

# Annual Report 2011



Incorporating the Annual Accounts  
for 2011 and Notice of the  
Annual General Meeting 2012

Safe, efficient and sustainable supply chains

# Annual General Meeting 2012

Notice is hereby given that the Annual General Meeting of Freight Transport Association Limited will be held at the Hilton Hotel, Park Lane, London at 9.30am on Tuesday 24 April 2012 for the purpose of transacting the following business

- |                                                                                                                                                                                                                                                                                  |                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1 Directors' Report</b><br/>To receive the Report of the Directors for the year 2011</p> <p><b>2 Annual Accounts</b><br/>To receive the Income and Expenditure Account for the year ended 31 December 2011, the Balance Sheet as at that date and the Auditors' Report</p> | <p><b>3 Auditors</b><br/>To appoint Auditors and to fix their remuneration</p> <p><b>4 Other Business</b><br/>To deal with any other business admitted by the Chairman</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



By order of the FTA Board  
David Wells – Company Secretary

Hermes House, St John's Road, Tunbridge Wells, Kent TN4 9UZ

2 March 2012

## The Report of the Directors for the year ended 31 December 2011

Your Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31 December 2011

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 2011 appear on page 13 of the Accounts

The Association acts as a trade association for its members 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 steadily during a year of continuing market uncertainty. Income remained at the same level as 2010 at £23.7m and is derived from a combination of membership fees and services. Services include Vehicle Inspection, Tachograph Analysis, Training, Consultancy and ShopFTA. Despite these difficult trading conditions the Association's trading performance improved in the year as the organisation's initiatives bore fruit. Membership numbers have remained strong with a total of 13,833 members at the year end. Vehicle inspections remain the largest of our business streams. This service is now expanding into the heavy van sector within the framework of the Association's Van Excellence Scheme. The Tachograph Analysis Service has also contributed strongly in 2011. Elsewhere there were solid performances in Training, Consultancy and the Association's online shop.

Throughout the year the Board has taken action to control costs and as a result year end headcount has fallen to 433. The operating surplus for the year was boosted by the further recovery of £51k of bank deposits as explained in Note 4 of the financial statements. Market conditions for 2012 remain tough, though the Board believes the Association is well placed to succeed given the plans and actions that are in place.

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 (excluding the pension scheme liabilities) at 31 December 2011 remained strong at £7.0m. Under FRS17 the pension deficit reduced by £0.4m leaving an improvement in the net assets of £0.2m.

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 2011 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 FTA Board  
John Coghlan – Honorary Treasurer

2 March 2012

## FTA Board 2011

President and Chairman  
S Oades

Honorary Treasurer  
J B Coghlan

#### Vice Presidents

A P Burleton  
R J Jenkins

#### Other Members of the Board

A Ciaburro  
T H J de Pencier (*appointed 18 August 2011*)  
J E Entwistle  
A J Haines  
I Jones  
D Morton

A J Parker  
G Roberts  
G Scott  
I Veitch  
P Watts  
J H Williams

## 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 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 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 2011 which comprise 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on 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 2011 and of its profit 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.

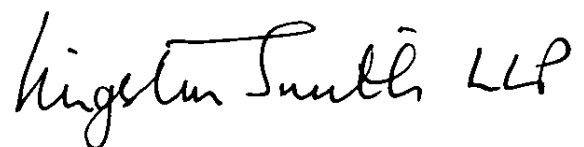
## Opinion on other matter prescribed by the Companies Act 2006

