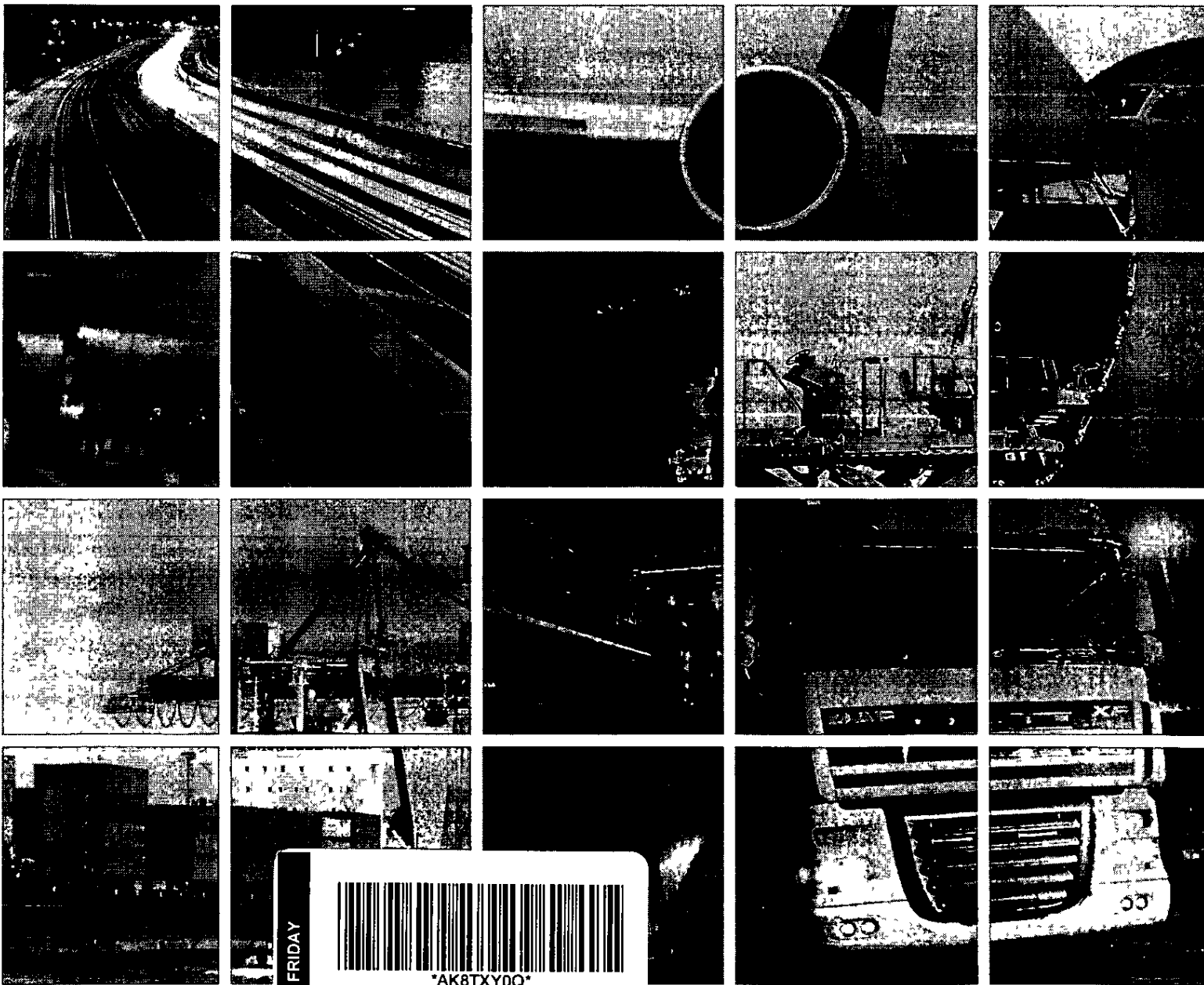




FREIGHT TRANSPORT ASSOCIATION

Annual Accounts 2007

INCORPORATING NOTICE OF THE ANNUAL GENERAL MEETING 2008



FRIDAY



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COMPANIES HOUSE

Safe, efficient and sustainable supply chains

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Annual General Meeting 2008

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 22 April 2008 for the purpose of transacting the following business

1 Directors' Report

To receive the Report of the Directors for the year 2007

2 Annual Accounts

To receive the Income and Expenditure Account for the year ended 31 December 2007, the Balance Sheet as at that date and the Auditors Report

