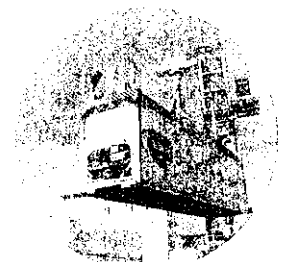
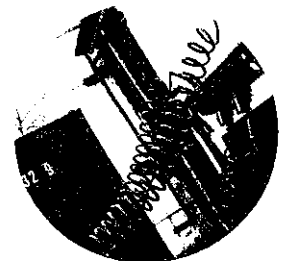
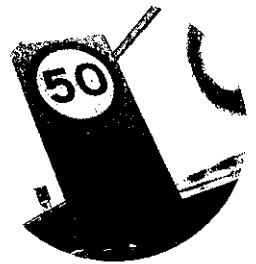


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## Freight Transport Association Annual Accounts 2005

INCORPORATING NOTICE OF THE  
ANNUAL GENERAL MEETING 2006

## Annual General Meeting 2006

Notice is hereby given that the Annual General Meeting of Freight Transport Association Limited will be held at the London Hilton, Park Lane, London W1, at 9.30am on Tuesday 25 April 2006 for the purpose of transacting the following business:

**1 Directors Report**

To receive the Report of the Directors for the year 2005.

**2 Annual Accounts**

To receive the Income and Expenditure Account for the year ended 31 December 2005, the Balance Sheet as at that date and the Auditors' Report.

**3 Auditors**

To appoint Auditors and to fix their remuneration.

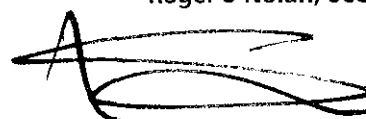
**4 Other Business**

To deal with any other business admitted by the Chairman.

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

28 February 2006

By order of the National Executive Board  
Roger S Nolan, Secretary



## The Report of the Directors for the year ended 31 December 2005

Your Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31 December 2005. For the purposes of the Companies Act 1985 members of the National Executive Board are Directors. The names of those persons who were members of the Board since 1 January 2005 appear on page 3.

The Association acts as a trade association for trade and industry in so far as the organisations in membership operate or use freight transport for or in connection with their business. During the year it continued its policy of providing a range of advisory and practical services to the membership and of pursuing a vigorous and responsible representational role. The total membership of the Association at 31 December 2005 was 12,467 and the state of the Association's affairs is set out in the Accounts shown on the following pages.

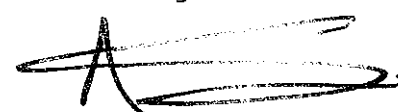
Formal arrangements exist for the management team to discuss and contribute to the financial, economic and social objectives of the Association and regularly to brief all staff on the activities in which the Association is engaged. During the year the Association maintained its policy of giving full 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 disabled employees.

Changes in the tangible assets of the Association are detailed in note 7 of the accounts. The market value of the Association's freehold properties is considered to be in excess of the amounts shown in the Accounts.

Following the full adoption of FRS17, the Balance Sheet now incorporates the pension scheme deficit and this results in negative Net Assets. However, the directors are of the opinion that the value of the Association on a going concern basis is in excess of the deficit and that the Association will generate sufficient surpluses over the average life of the pension scheme to repay the deficit in full.

The Auditors, Calder & Co retire in accordance with the provisions of the Companies Act 1985 and a resolution for their reappointment will be proposed at the Annual General Meeting.

By order of the National Executive Board  
Roger S Nolan, Secretary



28 February 2006

## National Executive Board 2005/2006

<b>President and Chairman:</b>	<b>J G Russell</b> John G Russell (Transport) Ltd
<b>Vice President:</b>	<b>E J Roderick</b> Heywood Williams Group plc
<b>Honorary Treasurer:</b>	<b>J B Coghlan</b> Exel plc
<b>Other Members of the Board:</b>	<b>D S Archbold</b> OBE Archbold Logistics Ltd <b>A R Ayres</b> Acco UK Ltd <b>P Bateman</b> Wincanton plc <b>A P Burleton</b> Argos Ltd <b>L R Christensen</b> CBE Sainsburys Supermarkets Ltd <b>A J Haines</b> Tate & Lyle Sugars <b>R J Jenkins</b> Lane Group plc <b>D Lowther</b> B & Q plc <b>J G Millican</b> Waverley Vintners Ltd