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

5 March 2012


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

# Balance Sheet 31 December 2011

|                                               | Note  | 2011         |                | 2010         |                |
|-----------------------------------------------|-------|--------------|----------------|--------------|----------------|
|                                               |       | £'000        | £'000          | £'000        | £'000          |
| <b>Fixed Assets</b>                           |       |              |                |              |                |
| Tangible Assets                               | 7     |              | 2,951          |              | 2,794          |
| <b>Current Assets</b>                         |       |              |                |              |                |
| Stock                                         | 1(iv) | 241          |                | 188          |                |
| Debtors                                       | 8     | 4,796        |                | 5,301        |                |
| Cash at bank and in hand                      |       | <u>3,026</u> |                | <u>2,858</u> |                |
|                                               |       | 8,063        |                | 8,347        |                |
| <b>Creditors</b>                              |       |              |                |              |                |
| Amounts falling due within one year           | 9     | <u>4,025</u> |                | <u>3,882</u> |                |
| <b>Net Current Assets</b>                     |       |              | <u>4,038</u>   |              | <u>4,465</u>   |
| <b>Net Assets Excluding Pension Liability</b> |       |              | 6,989          |              | 7,259          |
| Less Pension Scheme Liability                 | 10    |              | <u>6,529</u>   |              | <u>6,997</u>   |
|                                               |       |              | <u>460</u>     |              | <u>262</u>     |
| <b>Reserves</b>                               |       |              |                |              |                |
| <b>Accumulated Reserves</b>                   |       |              |                |              |                |
| General reserve                               |       |              | 6,989          |              | 7,259          |
| Pension reserve                               |       |              | <u>(6,529)</u> |              | <u>(6,997)</u> |
|                                               |       |              | <u>460</u>     |              | <u>262</u>     |

Approved by the board and authorised for issue on 2 March 2012

  
J Oades, President

  
J B Coghlan, Honorary Treasurer  
Company registration no 00391957

## Income and Expenditure Account for the year ended 31 December 2011

|                                             | Note        | 2011         |               | 2010         |               |
|---------------------------------------------|-------------|--------------|---------------|--------------|---------------|
|                                             |             | £'000        | £'000         | £'000        | £'000         |
| Income                                      | 1(vi) and 2 |              | 23,655        |              | 23,688        |
| Direct Expenses                             |             |              | <u>12,777</u> |              | <u>12,609</u> |
| Gross Surplus                               |             |              | 10,878        |              | 11,079        |
| National Operating Expenses                 | 3           |              | <u>9,741</u>  |              | <u>9,800</u>  |
| Trading Surplus                             |             |              | 1,137         |              | 1,279         |
| Exceptional item – recovery of cash deposit | 4(ii)       |              | 51            |              | 117           |
| Operating Surplus                           | 4(i)        |              | <u>1,188</u>  |              | <u>1,396</u>  |
| Income from deposits                        |             | 2            |               | 6            |               |
| Surplus on sale of Stirling office          |             | 252          |               | -            |               |
| Other Finance Expenditure                   | 14          | <u>(322)</u> |               | <u>(456)</u> |               |
|                                             |             |              | <u>(68)</u>   |              | <u>(450)</u>  |
| Surplus before taxation                     |             |              | 1,120         |              | 946           |
| Taxation                                    | 6           |              | <u>-</u>      |              | <u>-</u>      |
| Surplus for the year                        |             |              | <u>1,120</u>  |              | <u>946</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.

## Cash Flow Statement for the year ended 31 December 2011

|                                                                            | Note    | 2011<br>£'000 | 2010<br>£'000 |
|----------------------------------------------------------------------------|---------|---------------|---------------|
| Net cash inflow/(outflow) from operating activities                        | 12(i)   | 478           | (632)         |
| Return on investments and servicing of finance                             | 12(ii)  | 2             | 6             |
| Capital expenditure and financial investment                               | 12(iii) | <u>(312)</u>  | <u>(122)</u>  |
| Net cash inflow before use of liquid resources and financing               |         | 168           | (748)         |
| <b>Financing</b>                                                           |         |               |               |
| Capital element of finance lease rental payment                            |         | <u>—</u>      | <u>(8)</u>    |
| Increase/(decrease) in cash in the year                                    | 13      | <u>168</u>    | <u>(756)</u>  |
| <b>Reconciliation of net cash flow to movements in net funds (note 13)</b> |         |               |               |
| Increase/(decrease) in cash in the period                                  |         | 168           | (756)         |
| Cash outflow from decrease in lease financing                              |         | <u>—</u>      | <u>8</u>      |
| Change in net debt resulting from cash flows                               |         | 168           | (748)         |
| Net funds at 1 January 2011                                                |         | <u>2,858</u>  | <u>3,606</u>  |
| Net funds at 31 December 2011                                              |         | <u>3,026</u>  | <u>2,858</u>  |

