Annual Report 2015

Freight Transport Association
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COMPANIES HOUSE

Incorporating the Annual Accounts for 2015 and Notice of the Annual General Meeting 2016

DELIVERING SAFE, EFFICIENT, SUSTAINABLE LOGISTICS

Annual General Meeting 2016

Notice is hereby given that the Annual General meeting of the Freight Transport Association Limited will be held at the Institution of Civil Engineers, One Great George Street, Westminster London SW1P 3AA at 9 30am on Thursday 21 April 2016 for the purpose of transacting the following business

1 **Directors' Report**
To receive the Report of the Directors for the year 2015

2 **Annual Accounts**
To receive the Statement of Comprehensive Income for the year ended 31 December 2015, the Statement of Financial Position as at that date and the Auditors' Report

3 **Auditors**
To appoint Auditors and to fix their remuneration

4 **Other Business**
To deal with any other business admitted by the Chairman

By order of the FTA Board
John Maitland – Company Secretary
Hermes House, St John's Road, Tunbridge Wells, Kent TN4 9UZ

4 March 2016

Strategic Report for the year ended 31 December 2015

Your Directors have pleasure in submitting their Strategic Report for the year ended 31 December 2015

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 satisfactorily during the year Income increased 1% in 2015 to £25 7m and is derived from a combination of membership fees and services Services include Vehicle Inspection, Tachograph Analysis, Training, Consultancy, Shopfta and Penalty Charge Notice Administration Service Membership numbers rose to 4% to 15,121 at the year end Vehicle inspections remain the largest of our business streams and together with Tachograph Services, contributed strongly in 2015 Both services benefited from continued investment in software development throughout the year In the last quarter of 2015 the business also invested in a new Training centre at its head office in Tunbridge Wells

Throughout the year the Board continued to proactively control costs and as a result the year end head count reduced 3% to 342 Market conditions for 2016 show signs of further improvement and the Board believe the Association is well placed to continue its recent success 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 measures in Vehicle Inspections and Tachograph Services and delegate numbers attending training courses, seminars and Freight Councils The business also measures members of the Logistics Carbon Reduction and Van Excellence schemes and our representation in the national and local press

FTA's mission is to enable its members to develop and operate 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 if objectives are met By 2020 FTA will have increased member engagement, represent 20,000 members and have developed new services to meet the changing demands of its members

Key risks facing the organisation are the need to maintain membership numbers the need to generate sufficient cash 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 statement of financial position (excluding pension adjustments) at 31 December 2015 remains strong with net assets excluding pension liabilities of £6 9m The cash balance increased in 2015 to £3 6m FTA paid pension contributions of £1 0m to the Pension plan during 2015 The FRS102 pension fund deficit decreased by £1 5m in the year to £3 4m leaving positive net assets after pension adjustments of £3 5m The level of contributions payable to the pension plan under the current schedule of contributions for the year ended 31 December 2016 is £1 1m which the directors consider FTA is able to pay

By order of the FTA Board
Jon Moxon – Honorary Treasurer

4 March 2016

Directors' Report for the year ended 31 December 2015

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 2015 are shown below

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 2015 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 updated the FTA Board

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

In accordance with section 414 (C) 11 of the Companies Act 2006, the Directors have chosen to include information about future developments and principal risks in the Strategic Report

By order of the FTA Board
Jon Moxon – Honorary Treasurer

4 March 2016

FTA Board 2015

President and Chairman
I Veitch

Honorary Treasurer
J D Moxon

Vice President
R J Jenkins

Other Members of the Board

K A Appleton
R J Ashworth
V J Brickley
T H J de Pencier *(resigned 30 April 2015)*
L E Thomas
A J Haines
L M Pomlett *(appointed 17 September 2015)*
G Roberts
I Stansfield
P Watts
D Wells *(appointed 1 May 2015)*
J H Williams
C M Woodhead

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) including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS102) 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 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position the Statement of Cashflows, the Statement of Changes in Equity 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) including FRS102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland

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 21 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 Strategic Report and 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.