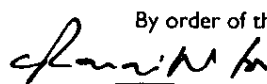
3 Auditors

To appoint Auditors and to fix their remuneration

4 Other Business

To deal with any other business admitted by the Chairman

7 March 2008

By order of the National Executive Board
 Cripps Secretaries Limited

The Report of the Directors for the year ended 31 December 2007

Your Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31 December 2007

For the purposes of the Companies Act 1985, Members of the FTA Board are Directors. The names of those persons who were members of the Board during 2007 appear on page 3 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 continued to grow during 2007. Income increased by nearly 4 per cent over 2006 and the numbers of staff increased to just over 500 by the year end. Income at over £25 million is derived from a combination of membership fees and services. Services include Vehicle Inspection, Tachograph Analysis, Training Consultancy and Shopfta which sells transport related products to the membership. The increase in income was derived from strong growth in our Tacho, Consultancy and Shopfta activities, balanced by a reduction in our Vehicle Inspection and Training services. In addition, our membership numbers grew healthily during the year to 14,121, an encouraging sign for the future. Trading surplus reduced during 2007 reflecting in particular the income shortfall in vehicle inspection work and training, together with some reorganisation costs.

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 prudently its cash reserves and the need to invest in further development of its services to members. Management processes exist to monitor, report on and control all of these areas. For example, the Association invests its cash balances for periods not greater than six months in established banks with no less than AAA credit rating.

The Balance Sheet at 31 December 2007 grew by over £5m due to a combination of a reduction in the pension scheme deficit under FRS17 and the surplus for the year, generated in order to achieve the objectives of preserving the value of the Balance Sheet and generating funds for investment going forward.

Changes to the tangible assets of the Association are detailed in note 8 of the Accounts. In 2007 the Wadhurst Conference Centre was sold and part of the proceeds formed an additional payment of £1 million, over and above regular payments into the FTA Pension Plan, and £1.2 million for the refurbishment of the Association's head office in Tunbridge Wells.

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

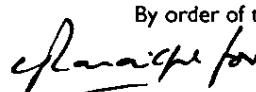
During 2007 the FTA Board established a Remuneration Committee – chaired by the President – and an Audit Committee – chaired by the Honorary Treasurer – in order to strengthen the Association's corporate governance These committees will meet at least twice a year and report to the FTA Board on a regular basis

Following full adoption of FRS 17 in 2005, the Balance Sheet now incorporates the pension scheme deficit and this results in negative net assets, albeit much reduced on 2006 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

In accordance with section 385 of the Companies Act 1985, 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

7 March 2008

By order of the National Executive Board
 Cripps Secretaries Limited

National Executive Board 2007/2008

President and Chairman

A J Haines Tate & Lyle Food & Industrial Ingredients Europe

Honorary Treasurer

J B Coghlan Inchcape Shipping Services Ltd

Vice Presidents

A P Burleton Argos Ltd

R J Jenkins Wincanton plc

Other Members of the Board

R Burnley Sainsbury's Supermarkets Ltd

J E Entwistle BT Fleet

E Fitzsimons Freightliner Group

S Oades Christian Salvesen plc

A J Parker Shell International Petroleum Company

J G Russell John G Russell (Transport) Ltd

C F Thorneycroft-Smith Eclipse Marketing Ltd

P Watts DHL Exel Supply Chain

J H Williams Maritime Transport Ltd

The following also held office during the year

A R Ayres Acco UK Ltd

L R Christensen CBE Sainsbury's Supermarkets Ltd

J G Millican Waverley Vintners Ltd

E J Roderick Heywood Williams Group plc

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) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company 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 2007 which comprises 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. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 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 auditor's 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (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 information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 other transactions 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

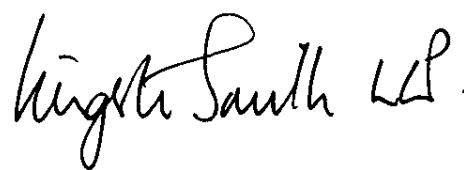
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its surplus for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Directors' Report is consistent with the financial statements.