The following also held office during the year:

**J M Allan** CBE Exel plc  
**J C J Hogan** DHL Express (UK) Ltd  
**C A Lawrence** CBE Past President  
**G D N Miller** OBE TrenStar Inc  
**J D Samson-Snell** Shell Europe Oil Products Ltd

## Freight Transport Association Limited Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its surplus or deficit for that period. In preparing those 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 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## 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 2005 set out on pages 5 to 14. These financial statements have been prepared under the Historical Cost Convention and the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

### **Respective responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Auditing Standards (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

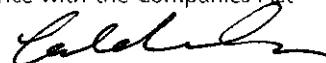
We conducted our audit in accordance with International Auditing Standards (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2005 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

1 Regent Street  
London SW1Y 4NW  
28 February 2006



Calder & Co  
Chartered Accountants  
and Registered Auditor

## Balance Sheet 31 December 2005

		2005		2004 (as restated)	
	Note	£	£	£	£
<b>Fixed Assets:</b>					
Tangible Assets	7		2,544,000		2,407,974
<b>Current Assets:</b>					
Stocks	1(iii)	132,063		128,886	
Debtors	8	3,943,255		3,747,388	
Cash at bank and in hand		<u>2,917,871</u>		<u>2,314,655</u>	
		6,993,189		6,190,929	
<b>Creditors:</b>					
Amounts falling due within one year	9	<u>3,662,532</u>		<u>3,387,753</u>	
Net Current Assets			<u>3,330,657</u>		<u>2,803,176</u>
Net Assets excluding pension scheme deficit			5,874,657		5,211,150
<b>Less Pension Scheme Deficit</b>	10		<u>14,538,000</u>		<u>14,542,000</u>
			<u>(8,663,343)</u>		<u>(9,330,850)</u>
<b>Capital and Reserves</b>					
<b>Accumulated Reserves:</b>					
General reserve	11(i) to (v)		5,874,657		5,211,150
Pension reserve			<u>(14,538,000)</u>		<u>(14,542,000)</u>
Net balance at 31 December 2005			<u>(8,663,343)</u>		<u>(9,330,850)</u>



J G Russell, President

Signed on behalf of the National Executive Board  
28 February 2006


J B Coghlan, Honorary Treasurer

# Income and Expenditure Account for the year ended 31 December 2005

	Note	2005		2004 (as restated)	
		£	£	£	£
Income	1(v) and 2		21,417,370		20,784,829
Direct Expenses			<u>11,650,660</u>		<u>10,986,492</u>
Gross Surplus			9,766,710		9,798,337
National Operating Expenses	3 and 4		<u>7,663,328</u>		<u>7,568,084</u>
Trading Surplus			2,103,382		2,230,253
Income from deposits		126,871		79,134	
Surplus on disposal of fixed assets		17,360		1,405	
Other Finance Expenditure	14	<u>(591,000)</u>		<u>(545,000)</u>	
			<u>(446,769)</u>		<u>(464,461)</u>
Less Taxation	6	<u>24,106</u>		<u>14,175</u>	
			<u>(470,875)</u>		<u>(478,636)</u>
Surplus for the year			<u>1,632,507</u>		<u>1,751,617</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 turnover and operating result derive entirely from continuing operations.

The notes on pages 8 to 14 form part of these accounts

## Cash Flow Statement for the year ended 31 December 2005

		<b>2005</b>	<b>2004</b> (as restated)
	<b>Note</b>	<b>£</b>	<b>£</b>
Net cash inflow from operating activities		2,585,658	2,635,406
<b>Return on investments</b>	12(i)	126,871	79,134
<b>Taxation</b>		(15,035)	(5,201)
<b>Capital expenditure and financial investment</b>	12(ii)	(534,278)	(166,719)
<b>Payments into defined benefits pension scheme</b>		(1,560,000)	(1,303,000)
Cash inflow before use of liquid resources and financing		<u>603,216</u>	<u>1,239,620</u>
<b>Increase in cash in the year</b>	13	<u>603,216</u>	<u>1,239,620</u>
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
<b>Trading Surplus:</b>		2,103,382	2,230,253
Depreciation		415,612	442,951
(Increase)/Decrease in Stocks		(3,177)	(26,299)
(Increase)/Decrease in Debtors		(195,867)	90,800
Increase/(Decrease) in Creditors		<u>265,708</u>	<u>(102,299)</u>
Net cash inflow from operating activities		<u>2,585,658</u>	<u>2,635,406</u>