Kingston Smith LLP

Devonshire House, 60 Goswell Road
London EC1M 7AD

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

8 March 2016

Statement of financial position as at 31 December 2015

	Note	2015		2014	
		£'000	£'000	£'000	£'000
Non-current Assets					
Intangible Assets	8 (i)	1,437		1,274	
Tangible Assets	8 (ii)	1,699		1,885	
			3,136		3 159
Current Assets					
Stock	1 (viii)	311		236	
Debtors	9	5,436		5,145	
Cash at bank and in hand		3 605		3,070	
		9,352		8,451	
Creditors					
Amounts falling due within one year	10	5,578		5,628	
Net Current Assets			3,774		2,823
Total Assets less Current Liabilities			6,910		5,982
Creditors amounts falling due after more than one year	11		20		70
Net Assets Excluding Pension Liability			6,890		5,912
Provision for Retirement Benefit Obligations	12		3,416		4,908
			3,474		1 004
Reserves					
Accumulated Reserves	13				
General reserve			6,890		5,912
Pension reserve			(3,416)		(4,908)
			3,474		1,004

Approved by the Board and authorised for issue on 4 March 2016

I Veitch, President

J D Moxon, Honorary Treasurer

Company registration no 00391957

Statement of comprehensive income for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Income	1(iv) and 3	25,697	25,405
Direct Expenses		(13,784)	(14,101)
Gross Surplus		11,913	11,304
National Operating Expenses	4	(10,019)	(9,921)
Operating Surplus	5(i)	1,894	1,383
Income from deposits	5(ii)	16	21
Interest payable and similar charges		(1)	(15)
Other finance (expenditure)	15	(154)	(189)
Surplus on ordinary activities before taxation		1,755	1 200
Taxation	7	(4)	(4)
Surplus for the financial year		1,751	1,196
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension schemes	15(v)	719	(991)
Total comprehensive income for the year		2 470	205

The income and surplus for the financial year derives from operations which are continuing operations

Statement of cash flows for the year ended 31 December 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Net cash from operating activities	14		1,360		2,480
Taxation – Corporation Tax paid			(4)		(7)
Net cash generated from operating activities			1,356		2,473
Cash flow from investing activities					
Purchase of intangible assets		(595)		(407)	
Purchase of tangible assets		(181)		(235)	
Interest received		16		21	
Interest paid		(1)		(15)	
Net cash used in investing activities			(761)		(636)
Cash flow from financing activities					
Repayment of obligations under finance leases			(60)		7
Net increase in cash and cash equivalents			535		1,844
Cash and cash equivalents at the beginning of year			3,070		1,226
Cash and cash equivalents at the end of year			3,605		3,070
Cash and cash equivalents consist of					
Cash in bank and in hand			**3,605**		**3,070**

Statement of changes in equity for the year ended 31 December 2015

	Note	Pension reserve £'000	General reserve £'000	Total £'000
Balance at 1 January 2014		(4,628)	5,427	799
Surplus for the year		711	485	1,196
Other comprehensive income for the year	15(v)	(991)	–	(991)
Total comprehensive income for the period		(280)	485	205
Balance at 31 December 2014		(4,908)	5,912	1 004
Surplus for the year		773	978	1,751
Other comprehensive income for the year	15(v)	719	–	719
Total comprehensive income for the period		1,492	978	2,470
Balance at 31 December 2015	13	(3,416)	6 890	3,474

Notes to the Accounts 31 December 2015

1 Accounting policies

Company Information

Freight Transport Association Limited is a limited company domiciled and incorporated in England

The registered office is Hermes House St. John's Road, Tunbridge Wells

(i) Accounting Convention

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the requirements of the Companies Act 2006

The financial statements have been prepared on the historical cost convention The principal accounting policies adopted are set out below

(ii) Compliance with Accounting Standards

These financial statements for the year ended 31 December 2015 are the first financial statements of Freight Transport Association Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland The date of transition to FRS 102 was 1 January 2014 An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 17

(iii) Going Concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future The company will continue to adopt the going concern basis of accounting in preparing the financial statements

(iv) Income recognition

Membership income is recognised in the month due

All other income is recognised at the time the goods or services are provided

All turnover excludes value added tax.

