

# LOGISTICS UK

## Annual Report and Accounts

for the year ended 31 December 2021

Freight Transport Association Limited  
Company No 00391957



## Strategic report for the year ended 31 December 2021

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. Income is derived from a combination of membership fees and services. Services include Vehicle Inspection, Tachograph Analysis, Training, Consultancy, Shop and Penalty Charge Notice Administration. During 2020, the Association changed its trading name to Logistics UK to more fully convey the breadth of its membership and its intended sphere of influence. In this commentary, the name Logistics UK is used to refer to Freight Transport Association Ltd and its subsidiaries (the Group).

In 2021 the Group recovered strongly from the effects of the Covid-19 pandemic which impacted performance in 2020. The Group recorded a net surplus for the year of £1.6m compared with a deficit of £0.6m in 2020. Revenues improved progressively through the year and finished the year at £28.1m - up £2.3m (9%) on 2020, but still 9% below the levels recorded in 2019. Recovery was constrained for much of the year by the continuation of Covid-19 restrictions which particularly affected our Training and Consultancy businesses. During 2020 the Group completed two restructurings, and this helped to reduce its cost base in 2021. Operating expenses in 2021 were reduced by £1.3m compared with 2020 and average employee numbers fell from 356 in 2020 to 302 in 2021. During the year, the Association continued to take advantage of the furlough grants available under the Coronavirus Job Retention Scheme though at a much-reduced level. Total furlough grants in 2021 were £343,000 compared with £1,359,000 during 2020.

The Group also performed well on cash generation. As a result of the surplus, along with strong working capital management, the Association was able to make an early repayment of the £1.5m Coronavirus Business Interruption Loan (CBIL) received in July 2020. In addition, the Group paid the £0.5m of contributions into the Pension Plan which were due in 2020 under the Schedule of Contributions but which, with the agreement of the Plan Trustees, remained unpaid as at 31 December 2020. Regular contributions were resumed during the year and, as at 31 December 2021, all payments into the Pension Plan were up-to-date. As at 31 December 2021, cash at bank and in hand amounted to £3.7m.

The statement of financial position (excluding pension obligations) as at 31 December 2021 continues to show a strong position with group net assets of £7.6m (2020 - £6.9m). The pension deficit reduced from £(8.1)m as at 31 December 2020 to £(1.4)m at 31 December 2021. This reflects a combination of factors including the company contributions, higher than expected investment returns and a reduction in estimated liabilities as a result of increasing bond yields. As a result of the revised pension deficit and the profit performance, total net assets increased from a deficit of £(1.2)m as at 31 December 2020 to a surplus of £6.2m as at 31 December 2021.

Market conditions for 2022 remain challenging. The threat from Covid-19 is diminishing but has not disappeared. The economy is experiencing an upsurge in inflation and labour markets are tight. The Board believes however that the measures taken by management over the last two years, leave the Association in a strong position to benefit from growth in the economy and expects further revenue growth in 2022.

Management monitors a wide range of Key Performance Indicators to manage the business. These include:

- Health & Safety KPIs: these include accident rates, near misses and workplace injuries. The KPIs are given a high priority and are reviewed on a monthly basis by the executive team. All incidents are investigated by the operations team to determine what, if any, changes are required in working practices or training.
- Membership numbers and renewal rates: during 2021 total membership numbers increased by 5% to 19,090.
- Attendance at member groups: members continued to benefit fully from our advice and representation. Attendance at member councils improved considerably at 1,258 (2020: 1,000). We launched two new working groups to increase overall member policy engagement, an Innovation Group facilitating the future of autonomous applications in

our industry and the Employment Action Group pushing successfully for support with the industry's labour shortage. And our new compliance webinar programme attracted 439 attendees.

- Delegate numbers attending training courses & seminars: training course attendance improved significantly on 2020 although was still affected by Covid measures, particularly in those courses targeted at the airline sector. Our flagship annual compliance event – Transport Manager – was back at record attendance levels in 2021 despite the lingering impact of Covid on face-to-face events, attracting over 1,600 delegates across 11 regional venues. The series has received exceptional feedback from delegates, speakers and sponsors, and set a great foundation for Transport Manager 2022.
- Contract numbers and productivity measures in Vehicle Inspections (VIS) and Tachograph Services: VIS productivity continued to improve during the year following the introduction of the new scheduling system and these improvements position the business well to benefit from a pick-up in economic activity. We continue to invest in our Vision software and all services now benefit from this and our continued investment in back-office systems.
- Representation in national & regional press, and on social media: Logistics UK's press office continued to make the headlines in 2021, with coverage generating more than 1.5 billion opportunities to see the organisation's messages during the year – an increase of 3,000% since 2016. This included 880 radio and tv interviews, 782 items in the national media and over 500 pieces in the trade press. Our Social Media reach for the year was a record breaking 73m. Individual engagements were up across all our channels, with a rise of 126% year-on-year for Facebook, 172% for LinkedIn and 81% for Twitter.