## Statement of Total Recognised Gains and Losses for the year ended 31 December 2011

|                                             | Note | 2011<br>£'000 | 2010<br>£'000 |
|---------------------------------------------|------|---------------|---------------|
| Surplus before transfer to Reserves         |      | 1,120         | 946           |
| Actuarial (loss)/gain on pension scheme     | 14   | <u>(922)</u>  | <u>1,851</u>  |
| Total recognised gains relating to the year |      | <u>198</u>    | <u>2,797</u>  |





# Notes to the Accounts 31 December 2011

## I Accounting policies

(i) Accounting Convention

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 and capital gains 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 expenditure 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 rate ruling 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

# Notes to the Accounts 31 December 2011

## 2 Income

|                       | <b>2011</b>   | <b>2010</b>   |
|-----------------------|---------------|---------------|
|                       | <b>£'000</b>  | <b>£'000</b>  |
| Membership fees       | 3,787         | 3,721         |
| Commercial activities | <u>19,868</u> | <u>19,967</u> |
|                       | <u>23,655</u> | <u>23,688</u> |
| Geographical analysis |               |               |
| United Kingdom        | 23,314        | 23,440        |
| Ireland               | 242           | 188           |
| Rest of world         | <u>99</u>     | <u>60</u>     |
|                       | <u>23,655</u> | <u>23,688</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.

