of operating surplus to net cash (outflow)/inflow from operating activities		
Operating surplus	2,110	1,678
Depreciation	569	569
Decrease in stocks	43	8
Decrease in debtors	219	2,584
Increase/(Decrease) in creditors	513	(954)
Pension contributions paid	(1,974)	(1,800)
Provision for loss of cash deposit	–	500
	<u>1,480</u>	<u>2,585</u>
(ii) Return on investments		
Interest received	12	119
Interest element of finance lease rental payments	(3)	(4)
	<u>9</u>	<u>115</u>
(iii) Capital expenditure		
Purchase of tangible fixed assets	(663)	(1,426)
Sale of tangible fixed assets	–	4
Net cash (outflow) for capital expenditure	<u>(663)</u>	<u>(1,422)</u>

Freight Transport Association Limited

Notes to the Accounts 31 December 2009

14 Analysis of changes in net funds

	At 1 Jan 09	Cash flow	At 31 Dec 09
	£'000	£000	£'000
Cash at bank and in hand	2,840	774	3,614
Finance leases	(63)	55	(8)
Net funds	<u>2,777</u>	<u>829</u>	<u>3,606</u>

15 Pensions

Defined Benefit Scheme

The Association operates a contributory pension scheme, which is voluntary. Entry was open to all members of staff who were over 20 and under 59 but the scheme was closed to new entrants on 1 January 2001 and to future accrual of benefits, other than required by law, on 30 June 2002.

The scheme is of the funded defined benefit type with its assets held in a separate trust. The most recent actuarial valuation upon which the amounts included in these accounts are based, was carried out at 31 March 2007. Using this as a basis, the valuation has been updated to 31 December 2009 by a qualified actuary as follows. As required by FRS 17, the defined benefit liabilities have been measured using the projected unit method.

Contributions during the year ended 31 December 2009 amounted to £1,974,000 (2008 £1,800,000). Scheme expenses amounting to £nil (2008 £156,799) were paid by FTA. Payments for future years under the current schedule of contributions will be £1,890,000 for 2010 increasing with the movement in the Retail Prices Index in subsequent years together with the expenses of the scheme which will vary in amount from year to year.

Changes in present value of scheme liabilities

	2009	2008
	£'000	£'000
Scheme liabilities at 1 January	43,573	48,070
Interest cost	2,714	2,725
Net benefits paid from scheme assets	(2,333)	(2,158)
Actuarial losses/(gains) on scheme liabilities	6,469	(5,064)
Scheme liabilities at 31 December	<u>50,423</u>	<u>43,573</u>

Changes in fair value of scheme assets

	2009	2008
	£'000	£'000
Fair value of scheme assets at 1 January	36,652	39,393
Expected return on assets	2,153	2,382
Employer contributions	1,974	1,800
Net benefits paid from scheme assets	(2,333)	(2,158)
Actuarial gains/(losses) on assets	1,594	(4,765)
Fair value of scheme assets at 31 December	<u>40,040</u>	<u>36,652</u>

Income and expenditure account disclosure

	2009	2008
	£'000	£'000
The amounts recognised in the Income and Expenditure Account are as follows		
Expected return on assets	2,153	2,382
Interest cost	(2,714)	(2,725)
Charged to other finance expenditure	(561)	(343)

The actual return on scheme assets net of expenses for the year was a gain of £3,831,000 (2008 £2,383,000 loss)

Freight Transport Association Limited

Notes to the Accounts 31 December 2009

Statement of total recognised gains and losses (STRGL)

	2009	2008
	£'000	£'000
Actuarial (losses)/gains arising during the year	(4,875)	299
Total amount recognised in the STRGL during the year	<u>(4,875)</u>	<u>299</u>
Cumulative actuarial (loss) recognised in the STRGL at the year end	<u>(5,000)</u>	<u>(125)</u>

Assumptions

	2009	2008
The principal assumptions used by the actuary were		
Discount rate for scheme liabilities	5.70%	6.40%
Rate of increase in salaries	N/A	N/A
Rate of increase on fixed pensions in payment	5.00%	5.00%
Rate of increase on LPI pensions in payment	3.25%	2.75%
Inflation	3.50%	3.00%
Revaluation in deferment	3.50%	3.00%

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The actuary assumed that pre and post retirement mortality is in line with standard tables at 120% of PA92 year of use with medium cohort projections. Under this assumption the average life expectancy of males aged 65 is 20.7 years and of females aged 65 is 23.5 years. Seventy per cent of members are assumed to take their maximum tax free cash lump sum (2008 nil).

