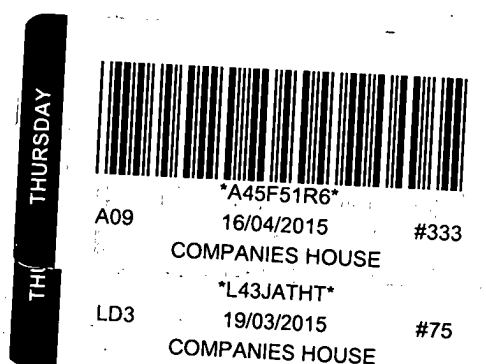


Annual Report 2014



Freight Transport Association Limited
00391957

Incorporating the
Annual Accounts for
2014 and Notice of
the Annual General
Meeting 2015

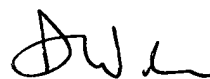


DELIVERING SAFE, EFFICIENT, SUSTAINABLE LOGISTICS

Annual General Meeting 2015

Notice is hereby given that the Annual General Meeting of 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 23 April 2015 for the purpose of transacting the following business:

- | | |
|--|--|
| <p>1 Directors' Report
To receive the Report of the Directors for the year 2014.</p> <p>2 Annual Accounts
To receive the Income and Expenditure Account for the year ended 31 December 2014, the Balance Sheet as at that date and the Auditors' Report.</p> | <p>3 Auditors
To appoint Auditors and to fix their remuneration.</p> <p>4 Other Business
To deal with any other business admitted by the Chairman.</p> |
|--|--|



By order of the FTA Board

David Wells – Company Secretary

6 March 2015

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

Strategic Report for the year ended 31 December 2014

Your Directors have pleasure in submitting their Strategic Report for the year ended 31 December 2014.

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 well during the year. Income increased 7% in 2014 to £25.4m and is derived from a combination of membership fees and services. Services include Vehicle Inspection, Tachograph Analysis, Training, Consultancy, Shopfta and Penalty Charge Notice. Membership numbers rose 2% to 14,587 at the year end. Vehicle inspections remain the largest of our business streams. The Tachograph Analysis Service has also contributed strongly in 2014 and is supported by ongoing investment. Elsewhere there was a significant performance increase in Training, Consultancy, On-line Shop and PCN.

Throughout the year the Board has taken action to control costs, while maintaining head count at 354. The operating surplus includes a provision to pay certain executives a long-term incentive bonus that was triggered by attaining certain metrics; further information can be found in note 5. Market conditions for 2015 show signs of further improvement and the Board believes the Association is well placed to succeed given the plans and actions that are in place.

Key performance indicators used within the business include membership numbers and renewal rates, contract numbers and productivity in vehicle inspections, productivity and turnaround times in tachograph and delegate numbers attending our training courses, conferences and Freight Councils.

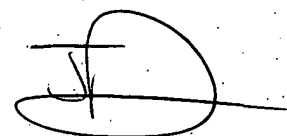
FTA's mission is to enable its members to develop and operate safer, more efficient and sustainable supply chains. The Association's future will be shaped by four factors.

- 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.

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

The balance sheet (excluding pension adjustments) at 31 December 2014 remains strong with net assets excluding pension liabilities of £6m. The cash balance increased in 2014 to £3.1m. FTA paid pension contributions of £1m to the pension plan during 2014. The FRS17 pension fund deficit increased by £0.3m in the year to £4.9m leaving positive net assets after pension adjustments of £1.1m. The level of contributions payable to the pension plan under the current schedule of contributions for the year ended 31 December 2015 is £1m which the directors consider FTA is able to pay.



By order of the FTA Board

Jon Moxon – Honorary Treasurer

6 March 2015

Directors' Report for the year ended 31 December 2014

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 2014 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 2014 the Remuneration Committee – chaired by the President – and the Audit Committee – chaired by the Honorary Treasurer – met to consider matters appropriate to their remit and subsequently update the FTA Board.

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 development and principal risks in the Strategic Report.



By order of the FTA Board
Jon Moxon – Honorary Treasurer

6 March 2015

FTA Board 2014

President and Chairman
I Veitch

Vice President
R J Jenkins

Other Members of the Board

K A Appleton
R J Ashworth
V J Brickley
A Ciaburro (*resigned 1 December 2014*)
T H J de Pencier
L E Thomas (*appointed 1 December 2014*)
A J Haines
S Oades (*resigned 19 June 2014*)

Honorary Treasurer
J D Moxon

A J Parker (*resigned 17 January 2014*)
G Roberts
I Stansfield
P Watts
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). 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 2014 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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.