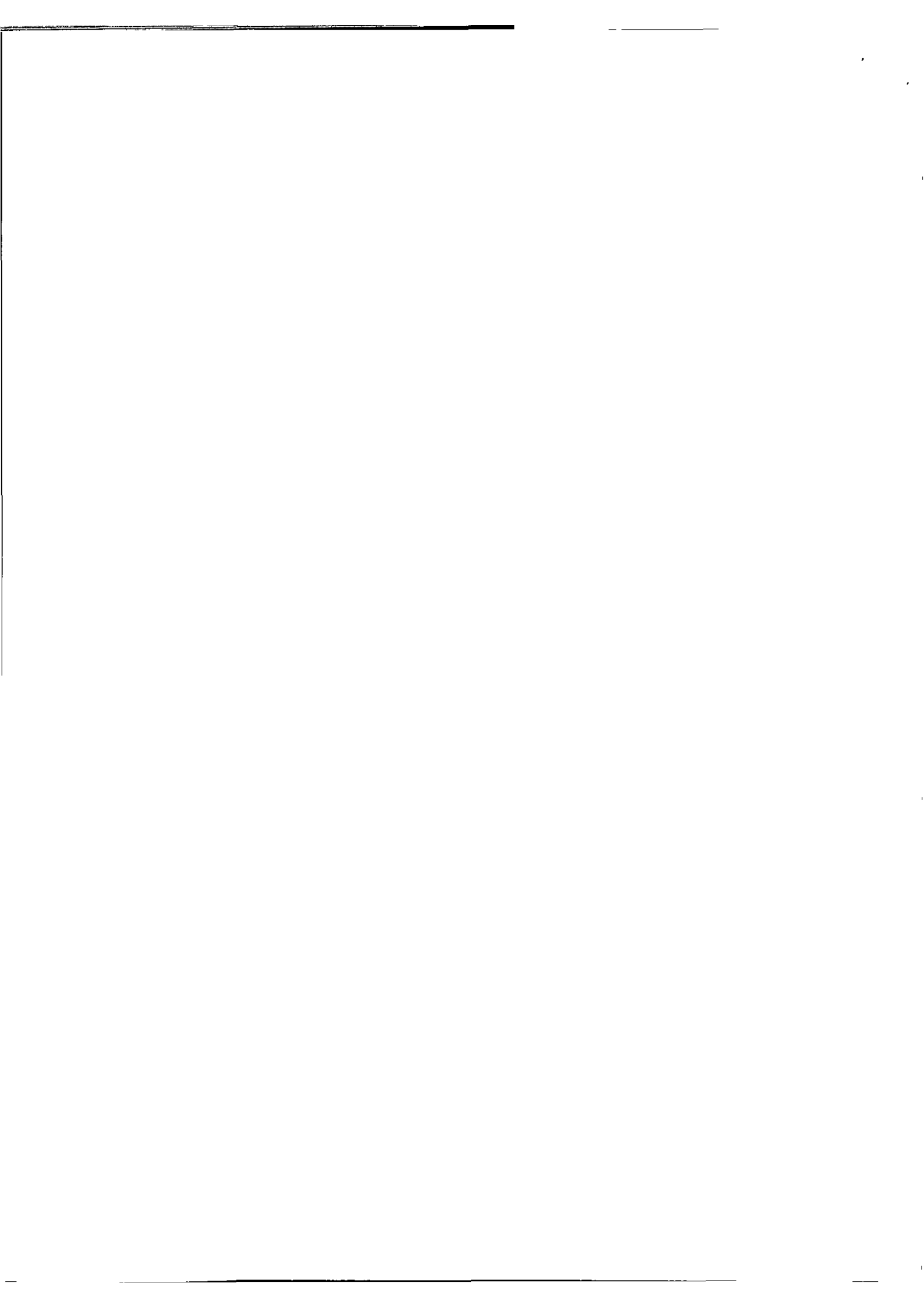
## 4 Operating Surplus

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

|                                         | <b>2011</b>  | <b>2010</b>  |
|-----------------------------------------|--------------|--------------|
|                                         | <b>£'000</b> | <b>£'000</b> |
| Auditors' remuneration in respect of    |              |              |
| Statutory audit services                | 36           | 32           |
| Other non-audit services                | 12           | 6            |
| Depreciation                            |              |              |
| Owned assets                            | 407          | 476          |
| Assets held under finance leases        | –            | 7            |
| Profit on disposal of fixed assets      | –            | (18)         |
| (Gain) on foreign exchange transactions | (4)          | (3)          |
| Operating lease payments                |              |              |
| Land and buildings                      | 80           | 83           |
| Other operating leases                  | <u>950</u>   | <u>892</u>   |

- (ii) Exceptional item – Recovery 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 were 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 the non-recovery of the entire deposit. During 2011, the company received £51,000 (2010 – £117,000) from the administrators thus reducing the overall loss to £180,000 as at 31 December 2011.



# Notes to the Accounts 31 December 2011

## 5 Employment Costs

|                                                          | <b>2011</b>  | <b>2010</b>  |
|----------------------------------------------------------|--------------|--------------|
|                                                          | <b>£'000</b> | <b>£'000</b> |
| (i) Employee costs during the year amounted to           |              |              |
| Salaries and bonuses                                     | 12,364       | 12,027       |
| Social Security costs                                    | 1,247        | 1,181        |
| Defined Contribution pension costs                       | <u>629</u>   | <u>614</u>   |
| (ii) The average number of employees during the year was | <b>2011</b>  | <b>2010</b>  |
| Operations                                               | 283          | 291          |
| National Operating Expenses                              | 160          | 158          |
| Software development                                     | 4            | –            |
|                                                          | <u>447</u>   | <u>449</u>   |
| (iii) Director Emoluments                                | <b>2011</b>  | <b>2010</b>  |
|                                                          | <b>£'000</b> | <b>£'000</b> |
| Emoluments for qualifying services                       | 98           | 12           |
|                                                          | <u>98</u>    | <u>12</u>    |

## 6 Taxation

|                                         | <b>2011</b>  | <b>2010</b>  |
|-----------------------------------------|--------------|--------------|
|                                         | <b>£'000</b> | <b>£'000</b> |
| UK Corporation Tax at 20.25% (2010 21%) | –            | –            |
| Over provision in previous years        | –            | –            |
| Current tax charge                      | <u>–</u>     | <u>–</u>     |

### Factors affecting the tax charge of the year

The Association is liable for taxation on investment income and capital gains. In 2011 this amounted to £53,342 (2010 £123,539)

|                                                                                       | <b>2011</b>  | <b>2010</b>  |
|---------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                       | <b>£'000</b> | <b>£'000</b> |
| Taxable income multiplied by standard rate of UK corporation tax of 20.25% (2010 21%) | <u>11</u>    | <u>26</u>    |
| Effects of                                                                            |              |              |
| Tax losses utilised in year                                                           | (11)         | (26)         |
| Adjustments to previous periods                                                       | –            | –            |
| Current tax charge                                                                    | <u>–</u>     | <u>–</u>     |