Key risks facing the Association are the need to maintain membership numbers and 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. Like all businesses, the Association is vulnerable to the threat of cyber-attacks and other related fraud. Attempted access violations are routinely monitored and all staff are required to undertake regular monthly training regarding information security risks. The Group is ISO 27001-certified and its information security processes are regularly audited.

Logistics UK'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 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 Enhancement of existing services to maximise the safety, efficiency and sustainability of members' supply chains and grow the trading strength of the Association.

The Association'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 the end of 2023, Logistics UK will have increased member engagement, represent 20,000 members and enhanced existing services to meet the changing demands of its members.

By order of the FTA board  
25 March 2022  
Jon Moxon – Honorary Treasurer



## Directors' report for the year ended 31 December 2021

The Freight Transport Association Ltd and its subsidiaries primarily trade under the name Logistics UK. For the purposes of the Companies Act 2006, members of the Logistics UK Board are Directors. The names of those persons who were members of the Board during 2021 are shown below.

### Principal activities

The principal activities of the group continue to be the provision of membership support as well as logistics products, consultancy, penalty charge notice administration and training to members.

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 Logistics UK 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 2021 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 Board.

### Auditors

A resolution proposing that Moore 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 auditor is 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 auditor is 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.

## The Logistics UK Board 2021

**President and Chairman**  
LM Pomlett

**Honorary Treasurer**  
JD Moxon

**Chief Executive**  
D Wells OBE

### Other Members of the Board

VJ Brickley • P Gifford • S Granite • SM MacKenzie • G Roberts • P Roe • I Stansfield • CM Walker

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' and Strategic Reports 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 including Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Accounting Standards and applicable law), (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 the Group and of the Group's profit or loss 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 the Group 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 the Group 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.

25 March 2022

By order of the FTA board  
Jon Moxon – Honorary Treasurer



# Independent auditor's report to the Members of Freight Transport Association Limited

## Opinion

We have audited the financial statements of Freight Transport Association Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude

that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

## Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the group and parent company through the use of

permanent audit file information, updated this year for any changes that have been identified by management or by our own investigations and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation;

- we obtained an understanding of how the group and parent company comply with these requirements by discussions with management and those charged with governance and through reviews of relevant accounting and management records;
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, based on our work as outlined above;
- we enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations, using associated documentary evidence to better understand items of interest;
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. As well as specific audit testing, this included approaching accounting records with an inquisitive and sceptical mindset such that we examined items that were felt to be of interest or of higher risk in this area, and obtaining additional corroborative evidence as required.

To address the risk of fraud through management override of controls, we carried out the following work:

- procedures were undertaken to identify any unusual or unexpected matters, and the rationale behind any such matters was examined;
- journal entries were reviewed to identify unusual transactions;
- judgements and assumptions made in determining the accounting estimates set out in the accounting policies were reviewed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

#### **Use of our report**

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 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 work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP.*

Devonshire House, 60 Goswell Road,  
London EC1M 7AD  
29 March 2022

**James Saunders (Senior Statutory Auditor)**  
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

## Consolidated statement of comprehensive income for the year ended 31 December 2021


	Note	2021 £'000	2020 £'000
Income	1(v) and 3	28,146	25,849
Direct expenses		<u>(15,360)</u>	<u>(15,008)</u>
Gross surplus		12,786	10,841
Operating expenses		(11,399)	(12,651)
Other operating income	4	<u>343</u>	<u>1,359</u>
Operating surplus/(deficit)	5(i)	1,730	(451)
Investment income	5(ii)	7	13
Other finance expenditure	18(iv)	(99)	(145)
Interest payable and similar charges		<u>(5)</u>	<u>-</u>
Surplus/(deficit) on ordinary activities before taxation		1,633	(583)
Taxation	7	<u>(34)</u>	<u>(18)</u>
Surplus/(deficit) for the financial year		1,599	(601)
Other comprehensive income:			
Actuarial surplus/(deficit) on defined benefit pension scheme	18 (v)	<u>5,794</u>	<u>(1,435)</u>
Total comprehensive profit/(loss) for the year		<u>7,393</u>	<u>(2,036)</u>

# Consolidated and company statement of financial position as at 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	£'000	£'000	£'000	£'000
Non-current assets:					
Intangible assets	8 (i)	3,605	4,302	2,577	3,159
Tangible assets	8 (ii)	860	965	856	954
Investments	9	18	18	1,192	1,192
		4,483	5,285	4,625	5,305
Current assets:					
Stock	10	806	948	423	677
Debtors	11	6,251	7,228	6,513	7,367
Cash at bank and in hand		3,728	3,796	3,675	3,578
		10,785	11,972	10,611	11,622
Creditors:					
Amounts falling due within one year	12	(7,650)	(8,978)	(7,269)	(8,983)
Net current assets		3,135	2,994	3,342	2,639
Total assets less current liabilities		7,618	8,279	7,967	7,944
Creditors: amounts falling due after more than one year	13	-	(1,327)	-	(1,327)
Provision for liabilities	14	(2)	(3)	-	-
Net assets excluding pension liabilities		7,616	6,949	7,967	6,617
Retirement benefit obligations	15	(1,423)	(8,149)	(1,423)	(8,149)
Net assets/(liabilities) including pension liabilities		6,193	(1,200)	6,544	(1,532)
Reserves					
Accumulated reserves:	16				
General reserve		7,616	6,949	7,967	6,617
Pension reserve		(1,423)	(8,149)	(1,423)	(8,149)
		6,193	(1,200)	6,544	(1,532)

The surplus for the financial year dealt with in the accounts of the parent company was £2,282,000 (2020: deficit of £446,000).