(v) Intangible assets

Intangible assets comprise internally generated computer software and are recognised at cost less accumulated amortisation and accumulated impairment losses Computer software is amortised over its useful life of 5 years on a straight line basis

(vi) Tangible assets - property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment

Depreciation is provided at rates calculated to write off the cost or valuation of assets less their estimated residual values over their useful lives on the following bases

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

(vii) Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs

The recoverable amount is the higher of fair value of the asset less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised

Notes to the Accounts 31 December 2015

1 Accounting policies (continued)

estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

(viii) Stock

Stock is valued at the lower of historical cost and estimated selling price less costs to sell and is comprised of finished goods and goods for resale

(ix) Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest Such assets are subsequently carried at amortised cost using the effective interest method Other financial assets classified at fair value through profit or loss are measured at fair value

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected The impairment loss is recognised in profit or loss

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity

(x) Financial liabilities

Basic financial liabilities, including trade and other payables, are initially measured at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified at fair value through profit or loss are measured at fair value

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire

Notes to the Accounts 31 December 2015

1 Accounting policies (continued)

(xi) Taxation

Taxation is provided on non-member income and capital gains only

(xii) Employee benefits

The company provides a range of benefits to employees including bonuses, paid holiday arrangements and defined benefit and defined contribution plans

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period

ii) Defined benefit pension plan

The company operates a defined benefit pension for the benefit of its employees, the assets of which are separately held from those of the company in independently administered funds

Pension scheme assets are measured at fair value in accordance with the FRS 102 fair value hierarchy Pension scheme liabilities are measured using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability Annually the company engages independent actuaries to calculate the obligation

The liability recognised in the Balance Sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the end of the reporting date, less the fair value of the scheme assets at the reporting date

The increase in the present value of liabilities of the company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income These amounts together with the return on scheme assets less amounts included in net interest, are disclosed as Remeasurement of net defined benefit liability'

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of scheme assets This cost is recognised in profit or loss as 'Finance expenditure'

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented within provisions

iii) Defined contribution pension plan

The company also operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund Once the contributions have been paid the company has no further payment obligations The contributions are recognised as an expense when they are due

iv) Long term incentive plan

The company operates cash-settled long term incentive plans at an operating business level for the executive directors The plans are based on the company's performance over a three year period The targets include operating surplus results, turnover, membership and council attendance and are set by the Remuneration Committee

An expense is recognised in the statement of comprehensive income when the company has a legal and constructive obligation to make payments under the plan as a result of past events it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the obligation can be made

(xiii) Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees All other leases are classified as operating leases

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments The related liability is included in the balance sheet as a finance lease obligation Lease payments are treated as consisting of capital and interest elements The interest is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of interest on the remaining balance of the liability

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed

Notes to the Accounts 31 December 2015

1 Accounting policies (continued)

(xiv) Foreign exchange

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 statement of comprehensive income

2 Critical accounting judgements and estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are outlined below

(i) Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets The useful economic lives and residual values are re-assessed annually Computer software impairment reviews are also performed annually These reviews require an estimation of the value in use of the cash generating units to which the software has been allocated The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value See note 8(i) for the carrying amount of the intangible assets and note 1(v) for the useful economic lives for each class of asset.

(ii) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets The useful economic lives and residual values are re-assessed annually They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets See note 8(ii) for the carrying amount of the property, plant and equipment and note 1(vi) for the useful economic lives for each class of asset

(iii) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees The cost of these benefits and the present value of the obligation depend on a number of factors including, life expectancy, salary increases, asset valuations and the discount rate on corporate bonds Management estimates these factors in determining the net pension obligation in the balance sheet The assumptions reflect historical experience and current trends See note 15 for the disclosures relating to the defined benefit pension scheme

(iv) Long term incentive plan

The company operates a cash settled long term incentive plan for the executive directors The plan provides for a payment to be made subsequent to the 31 December 2017 year end based on the achievement of certain operational targets including turnover, operating surplus results membership numbers and council attendance The Directors and Management consider the probability of achieving the various targets based on results to date and realistic forecasting and the accounts include an accrual of £115,000 for the liability arising

Notes to the Accounts 31 December 2015

3 Income

	2015	2014
	£'000	£'000
Membership fees	4,123	3,943
Commercial activities	21 574	21,462
	25,697	25 405
Geographical analysis		
United Kingdom	25,338	24,960
Ireland	311	416
Rest of world	48	29
	25,697	25,405

4 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

5 Operating Surplus

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

	2015	2014
	£'000	£'000
Auditors' remuneration in respect of		
Statutory audit services	39	37
Other non-audit services	6	14
Depreciation		
Owned assets	301	304
Assets held under finance leases	66	81
Amortisation of intangible assets	432	307
Gain/Loss on foreign exchange transactions	18	(3)
Operating lease payments		
Land and buildings	91	102
Other operating leases	1 005	889
Cost of inventories recognised as an expense	1,340	1,242