The company has estimated losses of £38,340 (2010 £91,682) available to carry forward against future investment income

# Notes to the Accounts 31 December 2011

## 7 Tangible Assets

|                                 | Freehold<br>Property<br>£'000 | Motor<br>Vehicles<br>£'000 | Furniture and<br>Equipment<br>£'000 | Computer<br>Equipment<br>£'000 | Total<br>£'000 |
|---------------------------------|-------------------------------|----------------------------|-------------------------------------|--------------------------------|----------------|
| <b>Cost</b>                     |                               |                            |                                     |                                |                |
| Balance at 1 January 2011       | 2,033                         | 42                         | 2,068                               | 2,260                          | 6,403          |
| Additions                       | –                             | –                          | 26                                  | 588                            | 614            |
| Disposals                       | (112)                         | –                          | (5)                                 | –                              | (117)          |
| Balance at 31 December 2011     | <u>1,921</u>                  | <u>42</u>                  | <u>2,089</u>                        | <u>2,848</u>                   | <u>6,900</u>   |
| <b>Depreciation</b>             |                               |                            |                                     |                                |                |
| Balance at 1 January 2011       | 894                           | 34                         | 807                                 | 1,874                          | 3,609          |
| Charge for the year             | 40                            | 8                          | 178                                 | 181                            | 407            |
| Disposals                       | (64)                          | –                          | (2)                                 | (1)                            | (67)           |
| Balance at 31 December 2011     | <u>870</u>                    | <u>42</u>                  | <u>983</u>                          | <u>2,054</u>                   | <u>3,949</u>   |
| Net Book Value 31 December 2011 | <u>1,051</u>                  | <u>–</u>                   | <u>1,106</u>                        | <u>794</u>                     | <u>2,951</u>   |
| Net Book Value 31 December 2010 | <u>1,139</u>                  | <u>8</u>                   | <u>1,261</u>                        | <u>386</u>                     | <u>2,794</u>   |

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 £29,085 (2010 £38,027) which is not depreciated

## 8 Debtors

|                                | 2011<br>£'000 | 2010<br>£'000 |
|--------------------------------|---------------|---------------|
| Debtors for goods and services | 3,456         | 4,099         |
| Other debtors                  | 459           | 236           |
| Due from FTA pension plan      | 1             | 441           |
| Prepayments and accrued income | 880           | 525           |
|                                | <u>4,796</u>  | <u>5,301</u>  |

### Debtors Amounts falling due after more than one year

Other debtors include amounts due from FTA Ireland Limited of £244,000. This comprises a loan of £160,000 which is subject to interest and has fixed repayment terms and a further amount of £84,000. The repayment of the loan is scheduled to commence in October 2012. Amounts falling due after more than one year are £224,000.

## 9 Creditors Amounts falling due within one year

|                                            | 2011<br>£'000 | 2010<br>£'000 |
|--------------------------------------------|---------------|---------------|
| Trade creditors                            | 870           | 977           |
| Social Security and other taxes            | 1,035         | 951           |
| Accruals and deferred income               |               |               |
| Vehicle and Tachograph Inspection Services | 1,132         | 1,192         |
| Other member services                      | 197           | 177           |
| General                                    | 791           | 585           |
|                                            | <u>4,025</u>  | <u>3,882</u>  |

# Notes to the Accounts 31 December 2011

## 10 Pension Scheme Liability

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

|                                     | <b>2011</b>  | <b>2010</b>    |
|-------------------------------------|--------------|----------------|
|                                     | <b>£'000</b> | <b>£'000</b>   |
| Deficit at start of year            | 6,997        | 10,383         |
| Cash contributions paid in the year | (1,712)      | (1,991)        |
| Other Finance Expenditure           | 322          | 456            |
| Actuarial loss/(gain)               | <u>922</u>   | <u>(1,851)</u> |
| Deficit at end of year              | <u>6,529</u> | <u>6,997</u>   |