Approved by the Board and authorised for issue on 25 March 2022



L Pomlett, President

Company Registration Number: 00391957



J D Moxon, Honorary Treasurer

## Consolidated and company statement of changes in equity for the year ended 31 December 2021

Group	Note	Pension reserve £'000	General reserve £'000	Total £'000
<b>Balance at 1 January 2020</b>		(7,424)	8,260	836
<b>Year ended 31 December 2020</b>				
Surplus/(deficit) for the year		710	(1,311)	(601)
Other comprehensive loss for the year	18 (v)	(1,435)	-	(1,435)
Total comprehensive loss for the year		(725)	(1,311)	(2,036)
<b>Balance at 31 December 2020</b>		(8,149)	6,949	(1,200)
<b>Year ended 31 December 2021</b>				
Surplus for the year		932	667	1,599
Other comprehensive income for the year	18 (v)	5,794	-	5,794
Total comprehensive income for the year		6,726	667	7,393
<b>Balance at 31 December 2021</b>	15	(1,423)	7,616	6,193

Company	Note	Pension reserve £'000	General reserve £'000	Total £'000
<b>Balance at 1 January 2020</b>		(7,424)	7,773	349
<b>Year ended 31 December 2020</b>				
Surplus/(deficit) for the year		710	(1,156)	(446)
Other comprehensive loss for the year	18 (v)	(1,435)	-	(1,435)
Total comprehensive loss for the year		(725)	(1,156)	(1,881)
<b>Balance at 31 December 2020</b>		(8,149)	6,617	(1,532)
<b>Year ended 31 December 2021</b>				
Surplus for the year		932	1,350	2,282
Other comprehensive income for the year	18 (v)	5,794	-	5,794
Total comprehensive income for the year		6,726	1,350	8,076
<b>Balance at 31 December 2021</b>	15	(1,423)	7,967	6,544



## Consolidated statement of cash flows for the year ended 31 December 2021

	Note	Group	
		2021 £'000	2020 £'000
<b>Net cash from operating activities</b>	17	2,205	1,776
Taxation - corporation tax paid		(14)	(120)
<b>Net cash generated from operating activities</b>		2,191	1,656
<b>Cash flow from investing activities</b>			
Purchase of intangible assets		(687)	(720)
Purchase of tangible assets		(43)	(20)
Interest received		7	13
Interest paid		(5)	-
Acquisition of investments		-	(18)
<b>Net cash used in investing activities</b>		(728)	(745)
<b>Cash flow from financing activities</b>			
New finance leases in the year/(repayment of obligations under finance leases)		(31)	(45)
(Bank loan repaid)/new bank loan		(1,500)	1,500
<b>Net decrease in cash and cash equivalents</b>		(68)	2,366
<b>Cash and cash equivalents at the beginning of year</b>		3,796	1,430
<b>Cash and cash equivalents at the end of year</b>		3,728	3,796
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		3,728	3,796

**1 Accounting policies***Company information*

Freight Transport Association Limited is a company limited by guarantee, domiciled and incorporated in England and Wales and not having any share capital.

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

The financial statements are prepared in sterling, which is the functional currency of the group and the company. Monetary amounts in the financial statements are rounded to the nearest thousand pounds.

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes.

**(ii) Exemptions for qualifying entities under FRS 102**

The Company has taken advantage of the following exemptions under the provisions of FRS 102:

- i) the requirements of section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) to prepare a Company statement of cash flows on the basis that the Company is a qualifying entity and the Company's cash flows are included in the consolidated statement of cash flows; and
- ii) from disclosing the Company key management personnel compensation, as required by paragraph 33.7.

**(iii) Basis of consolidation**

The group consolidated accounts include the financial statements of the Company and its subsidiary undertakings as at 31 December 2021. Any subsidiary undertakings sold or acquired during the year are included up to, or from, the date of change of control or change of significant influence respectively.

**(iv) Going concern**

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group and Company can continue in operational existence for the foreseeable future, being a minimum period of 12 months from the date of approval of the financial statements. As at 31 December 2021, the group had net assets of £6,193,000 however this is after deducting the defined benefit pension scheme liability of £1,423,000. The net assets of the group as at 31 December 2021 after adding back the defined benefit liability were £7,616,000.