Devonshire House, 60 Goswell Road
London EC1M 7AD

10 March 2015



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


Balance Sheet 31 December 2014

		2014		2013	
	Note	£'000	£'000	£'000	£'000
Fixed Assets:					
Tangible Assets	7		3,159		3,209
Current Assets:					
Stock	1(iv)	236		249	
Debtors	8	5,145		5,648	
Cash at bank and in hand		<u>3,070</u>		<u>1,226</u>	
		8,451		7,123	
Creditors:					
Amounts falling due within one year	9	<u>5,519</u>		<u>4,759</u>	
Net Current Assets			<u>2,932</u>		<u>2,364</u>
Total Assets less Current Liabilities			6,091		5,573
Creditors: amounts falling due after more than one year	10		<u>70</u>		<u>56</u>
Net Assets Excluding Pension Liability			6,021		5,517
Less Pension Scheme Liability	11		<u>4,908</u>		<u>4,628</u>
			<u>1,113</u>		<u>889</u>
Reserves					
Accumulated Reserves:	12(i) to (v)				
General reserve			6,021		5,517
Pension reserve			<u>(4,908)</u>		<u>(4,628)</u>
			<u>1,113</u>		<u>889</u>

Approved by the Board and authorised for issue on 6 March 2015



I Veitch, President



J D Moxon, Honorary Treasurer
Company registration no: 00391957

Income and Expenditure Account for the year ended 31 December 2014

	Note	2014		2013	
		£'000	£'000	As restated £'000	As restated £'000
Income	1(vi) and 2		25,405		23,845
Direct Expenses			<u>14,101</u>		<u>13,381</u>
Gross Surplus			11,304		10,464
National Operating Expenses	3		<u>9,797</u>		<u>9,889</u>
Operating Surplus	4(i)		1,507		575
Income from deposits	4(ii)	21		31	
Interest payable and similar charges		(15)		(5)	
Other Finance Income/(Expenditure)	15	<u>125</u>		<u>(143)</u>	
			<u>131</u>		<u>(117)</u>
Surplus before taxation			1,638		458
Taxation	6		<u>4</u>		<u>7</u>
Surplus for the year			<u>1,634</u>		<u>451</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 2014

		2014	2013
	Note	£'000	£'000
Net cash inflow/(outflow) from operating activities	13(i)	2,487	(1,495)
Return on investments and servicing of finance	13(ii)	6	(2)
Taxation – Corporation Tax paid		(7)	(7)
Capital expenditure and financial investment	13(iii)	<u>(497)</u>	<u>(216)</u>
Net cash inflow/(outflow) before use of liquid resources and financing		1,989	(1,720)
Financing:			
Capital element of finance lease rental payment		<u>(145)</u>	<u>(54)</u>
Increase/(decrease) in cash in the year	14	<u>1,844</u>	<u>(1,774)</u>
Reconciliation of net cash flow to movements in net funds (note 14)			
Increase/(decrease) in cash in the year		1,844	(1,774)
Cash outflow from finance lease payments		<u>145</u>	<u>54</u>
Change in net debt resulting from cash flows		1,989	(1,720)
New finance leases		(152)	(101)
Net funds at 1 January 2014		<u>1,104</u>	<u>2,925</u>
Net funds at 31 December 2014	14	<u>2,941</u>	<u>1,104</u>

Statement of Total Recognised Gains and Losses for the year ended 31 December 2014

		2014	2013
	Note	£'000	£'000
Surplus before transfer to Reserves		1,634	451
Actuarial (loss)/gain on pension scheme	15	<u>(1,410)</u>	<u>853</u>
Total recognised gains relating to the year		<u>224</u>	<u>1,304</u>

Notes to the Accounts 31 December 2014

I Accounting policies

(i) Accounting Convention

These Accounts have been prepared under the historical cost convention.

(ii) Compliance with Accounting Standards

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

(iii) Depreciation

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

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

(iv) Stock

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

(v) Taxation

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

(vi) Income

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.

(vii) Pensions

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

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

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

(viii) Operating Leases

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

(ix) Finance Leases

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

(x) Foreign Currency Translation

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

All differences are taken to the Income and Expenditure account.

(xi) Restatement of comparative Income and Expenditure Account

The recovery of cash deposit was previously shown as an exceptional item on the face of the Income and Expenditure Account. Given the annual amounts recovered have been diminishing over the last few years with only £5,000 recovered in 2014 (2013: £28,000) it is no longer considered to constitute an exceptional item to be disclosed on the face of the Income and Expenditure Account. These amounts have been reclassified as Income from Deposits (note 4).

