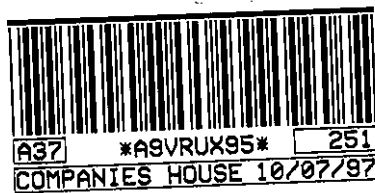


COMPANY NO 391957



FREIGHT TRANSPORT ASSOCIATION

*Annual
Report
and
Accounts*



1996

ANNUAL GENERAL MEETING 1997

Notice is hereby given that the Annual General Meeting of the Freight Transport Association Limited will be held at the London Hilton, Park Lane, London W1, at 9.30am on Tuesday 29 April 1997 for the purpose of transacting the following business:

1 Directors Report

To receive the Report of the Directors for the year 1996.

2 Annual Accounts

To receive the Income and Expenditure Account for the year ended 31 December 1996, the Balance Sheet as at that date and the Auditors' Report.

3 Auditors

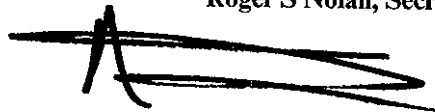
To appoint Auditors and to fix their remuneration.

4 Other Business

To deal with any other business admitted by the Chairman.

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

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

A handwritten signature in black ink, appearing to be 'R. S. Nolan', written over a horizontal line.

THE REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1996

Your Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31 December 1996. For the purposes of the Companies Act 1985 members of the National Executive Board are Directors. The names of those persons who were members of the Board at any time in 1996 appear below.

The Association acts as a trade association for trade and industry in so far as the organisations in membership operate or use freight transport for or in connection with their business. During the year it continued its policy of providing a range of advisory and practical services to the membership and of pursuing a vigorous and responsible representational role. The total membership of the Association at 31 December 1996 was 11,639 and the state of the Association's affairs is set out in the Accounts shown on the following pages.

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

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

The Auditors have changed their name from, W. J. Calder, Sons & Co to Calder & Co. They retire in accordance with the provisions of the Companies Act 1985 and a resolution for their reappointment will be proposed at the Annual General Meeting.

19 March 1997

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

NATIONAL EXECUTIVE BOARD 1996/1997

President and Chairman: G D N Miller, *William Younger and Company Limited*

Vice-Chairmen: J P Richardson, *The Boots Co plc*
L Christensen, *Safeway plc*

Honorary Treasurer: J P Richardson, *The Boots Co plc*

Members of the Board: D H Bliss, *Royal Mail*
S G Bodger, *TDG Ltd*
I K Braybrook, *English, Welsh & Scottish Railway Ltd*
P G Browitt, *ICI Chemicals & Polymers Ltd*
J A Harvey, *Tibbett & Britten Group plc*
D G Mathew, *Allied Steel & Wire*
K W Miller, *Securicor Omega Express Ltd*
J G Russell, *John G Russell (Transport) Ltd*

The following also held office during the year:

J A C Bell, *Esso Petroleum Co Ltd*
C A Lawrence, *Wincanton Ltd*

THE FREIGHT TRANSPORT ASSOCIATION LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its surplus or deficit for that period. In preparing those financial statements, the Directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF THE FREIGHT TRANSPORT ASSOCIATION LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the Historical Cost Convention and the accounting policies set out on page 9.

Respective responsibilities of Directors and Auditors

As described on page 3, the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

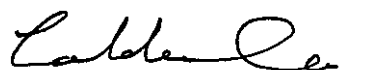
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**1 Regent Street
London SW1Y 4NW
19 March 1997**



**Calder & Co
Chartered Accountants
and Registered Auditor**

BALANCE SHEET 31 DECEMBER 1996

		1996		1995	
	Note	£	£	£	£
Fixed Assets:					
Tangible Assets	7		3,936,472		3,936,464
Current Assets:					
Stocks	1(iii)	113,937		105,548	
Debtors	8	2,668,824		2,590,929	
Cash at bank and in hand		1,359,553		1,346,977	
		<u>4,142,314</u>		<u>4,043,454</u>	
Creditors:					
Amounts falling due within one year	9	3,894,560		3,956,780	
Net Current Assets			<u>247,754</u>		<u>86,674</u>
Total Net Assets			<u>4,184,226</u>		<u>4,023,138</u>
Capital and Reserves					
General Reserve:					
Balance as at 1 January 1996	10(i)		3,686,894		3,630,536
Unappropriated surplus for the year			290,485		56,358
Balance as at 31 December 1996			<u>3,977,379</u>		<u>3,686,894</u>
Specific Reserves and Funds:					
Property and Refurbishing Reserve	10(iii)		59,095		35,524
Pension Reserve	10(iv)		62,275		57,450
Special Contingency Reserve	10(v)		—		10,329
Legal Defence Reserve	10(vi)		85,465		138,722
Centenary Award Fund	10(vii)		12		391
Industry Image Fund	10(viii)		—		93,828
			<u>4,184,226</u>		<u>4,023,138</u>