During the year-ended 31 December 2020 the group's activities were impacted by the Covid-19 pandemic and government measures to contain it. Management responded by making substantial cost savings and taking advantage of all appropriate government assistance schemes. In addition, the Company secured additional borrowing facilities by increasing its overdraft facility to £1.1 million and applying for, and receiving, a £1.5 million Coronavirus Business Interruption Loan (CBIL). The Company also agreed to a temporary suspension of its deficit repair contributions into the defined benefit pension plan (the Plan). During the year ended 31 December 2021 the group's performance recovered strongly from the impact of Covid-19. The group recorded a surplus of £1,599,000 and paid off the outstanding balance on the CBIL, ahead of schedule, in December 2021. All suspended contributions into the Plan were repaid and regular contributions, in accordance with the schedule of contributions, were resumed. As at 31 December 2021 all payments into the Plan were up-to-date.

At the year-end the group's cash at bank and in hand was £3.7m. Management has prepared cash flow projections for the financial period from 1 January 2022 to 31 December 2023 and has performed additional sensitivities on these projections. The directors are confident that the group and the Company have sufficient resources to continue to operate for at least the next twelve months. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**(v) Income recognition**

Income is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business net of discounts, VAT, and other sales related taxes.

Membership income is recognised in the month due.

Grants income is recognised in full in the statement of comprehensive income in the year in which they are receivable, or in case of grants with associated eligibility criteria, in the year in which those criteria are satisfied.

*Government grants*

Grants relating to revenue are recognised in income on a systematic basis over the periods in which the entity recognises the associated costs for which the grant is intended to compensate. This includes £343,000 (2020: £1,359,000) of Government assistance under the Coronavirus Job Retention Scheme (CJRS) relating to staff who were furloughed due to Covid-19.

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

**(vi) Intangible assets - goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

**1 Accounting policies (continued)**

Purchased goodwill represents the excess of the amount paid on the acquisition of a business over the aggregate fair value of the assets acquired and is written off in equal instalments over its expected useful economic life subject to impairment reviews.

*Intangible assets other than goodwill*

Intangible assets acquired separately from a business are recognised at cost and are subsequently recognised at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 to 5 years	Goodwill	10 years	Licences	3 years
Intellectual Property	4 years	Database	10 years		

**(vii) Tangible assets - property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation net of depreciation and any impairment losses.

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 basis:

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 income statement.

**(viii) Impairment of tangible and intangible assets**

At each reporting end date, the group and 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 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.

**(ix) Investments***Investment in subsidiary*

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**(x) Stock**

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

**(xi) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**(xii) Financial assets**

The group 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.

**1 Accounting policies (continued)**

Financial assets are recognised in the group and company's statement of financial position when the group and company become 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 as 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.

**(xiii) Financial liabilities**

Basic financial liabilities 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.

**(xiv) Derivatives**

The company enters into forward exchange contracts in order to reduce its exposure to foreign exchange risk. Such contracts are derivatives and therefore not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently measured at fair value. Changes in the fair value of derivatives are recognised immediately in profit or loss in finance costs or finance income as appropriate, unless they are designated as an effective hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset at the reporting date, whereas a derivative with a negative fair value is recognised as a financial liability. Forward foreign currency contracts are valued using quoted forward exchange rates and with reference to quoted interest rates matching the maturities of the contracts.

**(xv) Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**i) Current tax**

The tax currently payable is based on the taxable surplus for the year. Taxable surplus differs from net surpluses as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been substantively enacted by the reporting end date.

**ii) Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable surpluses. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable surplus nor the accounting surplus.

**1 Accounting policies (continued)**

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable surpluses will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**(xvi) Employee benefits**

The group and 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 in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**ii) Defined benefit pension plan**

The company operates a defined benefit pension plan 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 statement of financial position 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. Past service costs are also 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 deficits are recognised in full and presented within provisions.

**iii) Defined contribution pension plan**

The group and company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group and company in an independently administered fund. Payments to defined contribution retirement benefit schemes are charged as an expense when they fall 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 group's performance over a three year period. The targets include retained earnings 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.

**(xvii) 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 asset's 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.

**(xviii) 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 group'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. Goodwill and other intangible assets impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which the goodwill, software and other intangible assets have been allocated. The value in use calculation requires the group 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(vi) 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(vii) 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 statement of financial position. The assumptions reflect historical experience and current trends. Estimates have also been made of the additional liabilities that arise from:

- the requirement to equalise Guaranteed Minimum Pension benefits (GMP) following the court judgements on 26 October 2018 and 20 November 2020. This was included in the 2018 liabilities for the first time and was estimated at £382,000 and included as a past service cost. A further £46,000 was included as a past service cost in 2020 reflecting the impact of the more recent judgement. Other changes in the estimated liability for 2020 and 2021 arise from a change in assumptions and are recognised in Other Comprehensive Income.
- the recent legal interpretation of historical documentation relating to the closure of the scheme in 2002 which confirmed that the salary link on benefits for members in employment at the closure date had been retained. The estimated additional liabilities of £7,096,000, as calculated by the actuaries in 2019, were included in the statement of comprehensive income in 2020 as an exceptional change in actuarial assumptions. Changes in the estimated liability for 2020 and 2021 arise from a change in assumptions and are recognised in Other Comprehensive Income.