Devonshire House, 60 Goswell Road
London EC1M 7AD

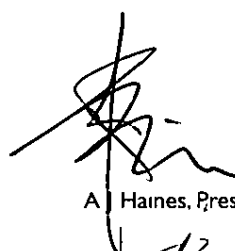
11 March 2008

Kingston Smith LLP
Chartered Accountants
and Registered Auditors

Balance Sheet 31 December 2007

		2007		2006	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible Assets	8		2,186		2,607
Current Assets					
Stocks	1 (iii)	230		217	
Debtors	9	8,028		4,552	
Cash at bank and in hand		<u>2,200</u>		<u>3,138</u>	
		10,458		7,907	
Creditors					
Amounts falling due within one year	10	<u>4,872</u>		<u>3,679</u>	
Net Current Assets			<u>5,586</u>		<u>4,228</u>
Total Assets less Current Liabilities			7,772		6,835
Creditors amounts falling due after more than one year	10		<u>71</u>		<u>—</u>
Net Assets Excluding Pension Liability			7,701		6,835
Less Pension Scheme Liability	11		<u>8,677</u>		<u>12,932</u>
			<u>(976)</u>		<u>(6,097)</u>
Capital and Reserves					
Accumulated Reserves	12(i) to (v)				
General reserve			7,701		6,835
Pension reserve			<u>(8,677)</u>		<u>(12,932)</u>
			<u>(976)</u>		<u>(6,097)</u>

Approved by the board and authorised for issue on
7 March 2008



A. Haines, President



J. B. Coghlan, Honorary Treasurer

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

Income and Expenditure Account for the year ended 31 December 2007

	Note	2007		2006	
		£'000	£'000	£'000	£'000
Income	1(v) and 2		25,355		24,477
Direct Expenses			<u>15,178</u>		<u>13,938</u>
Gross Surplus			10,177		10,539
National Operating Expenses	3		<u>8,670</u>		<u>8,089</u>
Trading Surplus	4		1,507		2,450
Income from deposits		139		144	
Surplus on disposal of Wadhurst Conference Centre		1,927		—	
Surplus on disposal of other fixed assets		7		—	
Interest payable and similar charges	5	(4)		—	
Other Finance Expenditure	15	<u>(368)</u>		<u>(509)</u>	
		1,701		(365)	
Taxation	7	<u>55</u>		<u>27</u>	
			<u>1,646</u>		<u>(392)</u>
Surplus for the year			<u>3,153</u>		<u>2,058</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 2007

		2007	2006
	Note	£'000	£'000
Net cash (outflow)/inflow from operating activities	13(i)	(3,021)	588
Return on investments and servicing of finance	13(ii)	135	144
Taxation – Corporation Tax paid		(27)	(24)
Capital expenditure and financial investment	13(iii)	<u>2,054</u>	<u>(488)</u>
Net cash inflow before use of liquid resources and financing		(859)	220
Financing			
Capital element of finance lease rental payment		<u>(79)</u>	<u>–</u>
(Decrease)/Increase in cash in the year	14	<u>(938)</u>	<u>220</u>
Reconciliation of net cash flow to movements in net funds (note 14)			
(Decrease)/increase in cash in the period		(938)	220
Cash outflow from increase in lease financing		79	–
New finance leases		<u>(225)</u>	<u>–</u>
Movement in net funds in the year		(1,084)	220
Net funds at 1 January 2007		<u>3,138</u>	<u>2,918</u>
Net funds at 31 December 2007		<u>2,054</u>	<u>3,138</u>

Statement of Total Recognised Gains and Losses for the year ended 31 December 2007

		2007		2006	
	Note	£'000	£'000	£'000	£'000
Surplus before transfer to Reserves			3,153		2,058
Pension Actual less expected return on assets	25			125	
Pension Experience gains on liabilities	955			–	
Pension Effect of changes in assumptions on liabilities	988			383	
			<u>1,968</u>		<u>508</u>
Total recognised gains relating to the year			<u>5,121</u>		<u>2,566</u>

Notes to the Accounts 31 December 2007

I 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 to 10 years
Motor Vehicles	4 years	Computers	3 to 5 years

(iii) Stock

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

(iv) Taxation

Taxation is provided on non-member income only

(v) Income

Income is recognised at the time the goods or services are provided
All turnover excludes value added tax

(vi) 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

(vii) Operating Leases

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

(viii) Finance Leases

Finance leases are capitalised at the leases 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 statement over the lease period so as to produce a constant periodic rate of interest for each period. Equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

(ix) 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

2 Income

	2007	2006
	£'000	£'000
Membership fees	3,685	3,609
Commercial activities	21,670	20,868
	<u>25,355</u>	<u>24,477</u>

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

Notes to the Accounts 31 December 2007

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.