(ii) Income from Deposits

	2015	2014
	£'000	£'000
Bank interest	11	12
Other interest	5	4
Recovery of KSF cash deposit	-	5
	16	21

Notes to the Accounts 31 December 2015

6 Employment costs

		2015	2014
(i)	Employee costs during the year amounted to	£'000	£'000
	Salaries and bonuses	11,511	11 839
	Social security costs	1,113	1 112
	Defined contribution pension costs	673	654

Within the salaries and bonuses figure is an amount of £115,000 (*2014 - £426,000*) payable to senior members of staff in respect of the Long-Term Incentive Plan

		2015	2014
(ii)	The average number of employees during the year was		
	Operations	198	210
	National Operating Expenses	144	144
		342	354

		2015	2014
(iii)	Director emoluments	£'000	£'000
	Emoluments for qualifying services	226	219
	Amounts payable under long-term incentive plan	35	201
	Company pension contributions to defined contribution schemes	7	–
		268	420

Contribution schemes

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amount to 1 (*2014 - nil*)

Emoluments disclosed above include the following amounts paid to the highest paid director	2015	2014
	£'000	£'000
Emoluments for qualifying services and amounts payable under long-term incentive schemes	140	412
Company pension contributions to defined contribution schemes	7	–
	147	412

The highest paid Director is a member of the companys defined contribution scheme and had accrued entitlements of £113 000 (*2014 - £286,000*) under the scheme at the year end

There is also an accrued lump sum of £28,000 (*2014 - £71,000*)

(iv) Key management compensation

Key management is considered to be the nine executive directors Total remuneration payable to key management personnel in the year was £921,000 (2014 - £1,387,000)

Notes to the Accounts 31 December 2015

7 Taxation

(i) Tax expense included in Statement of Comprehensive Income

	2015	2014
	£'000	£'000
Current tax:		
UK Corporation tax at 20% *(2014 20%)*	4	4
Total tax charge	4	4

(ii) Factors affecting the tax charge of the year
The Association is liable for taxation on investment income and capital gains
In 2015 this amounted to £16,213 *(2014 £21,095)*

	2015	2014
	£'000	£'000
Taxable income multiplied by standard rate of UK corporation tax of 20% *(2014 20%)*	4	4
Current tax charge	4	4

8 Non-current Assets

(i) Intangible Fixed Assets

	Software
	£'000
Cost	
At 1 January 2015	2,731
Additions	595
At 31 December 2015	3,326
Amortisation	
At 1 January 2015	1,457
Charge for the year	432
At 31 December 2015	1,889
Net Book Value 31 December 2015	1,437
Net Book Value 31 December 2014	1,274

The software intangible assets include the company's bespoke systems for managing and delivering three of its key service lines, Vehicle Inspection, Tachograph Analaysis and Penalty Charge Notice These systems were created by a mixture of external development firms and staff specifically employed for the purpose There are no other individually material intangible assets

Notes to the Accounts 31 December 2015

(ii) Tangible Assets

	Freehold Property	Furniture and Equipment	Computer Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2015	1,921	1,757	1,587	5 265
Additions	–	125	56	181
Disposals	–	–	(305)	(305)
At 31 December 2015	1 921	1,882	1,338	5,141
Depreciation				
At 1 January 2015	984	1,064	1,332	3,380
Charge for the year	38	198	131	367
Disposals	–	–	(305)	(305)
At 31 December 2015	1,022	1 262	1,158	3,442
Net Book Value 31 December 2015	899	620	180	1,699
Net Book Value 31 December 2014	937	693	255	1 885

A charge exists over the Association's Leamington Spa office, Hermes House, 20 Coventry Road, Cubbington, in favour of the Trustees of the FTA Occupational Pension Plan for the lower of market value of the property and £850 000

A charge is held over the Associations head office, 155 - 157 St John's Road, Tunbridge Wells in favour of Lloyds TSB Bank PLC in respect of a mortgage deed

Included in freehold property is freehold land at cost of £29,085 (*2013 £29 085*) which is not depreciated

The carrying amount of assets under finance leases included in computer equipment is £106,044 *(2014 £194,229)*