See note 18 for disclosures relating to the defined benefit pension scheme.

**3 Income**

	2021	2020
	£'000	£'000
Membership fees	4,401	4,524
Commercial activities:		
Income from services	20,518	17,562
Sales of goods	3,227	3,763
	<u>28,146</u>	<u>25,849</u>
Geographical analysis		
United Kingdom	27,559	25,474
Ireland	444	299
Rest of world	143	76
	<u>28,146</u>	<u>25,849</u>

**4 Other operating income**

	2021	2020
	£'000	£'000
CJRS Grant income	343	1,359
	<u>343</u>	<u>1,359</u>

During the year ended 31 December 2021 the group recognised an amount totalling £343,000 (2020: £1,359,000) receivable under the Coronavirus Job Retention Scheme (CJRS).

**5 Operating surplus/(deficit)**

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

	2021	2020
	£'000	£'000
Fees payable to the company's auditor in respect of:		
Audit of parent company and group	53	50
Audit of subsidiaries	20	26
Other tax and accounting services	19	25
Depreciation:		
Owned assets	141	177
Assets held under finance leases	26	38
Loss on disposal of assets	9	10
Amortisation of intangible assets	1,357	1,014
Loss on foreign exchange transactions	(25)	(1)
Operating lease payments:		
Land and buildings	40	47
Other operating leases	1,084	1,341

(ii) Investment income

	2021	2020
	£'000	£'000
Other interest	7	13
	<u>7</u>	<u>13</u>

**6 Employment costs****(i) Employee costs during the year amounted to:**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Salaries and bonuses	11,274	12,210
Social security costs	1,296	1,336
Defined contribution pension costs	778	822
Defined benefit past service costs	-	46
Redundancy costs	<u>110</u>	<u>1,124</u>

Within the salaries and bonuses figure is Enil (2020: Enil) in respect of Long-Term Incentive Plans payable to senior members of staff.

**(ii) The average number of employees during the year was:**

	<b>2021</b>	<b>2020</b>
Operations	154	194
Management, sales and administration	<u>148</u>	<u>162</u>
	<u>302</u>	<u>356</u>

**(iii) Director emoluments**

	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments for qualifying services	267	253
Company pension contributions to defined contribution schemes	<u>18</u>	<u>18</u>
	<u>285</u>	<u>271</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounts to 1 (2020 - 1).

Emoluments disclosed above include the following amounts paid to the highest paid director:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments for qualifying services	244	230
Company pension contributions to defined contribution schemes	<u>18</u>	<u>18</u>
	<u>262</u>	<u>248</u>

The highest paid director is a member of the company's defined contribution scheme and had accrued entitlements of £14,514 (2020 - £28,383) under the scheme at the year end.

**(iv) Key management compensation**

Key management is considered to be the eight executive directors (2020: eight). Total remuneration paid to key management personnel in the year was £1,446,000 (2020 - £1,453,000).



**7 Taxation**

(i) Domestic current year tax

	2021	2020
	£'000	£'000
UK Corporation tax	35	18
Total current tax charge	35	18

(ii) Deferred tax:

Deferred tax (credit) for the current year (note 14)	(1)	-
Group deferred tax (credit)	(1)	-
Total tax charge	34	18

(iii) Factors affecting the tax charge for the year

The Association is liable for taxation on investment income and capital gains.

In 2021 this amounted to £31,618 (2020: £19,299). The subsidiaries are fully taxable.

	2021	2020
	£'000	£'000
Surplus/(deficit) on ordinary activities before tax	1,633	(583)
Surpluses on ordinary activities before tax multiplied by the standard rate of UK Corporation tax of 19% (2020 - 19%)	310	(111)
Effects of:		
Non deductible expenses	34	41
Non taxable (income)/expenditure of the Association	(310)	88
	(276)	129
Total tax charge	34	18

**8 Non-current assets****(i) Intangible fixed assets**

	Goodwill	Intellectual Property	Database	Software	Group Total	Company Software
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 January 2021	1,460	20	35	5,875	7,390	5,773
Additions	-	-	-	687	687	626
Disposals	-	-	-	(27)	(27)	(27)
At 31 December 2021	<u>1,460</u>	<u>20</u>	<u>35</u>	<u>6,535</u>	<u>8,050</u>	<u>6,372</u>
<b>Amortisation</b>						
At 1 January 2021	379	18	17	2,674	3,088	2,614
Charge for the year	146	1	4	1,206	1,357	1,181
Disposals	-	-	-	-	-	-
At 31 December 2021	<u>525</u>	<u>19</u>	<u>21</u>	<u>3,880</u>	<u>4,445</u>	<u>3,795</u>
<b>Net book value</b>						
31 December 2021	<u>935</u>	<u>1</u>	<u>14</u>	<u>2,655</u>	<u>3,605</u>	<u>2,577</u>
<b>Net book value</b>						
31 December 2020	<u>1,081</u>	<u>2</u>	<u>18</u>	<u>3,201</u>	<u>4,302</u>	<u>3,159</u>

**Group and company intangible assets**

The group goodwill arises from the subsidiary company's acquisition of the trade and assets of Tachodisc Limited on 29 April 2016, from the acquisition of 100% of the issued share capital of T Team Limited on 2 January 2018 and from the acquisition of 100% of the issued share capital of CD Media Training Limited on 31 May 2019.