4 Trading Surplus

The surplus for the year is derived after charging

	2007	2006
	£'000	£'000
Auditors' remuneration in respect of		
Statutory audit services	31	31
Pension Plan audit	6	6
Other non-audit services	4	–
Depreciation		
Owned assets	451	425
Assets held under finance leases	75	–
Operating lease payments		
Land and buildings	54	30
Other operating leases	989	1,045

5 Interest payable and similar charges

	2007	2006
	£'000	£'000
Finance charges payable on finance leases	4	–

6 Employment Costs

	2007	2006
	£'000	£'000
Employee costs during the year amounted to		
Salaries and bonuses	11,922	11,359
Social Security costs	1,282	1,245
Defined Contribution pension costs	629	567

	2007	2006
The average number of employees during the year was		
Operations	350	334
National Operating Expenses	140	141
	490	475

7 Taxation

The Association is liable for taxation on investment income and capital gains. In 2007 this amounted to £277,000 (2006 £144,000). The taxation charge for the year based on this income is as follows:

	2007	2006
	£'000	£'000
Corporation tax at 20 per cent (2006 19 per cent)	55	27
	55	27

Notes to the Accounts 31 December 2007

8 Tangible Assets

	Freehold Property £'000	Motor Vehicles £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
Balance at 1 January 2007	2,729	114	763	1,314	4,920
Additions	—	64	35	673	772
Disposals	(845)	(44)	(202)	(69)	(1,160)
Balance at 31 December 2007	<u>1,884</u>	<u>134</u>	<u>596</u>	<u>1,918</u>	<u>4,532</u>
Depreciation					
Balance at 1 January 2007	1,039	21	551	702	2,313
Charge for the year	53	35	47	391	526
Disposals	(317)	(24)	(83)	(69)	(493)
Balance at 31 December 2007	<u>775</u>	<u>32</u>	<u>515</u>	<u>1,024</u>	<u>2,346</u>
Net Book Value 31 December 2007	<u>1,109</u>	<u>102</u>	<u>81</u>	<u>894</u>	<u>2,186</u>
Net Book Value 31 December 2006	<u>1,690</u>	<u>93</u>	<u>212</u>	<u>612</u>	<u>2,607</u>

The Net Book Value of £2,186,000 includes an amount of £150,000 (2006 nil) 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 (2006 £70,104) which is not depreciated.

9 Debtors

	2007 £'000	2006 £'000
Debtors for goods and services	4,393	3,892
Other debtors	2,612	248
Due from FTA pension plan	580	118
Prepayments and accrued income	<u>443</u>	<u>294</u>
	<u>8,028</u>	<u>4,552</u>

10 Creditors Amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	826	832
Corporation Tax	55	27
Social Security and other taxes	932	857
Obligations under finance leases (note 16)	75	—
Accruals and deferred income	—	—
Vehicle and Tachograph Inspection Services	1,046	936
Other member services	215	210
General	<u>1,723</u>	<u>817</u>
	<u>4,872</u>	<u>3,679</u>

Creditors Amounts falling due after more than one year

Obligations under finance leases (note 16)	<u>71</u>	<u>—</u>
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Notes to the Accounts 31 December 2007

11 Pension Scheme deficit

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

	2007	2006
	£'000	£'000
Deficit at start of year	12,932	14,538
Cash contributions		
paid in the year	(1,655)	(1,656)
accrued at the year end	(1,000)	–
Past service costs	–	49
Other Finance Expenditure	368	509
Actuarial (gain)	(1,968)	(508)
Deficit at end of year	<u>8,677</u>	<u>12,932</u>

12 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 Reserve and Pension Reserve

	2007		2006
	General Reserve	Pension Reserve	Total
	£'000	£'000	£'000
Balance at 1 January 2007	6,835	(12,932)	(6,097)
Surplus for the year	866	2,287	3,153
Actuarial gain	–	1,968	1,968
Balance at 31 December 2007	<u>7,701</u>	<u>(8,677)</u>	<u>(6,097)</u>

(iv) Campaign Fund

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

	2007	2006
	£'000	£'000
Income	321	317
Expenditure	<u>220</u>	<u>59</u>
Surplus of income over expenditure	101	258
Balance at 1 January 2007	<u>1,383</u>	<u>1,125</u>
Balance at 31 December 2007	<u>1,484</u>	<u>1,383</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 2007, FTA held £40,994 (2006 £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.