## Statement of Total Recognised Gains and Losses for the year ended 31 December 2005

		<b>2005</b>	<b>2004</b> (as restated)
	<b>Note</b>	<b>£</b>	<b>£</b>
Surplus before transfer to Reserves		1,632,507	1,751,617
Pension: Actual less expected return on assets		3,085,000	976,000
Pension: Experience losses in liabilities		(1,000)	(488,000)
Pension: Effect of changes in assumptions on liabilities		<u>(4,049,000)</u>	<u>(3,245,000)</u>
		<u>(965,000)</u>	<u>(2,757,000)</u>
Total recognised gains/(losses) relating to the year		<u>667,507</u>	<u>(1,005,383)</u>
Prior Year Adjustment	15	<u>(14,542,000)</u>	<u>—</u>
Total recognised gains/(losses) since the last Annual Report		<u>(13,874,493)</u>	<u>(1,005,383)</u>

The notes on pages 8 to 14 form part of these accounts

# Notes to the Accounts 31 December 2005

## 1 Accounting Policies

### (i) Preparation of Accounts

These Accounts have been prepared under the Historical Cost Convention and in accordance with applicable Accounting Standards.

### (ii) 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 years
Motor Vehicles	4 years	Computers	3 to 5 years

### (iii) Stock

Stock is valued at the lower of cost and net realisable value.

### (iv) Taxation

Taxation is provided on non-member income only.

### (v) Income

Income is recognised at the point of sale or at the time the service is provided.

All turnover excludes value added tax.

### (vi) Pension costs

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 in 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.

### (vii) Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the term of the lease.

## 2 Income

Income includes membership fees which are recognised in the month they are due and no provision for the prepaid portion is carried forward in the Balance Sheet.

All income is generated in the UK, with the exception of occasional fees from overseas projects.

## 3 National Operating Expenses

The heading 'Administration expenses' which is specified in the Companies Act 1985 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 1985.



# Notes to the Accounts 31 December 2005

## 4 Total Expenditure

The surplus for the year is derived after charging:

	2005	2004
	£	£
Audit fees	33,000	33,000
Depreciation	415,612	442,951
Surplus on sale of assets	(17,360)	(1,405)
Operating lease payments:		
Land and buildings	28,950	28,950
Other operating leases	<u>1,043,434</u>	<u>1,032,283</u>

## 5 Employment Costs

	2005	2004
	£	£
Employee costs during the year amounted to:		
Salaries and bonuses	10,106,816	9,679,519
Social Security costs	1,003,659	928,090
Defined Contribution pension costs	<u>479,064</u>	<u>396,296</u>

	2005	2004
The average number of employees during the year was:	<u>433</u>	<u>418</u>

In 2005 the company made cash payments of £1,560,000 (2004: £1,273,200) into the Defined Benefits pension scheme.

## 6 Taxation

The Association is liable for taxation only on surpluses arising from non-members. The taxation charge for the year based on this income is as follows:

	2005	2004
	£	£
Corporation tax at 19 per cent (2004: 19 per cent)	24,106	15,035
Over provision for previous years	<u>-</u>	<u>(860)</u>
	<u>24,106</u>	<u>14,175</u>

## Notes to the Accounts 31 December 2005

## 7 Tangible Assets

	Freehold Property	Motor Vehicles	Furniture & Equipment	Computer Equipment	Total
	£	£	£	£	£
<b>Cost</b>					
Balance at 1 January 2005	2,728,507	33,407	528,956	1,686,195	4,977,065
Additions	–	44,312	146,169	362,196	552,677
Disposals	–	(33,407)	–	(16,312)	(49,719)
Balance at 31 December 2005	<u>2,728,507</u>	<u>44,312</u>	<u>675,125</u>	<u>2,032,079</u>	<u>5,480,023</u>
<b>Depreciation</b>					
Balance at 1 January 2005	932,673	28,512	412,912	1,194,994	2,569,091
Provision	53,258	10,047	69,747	282,560	415,612
Disposals	–	(33,407)	–	(15,273)	(48,680)
Balance at 31 December 2005	<u>985,931</u>	<u>5,152</u>	<u>482,659</u>	<u>1,462,281</u>	<u>2,936,023</u>
Net Book Value 31 December 2005	<u>1,742,576</u>	<u>39,160</u>	<u>192,466</u>	<u>569,798</u>	<u>2,544,000</u>
Net Book Value 31 December 2004	<u>1,795,834</u>	<u>4,895</u>	<u>116,044</u>	<u>491,201</u>	<u>2,407,974</u>

A charge was created over the Association's head office, Hermes House, St John's Road, Tunbridge Wells, on 30 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 £70,104 (2004: £70,104) which is not depreciated.