The software intangible assets include bespoke systems for managing and delivering three key services lines:

Vehicle Inspection, Tachograph Analysis and Penalty Charge Notice. These systems were created by a mixture of external development firms and staff specifically employed for the purpose.

## 8 Non-current assets (continued)

## (ii) Tangible fixed assets

Group	Freehold property £'000	Furniture and equipment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2021	1,976	1,133	415	3,524
Additions	-	15	28	43
Disposals	(55)	(596)	(18)	(669)
At 31 December 2021	1,921	552	425	2,898
<b>Depreciation</b>				
At 1 January 2021	1,218	981	360	2,559
Charge for the year	38	81	48	167
Disposals	(8)	(645)	(35)	(688)
At 31 December 2021	1,248	417	373	2,038
Net book value 31 December 2021	673	135	52	860
Net book value 31 December 2020	758	152	55	965
<b>Company</b>				
	Freehold property £'000	Furniture and equipment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2021	1,976	1,101	415	3,492
Additions	-	15	28	43
Disposals	(55)	(596)	(18)	(669)
At 31 December 2021	1,921	520	425	2,866
<b>Depreciation</b>				
At 1 January 2021	1,218	960	360	2,538
Charge for the year	38	74	48	160
Disposals	(8)	(645)	(35)	(688)
At 31 December 2021	1,248	389	373	2,010
Net book value 31 December 2021	673	131	52	856
Net book value 31 December 2020	758	141	55	954

A charge exists over the Association's Leamington 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 Association's head office, 155 - 157 St. John's Road, Tunbridge Wells in favour of Lloyds Bank PLC in respect of a mortgage deed.

Included in freehold property is freehold land at cost of £29,085 (2020: £29,085) which is not depreciated.

The carrying amount of assets under finance leases included in computer equipment is £17,452 (2020: £42,248).

The carrying amount of assets under finance leases included in freehold property is £37,623 (2020: £42,430).

9 Fixed assets - investments

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Subsidiary undertakings	-	-	1,174	1,174
Other	18	18	18	18
	<u>18</u>	<u>18</u>	<u>1,192</u>	<u>1,192</u>

Shares in group undertakings are shown at cost, less any provision for material continuing losses and impaired carrying value.

Details of the company's subsidiary undertakings, which were incorporated in England and Wales and operated in the United Kingdom are set out below.

Company	Principal activity	Proportion of ordinary £1 shares held %	Registered office address
Tachodisc Distribution UK Limited	Sales of logistics products and training	100	Hermes House, St John's Road, Tunbridge Wells, TN4 9UZ
T Team Limited	Providing training and then dormant from 17 March 2020	100	Hermes House, St John's Road, Tunbridge Wells, TN4 9UZ
CD Media Training Limited	Providing training and then dormant from 17 March 2020	100	Hermes House, St John's Road, Tunbridge Wells, TN4 9UZ

The financial statements for the trading subsidiaries for the year ended 31 December 2021 have been consolidated with those of the parent company.

During the prior year, the group completed a reorganisation as a result of which the business activities of two subsidiaries, T Team Limited and CD Media Training Limited, were transferred to one of the Company's other subsidiaries, Tachodisc Distribution Limited.

10 Stock

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Goods for resale	806	948	423	677
	<u>806</u>	<u>948</u>	<u>423</u>	<u>677</u>

## 11 Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	4,697	5,761	4,144	5,209
Other debtors	533	311	527	310
Amounts due from group undertakings	-	-	821	718
Prepayments and accrued income	1,021	1,156	1,021	1,130
	<u>6,251</u>	<u>7,228</u>	<u>6,513</u>	<u>7,367</u>

**Debtors: amounts falling due after more than one year**

Other debtors include £162,000 (2020: £206,000) due from FTA Ireland Limited. This comprises a loan of £158,000 (2020: £201,000) plus accrued interest and has fixed repayment terms. The repayment of the loan after redenomination into Euros commenced in December 2016. Amounts falling due after more than one year are £102,000 (2020: £150,000). Interest of £7,000 (2020: £10,000) was charged on the loan in the year.