9 Debtors

	2015	2014
	£'000	£'000
Debtors for goods and services	4,418	4,004
Other debtors	401	422
Due from FTA pension plan	–	4
Prepayments and accrued income	617	715
	5,436	5,145

Debtors Amounts falling due after more than one year

Other debtors include an amount of £343,000 (2014 £372,000) due from FTA Ireland Limited This comprises a loan of £320,000 (2014 £360,000) plus accrued interest and has fixed repayment terms The repayment of the loan commenced in December 2014 Amounts falling due after more than one year are £314,000 (2014 £332,000) Interest of £11 000 (2014 £12,000) was charged on the loan in the year

Debtors for goods and services, other debtors and amounts due from the FTA Pension Plan are classified as loans and receivables and are therefore measured at amortised cost.

Notes to the Accounts 31 December 2015

10 Creditors Amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	1 352	1,121
Corporation Tax	3	4
Social Security and other taxes	1,002	1 097
Obligations under finance leases (note 16)	49	59
Accruals and deferred income		
Vehicle and Tachograph Inspection Services	945	988
Other member services	941	774
General	1,286	1,585
	5,578	5,628

Trade creditors, corporation tax social security and other taxes and obligations under finance leases are classified as basic financial liabilities and are therefore measured at amortised cost.

11 Creditors Amounts falling due after more than one year

	2015	2014
	£'000	£'000
Obligations under finance leases (note 16)	20	70

12 Provision for Retirement Benefit Obligations

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

	2015	2014
	£'000	£'000
Deficit at start of year	4,908	4,628
Cash contributions paid in the year	(927)	(900)
Other finance expenditure	154	189
Actuarial loss/(gain)	(719)	991
Deficit at end of year	3,416	4,908

13 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

Within the meaning of FRS 102 the total of the Association's General Reserve and Pension Reserve constitute 'Shareholders funds' The movements in the reserves are detailed in the Statement of Changes in Equity

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

	2015	2014
	£'000	£'000
Income	333	323
Expenditure	(285)	(350)
Surplus/(deficit) of expenditure over income	48	(27)
Balance at 1 January 2015	897	924
Balance at 31 December 2015	945	897

Assets representing this fund are held in Current Assets
Expenditure from this fund is specifically authorised by the FTA Board

Notes to the Accounts 31 December 2015

13 Reserves (continued)

(iii) As at 31 December 2015, FTA held £42,763 *(2014 £43,112)* 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 FTAs net assets

14 Note to the Statement of Cash Flows

	2015	**2014**
	£'000	**£'000**
Operating Surplus	1 894	1,383
Amortisation of intangible assets	432	307
Depreciation of tangible assets	367	385
Post employment benefits less payments	(927)	(900)
Working capital movements		
(Increase) / decrease in Stocks	(75)	13
(Increase) / decrease in Debtors	(291)	503
(Decrease) / increase in Creditors	(40)	789
Cash flow from operating activities	1,360	2,480

15 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 2013 Using this as a basis, the actuarial valuation has been updated to 31 December 2015 by an independent qualified actuary in accordance with Section 28 of FRS102

As required by Section 28 of FRS 102, the defined benefit liabilities have been measured using the projected unit method

Contributions during the year ended 31 December 2015 amounted to £1,032,000 *(2014 £1,005,000)* Payments for future years under the current schedule of contributions will be £954,810 for 2016 together with the expenses of the scheme, which will vary in amount from year to year

(ii) Changes in present value of defined benefit obligations

	2015	**2014**
	£'000	**£'000**
Scheme liabilities at 1 January	63 309	57,730
Interest cost	2,137	2 541
Net benefits paid from scheme assets	(2,745)	(2,557)
Actuarial (gain)/loss on scheme liabilities	(2,049)	5 595
Scheme liabilities at 31 December	60 652	63,309

	2015	**2014**
The total actuarial (gain)/loss on the liabilities is analysed as follows	**£'000**	**£'000**
Experience losses on scheme liabilities	–	–
(Gain)/loss from change in assumptions	(2,049)	5,595
Total (gain)/loss on scheme liabilities	(2,049)	5,595