## 11 Reserves

### (i) General Reserve

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

### (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.

### (iii) General Reserve and Pension Reserve

|                             | <b>2011</b>            |                        |              | <b>2010</b>  |
|-----------------------------|------------------------|------------------------|--------------|--------------|
|                             | <b>General Reserve</b> | <b>Pension Reserve</b> | <b>Total</b> |              |
|                             | <b>£'000</b>           | <b>£'000</b>           | <b>£'000</b> | <b>£'000</b> |
| Balance at 1 January 2011   | 7,259                  | (6,997)                | 262          | (2,535)      |
| Surplus/(loss) for the year | (270)                  | 1,390                  | 1,120        | 946          |
| Actuarial (loss)/gain       | <u>–</u>               | <u>(922)</u>           | <u>(922)</u> | <u>1,851</u> |
| Balance at 31 December 2011 | <u>6,989</u>           | <u>(6,529)</u>         | <u>460</u>   | <u>262</u>   |

### (iv) Campaign Fund

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

|                                      | <b>2011</b>  | <b>2010</b>  |
|--------------------------------------|--------------|--------------|
|                                      | <b>£'000</b> | <b>£'000</b> |
| Income                               | 317          | 324          |
| Expenditure                          | <u>(461)</u> | <u>(443)</u> |
| (Deficit) of expenditure over income | (144)        | (119)        |
| Balance at 1 January 2011            | <u>1,149</u> | <u>1,268</u> |
| Balance at 31 December 2011          | <u>1,005</u> | <u>1,149</u> |

Assets representing this fund are held in Current Assets.

Expenditure from this fund is specifically authorised by the FTA Board.

### (v) As at 31 December 2011, FTA held £51,219 (2010 £51,219) of guarantee deposits for TIR carnets and other organisations.

These funds are not in the beneficial ownership of FTA and do not form part of FTA's net assets.

# Notes to the Accounts 31 December 2011

## 12 Analysis of Cash Flows for headings netted in the Cash Flow Statement

|                                                                                                | <b>2011</b>  | <b>2010</b>  |
|------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                | <b>£'000</b> | <b>£'000</b> |
| (i) Reconciliation of operating surplus to net cash inflow/(outflow) from operating activities |              |              |
| Operating surplus                                                                              | 1,188        | 1,396        |
| Depreciation                                                                                   | 407          | 483          |
| (Increase) in stocks                                                                           | (53)         | (9)          |
| (Decrease)/increase in debtors                                                                 | 505          | (76)         |
| Increase/(decrease) in creditors                                                               | 143          | (417)        |
| Pension contributions paid                                                                     | (1,712)      | (1,991)      |
| Profit on disposal of fixed assets                                                             | —            | (18)         |
|                                                                                                | <u>478</u>   | <u>(632)</u> |
| (ii) Return on investments                                                                     |              |              |
| Interest received                                                                              | <u>2</u>     | <u>6</u>     |
| (iii) Capital expenditure                                                                      |              |              |
| Purchase of tangible fixed assets                                                              | (614)        | (142)        |
| Sale of tangible fixed assets                                                                  | <u>302</u>   | <u>20</u>    |
| Net cash (outflow) for capital expenditure                                                     | <u>(312)</u> | <u>(122)</u> |

## 13 Analysis of changes in net funds

|                          | At<br>1 Jan 2011 | Cash<br>flow | At<br>31 Dec 2011 |
|--------------------------|------------------|--------------|-------------------|
|                          | £'000            | £'000        | £'000             |
| Cash at bank and in hand | <u>2,858</u>     | <u>168</u>   | <u>3,026</u>      |

## 14 Pensions

### (i) 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 2010. Using this as a basis, the valuation has been updated to 31 December 2011 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 2011 amounted to £1,712,000 (2010 £1,991,000). Payments for future years under the current schedule of contributions will be £1,656,000 for 2012 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.