Amounts due from group undertakings include balances due from Tachodisc Distribution UK Limited, the company's subsidiary. This includes:

- a loan of £nil (2020 - £44,000) including interest, which has a fixed payment term. The loan commenced in April 2016. Amounts falling due after more than one year are £nil (2020 - £nil). Interest of £2,000 (2020 - £7,000) was charged on the loan in the year;
- a loan of £448,000 (2020: £600,000) including interest, which has a fixed payment term. The loan commenced in January 2021. Amounts falling due after more than one year are £339,000 (2020: £nil). Interest of £23,000 (2020: £nil) was charged on the loan in the year.

## 12 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	1,603	2,031	1,406	1,851
CBIL Loan	-	200	-	200
Amounts due to group undertakings	-	-	-	413
Corporation tax	35	12	5	4
Social security and other taxes	1,171	2,077	1,161	2,032
Obligations under finance leases (note 20 (ii))	41	46	41	46
Other creditors	432	518	289	518
Accruals and deferred income:				
Vehicle and Tachograph Inspection Services	1,406	1,538	1,406	1,538
Other member services	1,421	1,467	1,421	1,467
General	1,541	1,089	1,540	914
	<u>7,650</u>	<u>8,978</u>	<u>7,269</u>	<u>8,983</u>

## 13 Creditors: amounts falling due after more than one year

Obligations under finance leases (note 20 (ii))	-	27	-	27
CBIL Loan	-	1,300	-	1,300
	<u>-</u>	<u>1,327</u>	<u>-</u>	<u>1,327</u>

During the prior year the company obtained a loan from Lloyds Bank plc under the Government's Coronavirus Business Interruption Loan scheme. In the year the loan was paid in full. Interest was payable at Bank of England base rate plus 3.2% from August 2021 and the loan was repayable by July 2025. The amount due in more than five years is £nil.

**14 Provision for liabilities****Deferred taxation**

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is an analysis of the deferred tax balances (after offset) for the financial reporting purposes:

**Deferred tax liabilities**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	(2)	(3)
<b>Provision for liabilities</b>	<b>(2)</b>	<b>(3)</b>

**Deferred tax movements in the year**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Liability at 1 January 2021	(3)	(3)
Credit to income statement	1	-
Liability at 31 December 2021	(2)	(3)

**15 Provision for retirement benefit obligations**

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

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Deficit at start of year	8,149	7,424
Contributions in the year	(1,031)	(901)
Past service costs	-	46
Other finance costs	99	145
Actuarial (surplus)/loss - statement of comprehensive income (note 18(v))	(5,794)	1,435
Deficit at end of year (note 19 (vii))	<b>1,423</b>	<b>8,149</b>

**16 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:

	2021 £'000	2020 £'000
Income	-	-
Expenditure	-	-
Surplus of expenditure over income	-	-
Balance at 1 January	960	960
Balance at 31 December	960	960

Assets representing this fund are held in Current Assets.

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

- (iii) As at 31 December 2021, FTA held £7,861 (2020: £43,090) 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.

**17 Cash generated from operations**

	Group	
	2021 £'000	2020 £'000
(i) Operating Surplus:	1,730	(451)
Amortisation of intangible assets	1,357	1,014
Loss on disposal of assets	9	10
Depreciation of tangible assets	167	215
Post employment benefits less payments	(1,031)	(383)
Past service costs	-	46
Working capital movements:		
(Increase)/decrease in Stocks	142	(302)
(Increase)/decrease in Debtors	977	(734)
Increase/(decrease) in Creditors	(1,146)	2,361
Cash flow from operating activities	2,205	1,776

**(ii) Net Debt Reconciliation**

	1 January £'000	Cash flows £'000	31 December £'000
Cash at bank and in hand	3,796	(68)	3,728
Finance leases	(73)	32	(41)
Bank Loan	(1,500)	1,500	-
Net debt	2,223	1,464	3,687

**18 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 2019.

Using this as a basis, the valuation has been updated to 31 December 2021 by a qualified actuary in accordance with Section 28 of FRS 102.

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 2021 amounted to £1,437,000 and were fully paid in the year. (2020: Total £1,117,000, £599,000 paid, £518,000 unpaid).

Payments for future years under the current schedule of contributions will be £1,060,900 for 2022 together with the expenses of the scheme, which vary in amount from year to year.

With agreement of the plan trustees, payments into the Pension Plan were suspended with effect from April 2020 as a response to the impact of Covid-19 on the group's business. The amount owed under the schedule of contributions but unpaid as at 31 December 2020 was £518,000. This was fully paid in 2021 and no contributions were outstanding at 31 December 2021.

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Scheme liabilities at 1 January	80,718	76,382
Past service costs	-	46
Interest cost	1,019	1,491
Experience (gain) on liability	(1,436)	(601)
Adjustment in respect of prior year	-	834
Net benefits paid from scheme assets	(4,663)	(3,696)
Actuarial (gain)/loss on scheme liabilities	(2,389)	6,262
Scheme liabilities at 31 December	<u>73,249</u>	<u>80,718</u>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
The total actuarial (gain)/loss on the liabilities is analysed as follows:		
Changes in demographic assumptions	(657)	-
(Gain)/loss from change in other assumptions	(1,732)	6,262
Total (gain)/loss on scheme liabilities	<u>(2,389)</u>	<u>6,262</u>

The 2020 adjustment in respect of the prior year of £834,000 represents a recalculation of total liabilities as a result of information that came to light in the year regarding the benefits paid post the most recent triennial valuation in March 2019.