Notes to the Accounts 31 December 2014

2 Income

	2014	2013
	£'000	£'000
Membership fees	3,943	3,814
Commercial activities	21,462	20,031
	<u>25,405</u>	<u>23,845</u>
Geographical analysis		
United Kingdom	24,960	22,761
Ireland	416	1,030
Rest of world	29	54
	<u>25,405</u>	<u>23,845</u>

3 National Operating Expenses

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

4 Operating Surplus

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

	2014	2013
	£'000	£'000
Auditors' remuneration in respect of:		
Statutory audit services	37	37
Other non-audit services	14	14
Depreciation:		
Owned assets	611	576
Assets held under finance leases	81	38
Gain on foreign exchange transactions	(3)	–
Operating lease payments:		
Land and buildings	102	102
Other operating leases	<u>889</u>	<u>923</u>

(ii) Income from Deposits:

	2014	2013
	£'000	£'000
Bank interest	16	3
Recovery of cash deposit (see note 4 (iii))	5	28
	<u>21</u>	<u>31</u>

(iii) Recovery of cash deposit

At 31 December 2008, the company had £500,000 in a deposit account with the Icelandic bank, Kaupthing, Singer and Friedlander (KSF). On 8 October 2008, Kaupthing, Singer and Friedlander went into administration whereupon all deposits were frozen and no withdrawals were permitted. The company ranks as a non preferential creditor against KSF and is being dealt with in accordance with the Insolvency Act 1986. In the absence of any reliable information to substantiate how much of the deposit was likely to be recoverable, a provision of £500,000 was made at 31 December 2008 for the non-recovery of the entire deposit. During 2014, the company received £5,090 (2013: £28,000) from the administrators thus reducing the overall loss to £81,000 as at 31 December 2014.

Notes to the Accounts 31 December 2014

5 Employment costs

	2014	2013
	£'000	£'000
(i) Employee costs during the year amounted to:		
Salaries and bonuses	11,839	12,163
Social Security costs	1,112	1,192
Defined Contribution pension costs	<u>654</u>	<u>644</u>

Within the salaries and bonuses figure is an amount of £426,000 (2013: £nil) paid to senior members of staff in respect of the Long-Term Incentive Plan.

	2014	2013
(ii) The average number of employees during the year was:		
Operations	210	238
National Operating Expenses	144	154
Software development	<u>–</u>	<u>1</u>
	<u>354</u>	<u>393</u>

	2014	2013
	£'000	£'000
(iii) Director emoluments		
Emoluments for qualifying services	219	224
Amounts receivable under long-term incentive plan	201	–
Company pension contributions to defined contribution schemes	<u>–</u>	<u>2</u>
	<u>420</u>	<u>226</u>

Contribution schemes

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amount to nil (2013: 1). Emoluments disclosed above include the following amounts paid to the highest paid director:

	2014	2013
	£'000	£'000
Emoluments for qualifying services and amounts payable under long-term incentive schemes	412	208
Company pension contributions to defined contribution schemes	<u>–</u>	<u>2</u>
	<u>412</u>	<u>210</u>

The highest paid Director is a member of the company's defined contribution scheme and had accrued entitlements of £286,000 (2013: £262,000) under the scheme at the year end.

There is also an accrued lump sum of £71,000 (2013: £65,000).

6 Taxation

	2014	2013
	£'000	£'000
UK Corporation tax at 20% (2013: 20%)	<u>4</u>	<u>7</u>
Current tax charge	<u>4</u>	<u>7</u>

Notes to the Accounts 31 December 2014

6 Taxation (continued)

Factors affecting the tax charge of the year

The Association is liable for taxation on investment income and capital gains. In 2014 this amounted to £21,095 (2013: £31,029)

	2014	2013
	£'000	£'000
Taxable income multiplied by standard rate of UK corporation tax of 20% (2013: 20%)	4	7
Current tax charge	4	7

7 Tangible Assets

	Freehold Property	Furniture and Equipment	Computer Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
Balance at 1 January 2014	1,921	1,732	4,055	7,708
Additions	–	25	617	642
Disposals	–	–	(354)	(354)
Balance at 31 December 2014	1,921	1,757	4,318	7,996
Depreciation				
Balance at 1 January 2014	945	890	2,664	4,499
Charge for the year	39	174	479	692
Disposals	–	–	(354)	(354)
Balance at 31 December 2014	984	1,064	2,789	4,837
Net Book Value 31 December 2014	937	693	1,529	3,159
Net Book Value 31 December 2013	976	842	1,391	3,209

A charge was created over the Association's Leamington Spa office, Hermes House, 20 Coventry Road, Cubbington, on 14 January 2013 in favour of the Trustees of the FIA Occupational Pension Plan for the lower of market value of the property and £850,000.