# Notes to the Accounts 31 December 2011

## 14 Pensions (continued)

### (ii) Changes in present value of scheme liabilities

|                                        | <b>2011</b>   | <b>2010</b>   |
|----------------------------------------|---------------|---------------|
|                                        | <b>£'000</b>  | <b>£'000</b>  |
| Scheme liabilities at 1 January        | 51,239        | 50,423        |
| Interest cost                          | 2,753         | 2,809         |
| Net benefits paid from scheme assets   | (2,394)       | (2,293)       |
| Actuarial losses on scheme liabilities | 2,209         | 300           |
| Scheme liabilities at 31 December      | <u>53,807</u> | <u>51,239</u> |

|                                                                                  | <b>2011</b>  | <b>2010</b>  |
|----------------------------------------------------------------------------------|--------------|--------------|
|                                                                                  | <b>£'000</b> | <b>£'000</b> |
| The total actuarial loss of £2,209,000 on the liabilities is analysed as follows |              |              |
| Experience (gain)/loss on scheme liabilities                                     | (1)          | (642)        |
| (Gain) from changes in deferred revaluation from RPI to CPI                      | –            | (822)        |
| Loss from change in other assumptions                                            | 2,210        | 1,764        |
| Total loss on scheme liabilities                                                 | <u>2,209</u> | <u>300</u>   |

### (iii) Changes in fair value of scheme assets

|                                            | <b>2011</b>   | <b>2010</b>   |
|--------------------------------------------|---------------|---------------|
|                                            | <b>£'000</b>  | <b>£'000</b>  |
| Fair value of scheme assets at 1 January   | 44,242        | 40,040        |
| Expected return on assets                  | 2,431         | 2,353         |
| Employer contributions                     | 1,712         | 1,991         |
| Net benefits paid from scheme assets       | (2,394)       | (2,293)       |
| Actuarial gains on assets                  | 1,287         | 2,151         |
| Fair value of scheme assets at 31 December | <u>47,278</u> | <u>44,242</u> |

### (iv) Income and expenditure account disclosure

|                                                                             | <b>2011</b>  | <b>2010</b>  |
|-----------------------------------------------------------------------------|--------------|--------------|
|                                                                             | <b>£'000</b> | <b>£'000</b> |
| The amounts recognised in the Income and Expenditure Account are as follows |              |              |
| Expected return on assets                                                   | 2,431        | 2,353        |
| Interest cost                                                               | (2,753)      | (2,809)      |
| Charged to other finance expenditure                                        | <u>(322)</u> | <u>(456)</u> |

The actual return on scheme assets net of expenses for the year was a gain of £3,830,000 (2010 £4,605,000)

### (v) Statement of total recognised gains and losses (STRGL)

|                                                                     | <b>2011</b>    | <b>2010</b>    |
|---------------------------------------------------------------------|----------------|----------------|
|                                                                     | <b>£'000</b>   | <b>£'000</b>   |
| Actuarial (losses)/gains arising during the year                    | (922)          | 1,851          |
| Total amount recognised in the STRGL during the year                | <u>(922)</u>   | <u>1,851</u>   |
| Cumulative actuarial (loss) recognised in the STRGL at the year end | <u>(4,071)</u> | <u>(3,149)</u> |



# Notes to the Accounts 31 December 2011

## 14 Pensions (continued)

### (vi) Assumptions

|                                                    | <b>2011</b> | <b>2010</b> |
|----------------------------------------------------|-------------|-------------|
| The principal assumptions used by the actuary were |             |             |
| Discount rate for scheme liabilities               | 4.85%       | 5.50%       |
| 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        | 2.90%       | 3.15%       |
| Inflation (RPI)                                    | 2.90%       | 3.40%       |
| Revaluation in deferment (CPI)                     | 2.00%       | 2.70%       |

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 100% of SIPA year of use with CMI\_2009 [1%] projections (2010 100% of SIPA year of use with CMI\_2009 [1%] projections) Under this assumption the average life expectancy of males aged 65 is 21.9 years and of females aged 65 is 23.9 years. One hundred per cent of members are assumed to take their maximum tax free cash lump sum (2010 75%)