## 8 Debtors

	2005	2004
	£	£
Debtors for goods and services	3,432,131	3,247,124
Other debtors	223,372	192,180
Prepayments and accrued income	<u>287,752</u>	<u>308,084</u>
	<u>3,943,255</u>	<u>3,747,388</u>

## 9 Creditors

	2005	2004
	£	£
Trade creditors	814,734	664,433
Accruals and deferred income:		
Vehicle Inspection Service	380,229	342,800
Tachograph Service	722,298	733,002
Other member services	259,019	269,497
Payroll and other taxes	773,948	530,824
General accruals and other creditors	688,198	832,162
Corporation tax payable	<u>24,106</u>	<u>15,035</u>
	<u>3,662,532</u>	<u>3,387,753</u>

# Notes to the Accounts 31 December 2005

## 10 Pension Scheme Deficit

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

	2005	2004
	£	£
Deficit at start of year	14,542,000	12,543,000
Cash contributions	(1,560,000)	(1,303,000)
Other Finance Expenditure	591,000	545,000
Actuarial loss	965,000	2,757,000
Deficit at end of year	<u>14,538,000</u>	<u>14,542,000</u>

## 11 Reserves and Funds

### (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 FRS 3 the total of the Association's General Reserve and Other Reserves constitute 'Shareholders funds'. The movements in the Accumulated Reserve are detailed below.

### (iii) General Reserves and Pension Reserve

	2005		2004	
	General Reserves	Pension Reserve	Total	(as restated)
	£	£	£	£
Balance at 1 January 2005	5,211,150	–	5,211,150	(8,325,467)
Prior year adjustment	–	(14,542,000)	(14,542,000)	–
Balance at 1 January 2005 as restated	5,211,150	(14,542,000)	(9,330,850)	(8,325,467)
Surplus for the year	663,507	969,000	1,632,507	1,751,617
Actuarial loss	–	(965,000)	(965,000)	(2,757,000)
Balance at 31 December 2005	<u>5,874,657</u>	<u>(14,538,000)</u>	<u>(8,663,343)</u>	<u>(9,330,850)</u>

### (iv) Campaign Fund

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

	2005	2004
	£	£
Income	448,240	439,010
Expenditure	<u>333,519</u>	<u>162,252</u>
Surplus of income over expenditure	114,721	276,758
Balance brought forward	<u>1,011,017</u>	<u>734,259</u>
Balance carried forward	<u>1,125,738</u>	<u>1,011,017</u>

Assets representing this Fund are held in Current Assets.

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

### (v) Other funds

FTA administered one fund as at 31 December 2004 with a value of £97,137. As at 31 December 2005, FTA held £47,994 (2004: £54,994) 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.

## Notes to the Accounts 31 December 2005

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

	2005	2004
	£	£
(i) Return on investments		
Interest received	126,871	79,134
<b>Net cash inflow for return on investments</b>	<b>126,871</b>	<b>79,134</b>
(ii) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(552,677)	(172,282)
Sale of tangible fixed assets	18,399	5,563
<b>Net cash outflow for capital expenditure</b>	<b>(534,278)</b>	<b>(166,719)</b>

## 13 Analysis of net funds

	At 1 Jan 05	Cash flow	Other changes	At 31 Dec 05
	£	£	£	£
<b>Net cash:</b>				
Cash at bank and in hand	2,314,655	603,216	–	2,917,871
<b>Net funds</b>	<b>2,314,655</b>	<b>603,216</b>	<b>–</b>	<b>2,917,871</b>

## 14 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 that 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 2004.