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

The net book value of £3,159,000 includes an amount of £194,229 (2013: £133,781) in respect of assets under finance leases.

8 Debtors

	2014	2013
	£'000	£'000
Debtors for goods and services	4,004	4,498
Other debtors	422	454
Due from FTA pension plan	4	4
Prepayments and accrued income	715	692
	5,145	5,648

Debtors: Amounts falling due after more than one year

Other debtors include an amount of £372,000 (2013: £400,000) due from FTA Ireland Limited. This comprises a loan of £360,000 (2013: £400,000) plus accrued interest and has fixed repayment terms. The repayment of the loan commenced on December 2014. Amounts falling due after more than one year are £332,000 (2013: £360,000). Interest of £12,000 (2013: £nil) was charged on the loan in the year.

Notes to the Accounts 31 December 2014

9 Creditors: Amounts falling due within one year

	2014	2013
	£'000	£'000
Trade creditors	1,121	1,138
Corporation Tax	4	7
Social Security and other taxes	1,097	1,066
Obligations under finance leases (note 16)	59	66
Accruals and deferred income:		
Vehicle and Tachograph Inspection Services	988	944
Other member services	774	817
General	1,476	721
	<u>5,519</u>	<u>4,759</u>

10 Creditors: Amounts falling due after more than one year

	2014	2013
	£'000	£'000
Obligations under finance leases (note 16)	<u>70</u>	<u>56</u>

The bank overdraft facility is secured by way of a fixed charge over the Association's head office, Hermes House, St John's Road, Tunbridge Wells.

11 Pension Scheme Liability

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

	2014	2013
	£'000	£'000
Deficit at start of year	4,628	6,792
Cash contributions paid in the year	(1,005)	(1,454)
Other finance (Income)/Expenditure	(125)	143
Actuarial loss/(gain)	1,410	(853)
Deficit at end of year	<u>4,908</u>	<u>4,628</u>

12 Reserves

(i) General Reserve

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

(ii) Reconciliation of movements in shareholders' funds

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

(iii) General Reserve and Pension Reserve

	2014			2013
	General Reserve	Pension Reserve	Total	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2014	5,517	(4,628)	889	(415)
Surplus for the year	504	1,130	1,634	451
Actuarial (loss)/gain	—	(1,410)	(1,410)	853
Balance at 31 December 2014	6,021	(4,908)	1,113	889

Notes to the Accounts 31 December 2014

12 Reserves (continued)

(iv) Campaign Fund

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

	2014	2013
	£'000	£'000
Income	323	315
Expenditure	(350)	(390)
(Deficit) of expenditure over income	(27)	(75)
Balance at 1 January 2014	924	999
Balance at 31 December 2014	897	924

Assets representing this Fund are held in Current Assets.

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

- (v) As at 31 December 2014, FTA held £43,122 (2013: £43,412) of guarantee deposits for TIR carnets and other organisations. These funds are not in the beneficial ownership of FTA and do not form part of FTA's net assets.

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

	2014	2013
	£'000	£'000
(i) Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus:	1,507	603
Depreciation	692	614
Decrease/(increase) in Stocks	13	(29)
Decrease in Debtors	503	110
Increase/(decrease) in Creditors	777	(1,339)
Pension contributions paid	(1,005)	(1,454)
	<u>2,487</u>	<u>(1,495)</u>
(ii) Return on investments		
Interest received	21	3
Interest paid	(15)	(5)
	<u>6</u>	<u>(2)</u>
	2014	2013
	£'000	£'000
(iii) Capital expenditure		
Purchase of tangible fixed assets	(497)	(221)
Sale of tangible fixed assets	–	5
Net cash (outflow) for capital expenditure	<u>(497)</u>	<u>(216)</u>

Notes to the Accounts 31 December 2014

14 Analysis of changes in net funds

	At 1 Jan 2014	Cash flow	Other non- cash changes	At 31 Dec 2014
	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,226	1,844	–	3,070
Finance leases	(122)	145	(152)	(129)
Net funds	1,104	1,989	(152)	2,941

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 £152,000.

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 valuation has been updated to 31 December 2014 by a qualified actuary. As required by FRS17, the defined benefit liabilities have been measured using the projected unit method.