Notes to the Accounts 31 December 2015

15 Pensions (continued)

(iii) Changes in fair value of scheme assets

	2015	2014
	£'000	£'000
Fair value of scheme assets at 1 January	58,401	53,102
Return on scheme assets (excluding amounts included in net interest)	(1,330)	4,604
Employer contributions	1 032	1,005
Net benefits paid	(2,745)	(2,557)
Expenses paid	(105)	(105)
Interest income	1,983	2,352
Fair value of scheme assets at 31 December	57 236	58 401

(iv) Amount recognised in income

	2015	2014
The amounts recognised in income are as follows	£'000	£'000
Interest on assets	1,983	2,352
Interest cost on liabilities	(2 137)	(2,541)
Charged to other finance (expenditure)	(154)	(189)

The actual return on scheme assets net of expenses for the year was a gain of £653,000 *(2014 - £6,956,000)*

(v) Amount recognised in other comprehensive income

	2015	2014
	£'000	£'000
Actuarial (gain)/loss on scheme assets in excess of interest	1,330	(4 604)
Actuarial (gain)/loss from changes to financial assumptions	(2,049)	5,595
Total amount recognised in other comprehensive income during the year	(719)	991

(vi) Assumptions

The key assumptions used by the actuary were	2015	2014
Discount rate for scheme liabilities	3 70%	3 45%
Rate of increase on fixed pensions in payment	5 00%	5 00%
Rate of increase on LPI pensions in payment	2 90%	2 90%
Inflation (RPI)	3 00%	3 00%
Revaluation in deferment (RPI)	2 00%	2 00%

The significant demographic assumptions relate to the mortality assumptions which 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 110% of S1PXA year of use with CMI_2012 [1%] projections *(2014 - 110%* of S1PXA year of use with CMI_2012 [1%] projections) Under this assumption the average life expectancy of males aged 65 is 21 5 years and of females aged 65 is 23 9 years 100% of members are assumed to take their maximum tax free cash lump sum *(2014 100%)*

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

Notes to the Accounts 31 December 2015

15 Pensions (continued)

(vii) Amounts included in the statement of financial position

	2015 £'000	2014 £'000
Fair value of scheme assets	57,236	58,401
Present value of funded defined benefit obligations	(60 652)	(63,309)
Net liability recognised in statement of financial position	(3 416)	(4,908)

(viii) Analysis of fair value of scheme assets

	2015 £'000		2014 £'000	
Equities	17,171	30%	23,361	40%
Diversified growth fund	5,724	10%	-	0%
Gilts	22,894	40%	22,776	39%
Bonds	11,447	20%	11,680	20%
Other	–	0%	584	1%
Fair value of assets	57,236		58 401	

(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 £672,703 *(2014 £654,401)*

Included in the general accruals are pension contributions amounting to £86,000 *(2014 - £87,000)*

16 Commitments

(i) Operating leases

At 31 December 2015 there were the following future minimum lease payments under non-cancellable operating leases which fall due as follows

Operating leases that expire

	2015 £'000	2014 £'000
Within one year	768	727
In second to fifth years	1 143	904
	1,911	1,631

(ii) Finance leases

At 31 December 2014 there were the following obligations under finance leases included in the financial statements as set out below

	2015 £'000	2014 £'000
Within one year	49	59
In second to fifth years	20	70
	69	129

The finance leases relate to computer equipment with remaining lease terms of between 1 and 2 years At the end of the lease terms the company does not have the option to purchase the assets

Notes to the Accounts 31 December 2015

17 Reconciliations on adoption of FRS102
Reconciliation of equity

		At 1 January 2014			At 31 December 2014		
		As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Non current assets							
Intangible assets	17 3	–	1,174	1,174	–	1,274	1,274
Tangible assets - property, plant and equipment		3,209	(1,174)	2,035	3159	(1,274)	1,885
		3,209	–	3,209	3,159	–	3,159
Current assets							
Stocks		249	–	249	236	–	236
Other debtors		5,648	–	5,648	5,145	–	5,145
Bank and cash		1,226	–	1,226	3,070	–	3070
		7,123	–	7,123	8,451	–	8451
Creditors due within one year							
Creditors	17 1	3,620	90	3,710	4,359	109	4,468
Taxation and social security		1,073	–	1 073	1,101	–	1,101
Obligations under finance leases		66	–	66	59	–	59
		4,759	90	4 849	5,519	109	5,628
Net current assets		2,364	(90)	2,274	2,932	(109)	2,823
Total assets less current liabilities		5,573	(90)	5,483	6,091	(109)	5,982
Creditors due after one year							
Obligations under finance leases		56	–	56	70	–	70
Provisions for liabilities							
Retirement benefit obligations		4,628	–	4,628	4,908	–	4,908
Net assets		889	(90)	799	1,113	(109)	1 004
Reserves							
Pension Reserve		(4,628)	–	(4,628)	(4 908)	–	(4,908)
General Reserve		5,517	(90)	5,427	6021	(109)	5,912
Total equity		889	(90)	799	1,113	(109)	1,004