Contributions during the year ended 31 December 2005 amounted to £1,560,000 (2004: £1,273,200) plus expenses of the scheme, which amounted to £139,152 (2004: £159,785). Payments for future years under the current schedule of contributions will be £1,606,800 for 2006 increasing with the movement in the Retail Prices Index in subsequent years together with the expenses of the scheme, which are an amount that will vary from year to year.

## Assumptions

The various actuarial assumptions, used during the financial year are as follows:

	2005	2004	2003
Discount rate	5.00%	5.50%	5.60%
Rate of increase in salaries	N/A	N/A	N/A
Rate of increase on fixed pensions in payment	5.00%	5.00%	5.00%
Inflation	2.80%	2.80%	2.75%
Rate of increase on LPI pensions in payment	2.50%	2.50%	2.50%

# Notes to the Accounts 31 December 2005

Fair value and expected return on assets

The fair value of the assets in the scheme at 31 December was:

		2005	2004	2003
	Expected long term return	£	£	£
Equities	7.00%	14,057,000	12,574,000	11,441,000
Bonds/Gilts	4.50%	20,645,000	17,171,000	15,651,000
Other (cash)		—	—	178,600
Total market value of assets		34,702,000	29,745,000	27,270,600
Present value of scheme's liabilities		49,240,000	44,287,000	39,814,000
Net deficit in the scheme		(14,538,000)	(14,542,000)	(12,543,400)

Components of the defined benefit cost

The amounts included within the operating surplus for current service cost, past service cost and settlements and curtailments were nil (2004: nil). There was no previously unrecognised service cost deducted from the past service costs and there were no material gains or losses from settlements or curtailments.

Income & Expenditure Account disclosure

The amount charged to Other Finance Expenditure is as follows:

	2005	2004	2003
	£	£	£
Expected return on assets	1,804,000	1,644,000	1,365,000
Interest on scheme liabilities	2,395,000	2,189,000	2,056,000
Net (charge)	(591,000)	(545,000)	(691,000)

The following disclosures will be built up over time to form a five year history:

	2005	2004	2003
	£	£	£
Actual less expected return on assets	3,085,000	976,000	1,305,000
% of scheme assets	8.9%	3.3%	4.8%
Experience loss on liabilities	(1,000)	(488,000)	(215,000)
% of scheme liabilities	0%	(1.1%)	(0.6%)
Actuarial (loss)/gain recognized in STRGL	(965,000)	(2,757,000)	822,000
% of scheme liabilities	(2.0%)	(6.2%)	2.1%

Assets and liabilities of the scheme

The Directors are of the opinion that the value of the Association on a going concern basis is in excess of the deficit at 31 December 2005 and that the Association will generate sufficient surpluses over the average life of the scheme to repay the deficit in full.

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 £479,064 (2004: £396,296).

# Notes to the Accounts 31 December 2005

## 15 Prior year adjustment

The prior year adjustment arises because of the requirements of Financial Reporting Standard 17 on Retirement Benefits. This supersedes the previous accounting standard (SSAP24). This change in accounting policy requires that the Financial Statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and related funding. The change in accounting policy has resulted in a prior year adjustment of £14,542,000 representing the value of the deficit in the pension scheme as at 31 December 2004.

The 2004 General Reserve is restated as follows:

	£
General Reserve at 1 January 2004 as originally reported	4,217,533
Deficit on pension scheme at 1 January 2004	(12,543,000)
General Reserve at 1 January 2004 as restated	<u>(8,325,467)</u>

The surplus for 2004 is restated as follows:

	£
Surplus for 2004 as originally reported	993,617
Add back cash payment to pension scheme	1,303,000
Expected return on pension assets	1,644,000
Interest on pension scheme liabilities	(2,189,000)
Surplus for 2004 as restated	<u>1,751,617</u>

## 16 Commitments

### (a) Operating leases

At 31 December 2005 there were the following annual commitments under non-cancellable operating leases:

#### Operating leases that expire:

	2005	2004
	£	£
Within one year	198,195	244,088
In second to fifth years	485,062	526,655
Over five years	–	–
	<u>683,257</u>	<u>770,743</u>

Annual commitments for the lease of Land and Buildings were £nil (2004: £14,475) in the second to fifth years.

### (b) Capital commitments

At 31 December 2005 there were capital expenditure commitments of £80,750 (2004: £25,200).

## 17 Contingent Liability

Contingent liabilities existed at 31 December 2005, 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.