The overall expected rate of return on assets is determined as the average of the expected return of each major asset weighted by the assets allocated to each class.

Development of net balance sheet position

	2009	2008
	£'000	£'000
Fair value of scheme assets	40,040	36,652
Present value of funded defined benefit obligations	(50,423)	(43,573)
Pension deficit recognised in the Balance Sheet	<u>(10,383)</u>	<u>(6,921)</u>

Scheme asset information

	2009	2008
	£'000	£'000
Equities	17,419	14,906
Gilts	11,511	-
Bonds	11,359	21,746
Other	(249)	-
Fair value of assets	<u>40,040</u>	<u>36,652</u>

Five year history of assets liabilities and deficit in the scheme

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Experience gains/(losses) on scheme assets	1,594	(4,765)	25	125	3,085
Experience gains/(losses) on scheme liabilities	(6,469)	5,064	1,943	-	(1)
Deficit					
Present value of defined benefit obligation	(50,423)	(43,573)	(48,070)	(49,507)	(49,240)
Fair value of scheme assets	<u>40,040</u>	<u>36,652</u>	<u>39,393</u>	<u>36,575</u>	<u>34,702</u>
(Deficit)	<u>(10,383)</u>	<u>(6,921)</u>	<u>(8,677)</u>	<u>(12,932)</u>	<u>(14,538)</u>

Freight Transport Association Limited

Notes to the Accounts 31 December 2009

15 Pensions (continued)

The information provided for 2007 and earlier has not been restated following the change in FRS17 which requires quoted securities to be valued at current bid price rather than mid price as the actuaries have advised that the difference is small and therefore immaterial

Defined Contribution Scheme

The Association also operates defined contribution schemes for employees Pension costs for the defined contribution schemes are charged to the Income and Expenditure Account in the year in which they become payable The pension cost for the year in respect of the defined contribution schemes was £631,507 (2008 £601,091)

16 Commitments

(a) Operating leases

At 31 December 2009 there were the following annual commitments under non-cancellable operating leases.

Operating leases that expire

	Land and buildings		Other	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Within one year	-	18	122	94
In second to fifth years	60	16	636	697
	<u>60</u>	<u>34</u>	<u>758</u>	<u>791</u>

(b) Finance leases

At 31 December 2009 there were the following obligations under finance leases included in the financial statements as set out below

	2009	2008
	£'000	£'000
Within one year	<u>8</u>	<u>63</u>

(c) Capital commitments

At 31 December 2009 there were no capital expenditure commitments (2008 nil)

17 Contingent Liability

Contingent liabilities existed at 31 December 2009 arising in the ordinary course of business in connection with guarantees relating to TIR Carnets These are issued throughout Europe by various members of the International Road Transport Union (IRU) of which FTA is one

The Directors do not anticipate that this contingency in respect of TIR Carnets will result in a material liability for the Association

**HEAD OFFICE – TUNBRIDGEWELLS**

Freight Transport Association Limited, Hermes House St John's Road Tunbridge Wells, Kent TN4 9UZ
Telephone 01892 526171 Fax 01892 534989

LEAMINGTON SPA

Freight Transport Association Limited, Hermes House 20 Coventry Road, Cubbington,
Leamington Spa Warwickshire CV32 7JN
Telephone 01926 450020 Fax 01926 452765

LEEDS

Freight Transport Association Limited, Hermes House,
2 Manor Road, Horsforth, Leeds LS18 4DX
Telephone 0113 2589861 Fax 0113 2586501

STIRLING

Freight Transport Association Limited, Hermes House, Melville Terrace Stirling FK8 2ND
Telephone 01786 457500 Fax 01786 450412

CARDIFF

Freight Transport Association Limited Regus House, Falcon Drive Cardiff Bay Cardiff CF10 4RU
Telephone 029 20 504070 Fax 029 20 504224

BELFAST

Freight Transport Association Limited 109 Airport Road West, Belfast BT3 9ED
Telephone 028 9046 6699 Fax 028 9046 6690

BRUSSELS

Freight Transport Association Limited 14 Rue de la Science, 1040 Brussels, Belgium
Telephone 00 322 231 0321 Fax 00 322 230 4140

Freight Transport Association Limited
(a private limited company)
Hermes House
St John's Road
Tunbridge Wells
Kent TN4 9UZ

Telephone 01892 526171
Fax 01892 534989
website www.fta.co.uk

Registered in England Number 391957

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