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets at 1 January	72,569	68,958
Return on scheme assets (excluding amounts included in net interest)	1,969	5,060
Employer contributions	1,437	1,117
Net benefits paid	(4,662)	(3,696)
Expenses paid	(407)	(216)
Interest income	920	1,346
Fair value of scheme assets at 31 December	<u>71,826</u>	<u>72,569</u>



**18 Pensions (continued)****(iv) Amounts recognised in income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
The amounts recognised in the income statement are as follows:		
Interest on assets	920	1,346
Interest cost on liabilities	(1,019)	(1,491)
Charged to other finance income	(99)	(145)
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Past service costs	-	46
Charged to employment costs (note 6)	-	46

The actual return on scheme assets net of expenses for the year was a gain of £2,889,000 (2020: gain £6,406,000).

**(v) Amount recognised in other comprehensive income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial gain on scheme assets in excess of interest	(1,969)	(5,060)
Experience (gain)/loss on liability	(1,436)	(601)
Adjustment in respect of prior year	-	834
Exceptional additional loss from changes in the assumptions relating to pensionable salaries	(657)	-
Actuarial loss/(gain) from changes to other assumptions	(1,732)	6,262
Total loss recognised in other comprehensive income during the year	(5,794)	1,435

The adjustment in respect of the prior year of £834,000 represents a recalculation of total liabilities as a result of information that came to light in the year regarding the benefits paid post the most recent triennial valuation in March 2019.

**(vi) Assumptions**

	<b>2021</b>	<b>2020</b>
The principal assumptions used by the actuary were:		
Discount rate for scheme liabilities	1.85%	1.30%
Rate of increase on fixed pensions in payment	5.00%	5.00%
Rate of increase on RPI pensions in payment	3.45%	3.00%
Inflation (RPI)	3.65%	3.10%
Inflation (CPI)	2.65%	2.10%

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

The actuary assumed that pre and post retirement mortality is in line with standard tables at 100% of S3PA year of use with CMI\_2020 [1%] projections (2020 - 100% of S3PA year of use with CMI\_2020 [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 (2020: 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.

**18 Pensions (continued)**

(vii) Amounts included in the statement of financial position

	2021	2020
	£'000	£'000
Fair value of scheme assets	71,826	72,569
Present value of funded defined benefit obligations	(73,249)	(80,718)
	<u>(1,423)</u>	<u>(8,149)</u>

(viii) Analysis of fair value of scheme assets

	2021	2020
	£'000	£'000
Equities	17,099	17,976
Fixed income	44,414	46,257
Cash and debtors	1,158	1,635
Alternatives	9,155	6,701
Fair value of assets	<u>71,826</u>	<u>72,569</u>

(ix) Defined contribution scheme

The group also operates defined contribution schemes for employees. Pension costs for the defined contribution schemes are charged to the Income Statement in the year in which they become payable. The pension cost for the year in respect of the defined contribution schemes was £778,000 (2020: £822,000). Included in the general accruals are pension contributions amounting to £93,000 (2020 - £92,000).

**19 Future financial commitments****(i) Operating leases**

At 31 December 2021 there were the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

Operating leases that expire:	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Within one year	256	429	256	429
In second to fifth years	122	379	122	379
	<u>378</u>	<u>808</u>	<u>378</u>	<u>808</u>

**(ii) Finance leases**

At 31 December 2021 the following obligations under finance leases are included in the financial statements:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Within one year	41	46	41	46
In second to fifth years	-	27	-	27
	<u>41</u>	<u>73</u>	<u>41</u>	<u>73</u>

The finance leases are for IT equipment and premises, with lengths of 24 to 48 months. The company has the opportunity to purchase the assets at the end of the leases.

**20 Contingent liabilities****(i) Health and Safety Executive investigation**

The company is fully co-operating with an ongoing investigation by the Health and Safety Executive (HSE) into a work place accident that occurred in 2018. Since the year-end the Company has been notified by the HSE that it intends to prosecute following completion of the coroner's inquest. The timescale, outcome and financial penalty, if any, are unknown.

**(ii) Loan guarantee.**

On 31 January 2018 the company and one of the subsidiaries, Tachodisc Distribution Limited UK Limited entered into a loan guarantee and provided a charge over their assets in favour of Lloyds Bank plc in respect of any overdrawn bank account or loan balances. There were overdrawn and bank loan balances of £nil as at 31 December 2021 (2020: £1,500,000).

On 11 May 2020 another of the company's subsidiaries, T Team Limited also entered into the loan guarantee and provided a charge over its bank account.

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