Notes to the Accounts 31 December 2007

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

	2007 £'000	2006 £'000
(i) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		
Trading surplus	1,507	2,450
Depreciation	526	425
(Increase) in stocks	(13)	(85)
(Increase) in debtors	(3,476)	(609)
Increase in creditors	1,090	14
Pension contributions paid	(1,655)	(1,607)
Decrease in Net Pension Liability due to accrued contributions	<u>(1,000)</u>	<u>–</u>
	<u>(3,021)</u>	<u>588</u>
(ii) Return on investments		
Interest received	139	144
Interest element of finance lease rental payments	<u>(4)</u>	<u>–</u>
	<u>135</u>	<u>144</u>
(iii) Capital expenditure		
Purchase of tangible fixed assets	(547)	(488)
Sale of tangible fixed assets	<u>2,601</u>	<u>–</u>
Net cash inflow/(outflow) for capital expenditure	<u>2,054</u>	<u>(488)</u>

12

14 Analysis of changes in net funds

	At 1 Jan 07 £'000	Cash flow £'000	Other non- cash changes	At 31 Dec 07 £'000
Net cash				
Cash at bank and in hand	3,138	(938)	–	2,200
Finance leases	<u>–</u>	<u>79</u>	<u>(225)</u>	<u>(146)</u>
Net funds	<u>3,138</u>	<u>(859)</u>	<u>(225)</u>	<u>2,054</u>

Major non-cash transactions

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £225,000

Notes to the Accounts 31 December 2007

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 2007 by a qualified actuary as follows:

Contributions during the year ended 31 December 2007 amounted to £1,655,016 (2006 £1,606,800) plus a further £1 million committed by FTA to be paid in 2008. Expenses of the scheme amounting to £163,139 (2006 £148,266) were paid by FTA. Payments for future years under the current schedule of contributions will be £1,830,000 for 2008 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:

	2007	2006	2005
Discount rate	5.80%	5.20%	5.00%
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	3.25%	3.00%	2.80%
Rate of increase on LPI pensions in payment	2.95%	2.70%	2.50%

Fair value and expected return on assets

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

	2007	Expected long-term	2006	Expected long-term	2005	Expected long-term
	£'000	return	£'000	return	£'000	return
Equities	14,980	7.50%	15,170	7.50%	14,057	7.50%
Bonds/Gilts	23,413	5.20%	21,405	4.80%	20,645	4.50%
Other	1,000	-	-	-	-	-
Total market value of assets	39,393		36,575		34,702	
Present value of scheme's liabilities	48,070		49,507		49,240	
Net deficit in the scheme	(8,677)		(12,932)		(14,538)	

Components of the defined benefit cost

The amounts included within the operating surplus for past service cost were nil (2006 £49,000). There were no current 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:

	2007	2006
	£'000	£'000
Amounts charged to other finance expenditure		
Expected return on assets	2,154	1,909
Interest on scheme liabilities	2,522	2,418
Net (charge)	(368)	(509)

Notes to the Accounts 31 December 2007

History of experience gains and losses

	2007	2006	2005	2004	2003
	£'000	£'000	£'000	£'000	£'000
Actual less expected return on assets	25	125	3,085	976	1,305
% of scheme assets	0.0%	0.3%	8.9%	3.3%	4.8%
Experience (loss) on liabilities	955	—	(1)	(488)	(215)
% of present value of scheme liabilities	2.0%	0.0%	0.0%	(1.1%)	(6.0%)
Actuarial (loss)/gain recognized in STRGL	1,968	508	(965)	(2,755)	822
% of present value of scheme liabilities	4.0%	1.0%	(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 2007 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 £628,652 (2006 £566,907).

16 Commitments

(a) Operating leases

At 31 December 2007 there were the following annual commitments under non-cancellable operating leases:

Operating leases that expire

	Land and buildings			
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Within one year	—	—	62	115
In second to fifth years	72	—	569	445
	<u>72</u>	<u>—</u>	<u>631</u>	<u>560</u>

(b) Finance leases

At 31 December 2007 there were the following obligations under finance leases included in the financial statements as set out below:

	2007	2006
	£'000	£'000
Within one year	75	—
In second to fifth years	71	—
	<u>146</u>	<u>—</u>

(c) Capital commitments

At 31 December 2007 there were no capital expenditure commitments (2006 £nil).

17 Contingent Liability

Contingent liabilities existed at 31 December 2007, 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.