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

### (vii) Development of net balance sheet position

|                                                     | <b>2011</b>     | <b>2010</b>     |
|-----------------------------------------------------|-----------------|-----------------|
|                                                     | <b>£'000</b>    | <b>£'000</b>    |
| Fair value of scheme assets                         | 47,278          | 44,242          |
| Present value of funded defined benefit obligations | <u>(53,807)</u> | <u>(51,239)</u> |
| Pension deficit recognised in the Balance Sheet     | <u>(6,529)</u>  | <u>(6,997)</u>  |
| Scheme asset information                            |                 |                 |
|                                                     | <b>2011</b>     | <b>2010</b>     |
|                                                     | <b>£'000</b>    | <b>£'000</b>    |
| Equities                                            | 19,384          | 19,024          |
| Gilts                                               | 14,183          | 12,388          |
| Bonds                                               | 13,711          | 12,830          |
| Other                                               | —               | —               |
| Fair value of assets                                | <u>47,278</u>   | <u>44,242</u>   |

### (viii) Five year history of assets, liabilities and deficit in the scheme

|                                                 | <b>2011</b>    | <b>2010</b>    | <b>2009</b>     | <b>2008</b>    | <b>2007</b>    |
|-------------------------------------------------|----------------|----------------|-----------------|----------------|----------------|
|                                                 | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>    | <b>£,000</b>   | <b>£'000</b>   |
| Experience gains/(losses) on scheme assets      | 1,287          | 2,151          | 1,594           | (4,765)        | 25             |
| Experience gains/(losses) on scheme liabilities | (2,209)        | (300)          | (6,469)         | 5,064          | 1,943          |
| <b>Deficit</b>                                  |                |                |                 |                |                |
| Present value of defined benefit obligation     | (53,807)       | (51,239)       | (50,423)        | (43,573)       | (48,070)       |
| Fair value of scheme assets                     | <u>47,278</u>  | <u>44,242</u>  | <u>40,040</u>   | <u>36,652</u>  | <u>39,393</u>  |
| (Deficit)                                       | <u>(6,529)</u> | <u>(6,997)</u> | <u>(10,383)</u> | <u>(6,921)</u> | <u>(8,677)</u> |

The information provided for 2007 and earlier has not been restated following the change in FRS 17 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

# Notes to the Accounts 31 December 2011

## 14 Pensions (continued)

### (ix) 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 £625,820 (2010 £614,409).

## 15 Commitments

### (i) Operating leases

At 31 December 2011 there were the following annual commitments under non-cancellable operating leases:

#### Operating leases that expire

|                          | Land and buildings |           | Other      |            |
|--------------------------|--------------------|-----------|------------|------------|
|                          | 2011               | 2010      | 2011       | 2010       |
|                          | £'000              | £'000     | £'000      | £'000      |
| Within one year          | 20                 | –         | 92         | 160        |
| In second to fifth years | 76                 | 74        | 422        | 441        |
|                          | <u>96</u>          | <u>74</u> | <u>514</u> | <u>601</u> |

### (ii) Capital commitments

As at 31 December 2011 there was a commitment to purchase equipment valued at £155,000 (2010 nil).

## 16 Contingent Liability

### (i) Contingent liabilities existed at 31 December 2011, 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.

### (ii) In 2010, the company set up an employee long-term incentive plan for the four executive 'directors'. The employees were due a payment under the plan if certain targets were met by 2012. During 2011, the long-term incentive plan was updated and extended to 2014.

The directors consider that at 31 December 2011, the targets remain challenging and therefore do not feel it is appropriate to include a provision in the financial statements for payments that may fall due in 2015.

**HEAD OFFICE – TUNBRIDGE WELLS**

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

**LEAMINGTON SPA**

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

**LEEDS**

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

**STIRLING**

Hermes Suite, Pavilion 1, Castlecraig Business Park, Players Road, Stirling FK7 7SH  
Telephone 01786 457500 Fax 01786 450412

**CARDIFF**

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

**BELFAST**

109 Airport Road West, Belfast BT3 9ED  
Telephone 028 9046 6699 Fax 028 9046 6690

**DUBLIN**

FTA Ireland, Office 5, Unit 104, Coolmine Business Park, Blanchardstown, Dublin 15, Republic of Ireland  
Telephone 01 8220040 Fax 01 8220045

**BRUSSELS**

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

Freight Transport Association Limited  
Hermes House  
St John's Road  
Tunbridge Wells  
Kent  
TN4 9UZ

Telephone: 01892 526171  
Fax: 01892 534989  
Website: [www.fta.co.uk](http://www.fta.co.uk)

Registered in England Number 391957  
04.12/TdP/DW