Notes to the Accounts 31 December 2015

Reconciliation of Statement of Comprehensive Income for the year

		At 31 December 2014		
		As previously stated	Effect of transition	FRS 102 (as restated)
	Notes	£'000	£'000	£'000
Income		25,405	–	25,405
Direct expenses		(14,101)	–	(14,101)
Gross surplus		11,304	–	11,304
National operating expenses	17 1	(9,797)	(124)	(9,921)
Operating surplus		1,507	(124)	1 383
Interest receivable and similar income		21	–	21
Interest payable and similar charges		(15)	–	(15)
Other finance income/(expenditure)	17 2	125	(314)	(189)
Surplus on ordinary activities before taxation		1,638	(438)	1,200
Taxation		(4)	–	(4)
Surplus for the financial year		1,634	(438)	1,196
Other comprehensive income				
Actuarial gains/(losses) on defined benefit pension schemes	17 2	(1,410)	419	(991)
Total comprehensive income for the year		224	(19)	205

Notes to reconciliations on adoption of FRS 102

17 1 Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received This has resulted in the company recognising a liability for holiday pay of £90,000 on transition to FRS 102 Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid In the year to 31 December 2014 an additional charge of £19 000 was recognised in the profit and loss account and the liability at 31 December 2014 was £109,000

17 2 Defined benefit scheme

Under previous UK GAAP the company recognised an expected return on defined benefit plan assets in the profit and loss account Under FRS 102 a net interest expense based on the net defined benefit liability, is recognised in the profit and loss account.There has been no change in the defined benefit liability at either 1 January 2014 or 31 December 2014 The effect of the change has been to reduce the credit to the profit and loss account in the year to 31 December 2014 by £419,000 and reduce the debit in other comprehensive income by an equivalent amount

17 3 Other adjustments arising on transition to FRS102

Computer software with net book value of £1,174,000 at 1 January 2014 and £1,247,000 at 31 December 2014 has been reclassified from property, plant and equipment to intangible fixed assets Depreciation on this asset is now described as amortisation This has no effect on the company's net assets or on the surplus for the financial year

17 4 Statement of cash flows

The company's cash flow statement reflects the presentation requirements of FRS102, which is different to that prepared under FRS 1

TUNBRIDGE WELLS
Tel: 01892 526171 Fax: 01892 534989
Hermes House | St John's Road | Tunbridge Wells | Kent TN4 9UZ

LEAMINGTON SPA
Tel: 01926 450020 Fax: 01926 452765
Hermes House | 20 Coventry Road | Cubbington | Leamington Spa | Warwickshire CV32 7JN

LEEDS
Tel: 0113 258 9861 Fax: 0113 258 6501
Hermes House | 2 Manor Road | Horsforth | Leeds LS18 4DX

STIRLING
Tel: 01786 457500 Fax: 01786 450412
Hermes Suite | Pavilion 1 | Castlecraig Business Park | Players Road | Stirling FK7 7SH

CARDIFF
Tel: 01892 526171 Fax: 01892 534985
Regus House | Falcon Drive | Cardiff Bay | Cardiff CF10 4RU

BELFAST
Tel: 028 9046 6699 Fax: 028 9046 6690
109 Airport Road West | Belfast BT3 9ED

DUBLIN
Tel: 01892 526171 Fax: 01892 534985
FTA Ireland | Unit 1 | Airpot Business Park | Cloghran | Co Dublin | Republic of Ireland

BRUSSELS
Tel: 00 322 231 0321 Fax: 00 322 230 4140
14 Rue de la Science | 1040 Brussels | Belgium

Tel: 01892 526171 Fax: 01892 534985 Web: www.fta.co.uk
Freight Transport Association Limited
Delivering safe, efficient, sustainable logistics
Hermes House | St John's Road | Tunbridge Wells | Kent TN4 9UZ
Registered in England Number 391957

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