Contributions during the year ended 31 December 2014 amounted to £1,005,000 (2013: £1,454,000). Payments for future years under the current schedule of contributions will be £927,000 for 2015 together with the expenses of the scheme, which will vary in amount from year to year.

(ii) Changes in present value of scheme liabilities

	2014	2013
	£'000	£'000
Scheme liabilities at 1 January	57,730	57,017
Interest cost	2,541	2,451
Net benefits paid from scheme assets	(2,557)	(2,648)
Actuarial losses on scheme liabilities	5,595	910
Scheme liabilities at 31 December	63,309	57,730

The total actuarial loss of £5,595,000 on the liabilities is analysed as follows:

	2014	2013
	£'000	£'000
Experience losses on scheme liabilities	–	1,248
Loss/(gain) from change in other assumptions	5,595	(338)
Total loss on scheme liabilities	5,595	910

(iii) Changes in fair value of scheme assets

	2014	2013
	£'000	£'000
Fair value of scheme assets at 1 January	53,102	50,225
Expected return on assets	2,666	2,308
Employer contributions	1,005	1,454
Net benefits paid from scheme assets	(2,557)	(2,648)
Actuarial gains on assets	4,185	1,763
Fair value of scheme assets at 31 December	58,401	53,102

Notes to the Accounts 31 December 2014

15 Pensions (continued)

(iv) Income and expenditure account disclosure

	2014	2013
	£'000	£'000
The amounts recognised in the Income and Expenditure Account are as follows:		
Expected return on assets	2,666	2,308
Interest cost	(2,541)	(2,451)
Charged to other finance Income/(Expenditure)	125	(143)

The actual return on scheme assets net of expenses for the year was a gain of £6,956,000 (2013: £4,240,000).

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

	2014	2013
	£'000	£'000
Actuarial (loss)/gain arising during the year	(1,410)	853
Total amount recognised in the STRGL during the year	(1,410)	853
Cumulative actuarial (loss) recognised in the STRGL at the year end	(6,748)	(5,338)

(vi) Assumptions

The principal assumptions used by the actuary were:	2014	2013
Discount rate for scheme liabilities	3.45%	4.50%
Rate of increase in salaries	N/A	N/A
Rate of increase on fixed pensions in payment	5.00%	5.00%
Rate of increase on LPI pensions in payment	2.90%	3.30%
Inflation (RPI)	3.00%	3.45%
Revaluation in deferment (RPI)	2.00%	2.55%

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements.

The actuary assumed that pre and post retirement mortality is in line with standard tables at 110% of SIPXA year of use with CMI_2012 [1%] projections (2013: 110% of SIPXA 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 23.8 years. 100% of members are assumed to take their maximum tax free cash lump sum (2013: 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.

(vii) Development of net balance sheet position

	2014	2013
	£'000	£'000
Fair value of scheme assets	58,401	53,102
Present value of funded defined benefit obligations	(63,309)	(57,730)
Pension deficit recognised in the Balance Sheet	(4,908)	(4,628)

Scheme asset information

	2014	2013
	£'000	£'000
Equities	23,361	22,303
Gifts	22,776	19,648
Bonds	11,680	10,620
Other	584	531
Fair value of assets	58,401	53,102

Notes to the Accounts 31 December 2014

15 Pensions (continued)

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

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Experience gains on scheme assets	4,185	1,763	1,149	1,287	2,151
Experience (losses) on scheme liabilities	(5,595)	(910)	(3,269)	(2,209)	(300)
Deficit					
Present value of defined benefit obligation	(63,309)	(57,730)	(57,017)	(53,807)	(51,239)
Fair value of scheme assets	58,401	53,102	50,225	47,278	44,242
(Deficit)	<u>(4,908)</u>	<u>(4,628)</u>	<u>(6,792)</u>	<u>(6,529)</u>	<u>(6,997)</u>

(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 £654,401 (2013: £643,880).

Included in the general accruals are pension contributions amounting to £87,000 (2013: £89,000).

16 Commitments

(i) Operating leases

At 31 December 2014 there were the following annual commitments under non-cancellable operating leases:

Operating leases that expire:

	Land and buildings		Other	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Within one year	—	30	156	104
In second to fifth years	<u>86</u>	<u>37</u>	<u>487</u>	<u>649</u>
	<u>86</u>	<u>67</u>	<u>643</u>	<u>753</u>

(ii) Finance leases

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

	2014	2013
	£'000	£'000
Within one year	59	66
In second to fifth years	<u>70</u>	<u>56</u>
	<u>129</u>	<u>122</u>

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