G D N Miller, President


J P Richardson, Honorary Treasurer

Signed on behalf of the National Executive Board
19 March 1997

The notes on pages 9 to 15 form part of these accounts

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996		1995	
		£	£	£	£
Turnover	1(v)		12,859,352		11,952,209
Direct service costs			7,059,182		6,636,503
Gross Surplus	2		5,800,170		5,315,706
National operating expenses	3 and 4		5,455,090		5,248,034
Operating Surplus			345,080		67,672
Income from deposits		93,379		119,088	
Rent received		7,700		—	
		101,079		119,088	
Taxation	6	25,674		30,402	
			75,405		88,686
Surplus for the year before transfers to Reserves	4		420,485		156,358
Transfer to Property and Refurbishing Reserve	10(iii)	80,000		50,000	
Transfer to Pension Reserve	10(iv)	20,000		20,000	
Transfer to Legal Defence Reserve	10(vi)	30,000		30,000	
			130,000		100,000
Transfer to Accumulated Reserves			290,485		56,358

Continuing Operations

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during the above two financial years. The turnover and operating result derive entirely from continuing operations.

The notes on pages 9 to 15 form part of these accounts

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31 DECEMBER 1996**

		1996	1995
	Note	£	£
Net cash inflow from operations	11	948,271	407,421
Return on investments			
Interest received		86,879	122,110
Other investment income		7,700	—
Net inflow from return on investments		94,579	122,110
Taxation			
Tax paid		(30,461)	(28,800)
		(30,461)	(28,800)
Investing Activities			
Purchase of Tangible Fixed Assets		(928,069)	(923,497)
Proceeds from sales of Tangible Fixed Assets		187,653	130,391
Net cash outflow from investing activities		(740,416)	(793,106)
Net cash (outflow)/inflow before financing		271,973	(292,375)
Financing Activities			
Expenditure funded from Reserves	11	(259,397)	(275,486)
		(259,397)	(275,486)
Increase/(Decrease) in cash and cash equivalents	12	12,576	(567,861)

The notes on pages 9 to 15 form part of these accounts

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	1996		1995	
		£	£	£	£
Surplus before transfer to Reserves			420,485		156,358
Expenditure from Reserves					
Property and Refurbishing Reserve		56,429		109,563	
Pension Reserve		15,175		33,812	
Special Contingency Reserve		10,329		134,182	
Legal Defence Reserve		83,257		29,523	
Lombard Centenary Award		379		734	
Industry Image Fund		93,828		(32,328)	
			259,397		275,486
Total recognised gains relating to the year			161,088		(119,128)
Total gains (losses) recognised since last Annual Report			161,088		(119,128)

The notes on pages 9 to 15 form part of these accounts

NOTES TO THE ACCOUNTS 31 DECEMBER 1996

1 Accounting Policies

(i) Preparation of Accounts

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

(ii) Depreciation

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

Freehold Buildings	50 years	Furniture and Equipment	4 years
Motor Vehicles	4 years	Computers	4 years

(iii) Stock

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

(iv) Taxation

Taxation is provided on non-member income only.

(v) Turnover

Membership fees are recognised on a receipts basis only. All other income is recognised at the point of sale or at the time the service is provided. All turnover excludes value added tax.

(vi) Pensions

The pension costs charged against profits are based on an actuarial method and actuarial assumptions designed to spread the anticipated pension costs over the service lives of the employees of the scheme, in such a way that seeks to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular costs are spread over the average remaining service lives of current employees in the scheme.

2 Turnover and Gross Surplus

			1996	1995
	Gross Turnover	Direct Costs	Gross Surplus	Gross Surplus
	£	£	£	£
Membership fees	2,519,698	—	2,519,698	2,345,976
Vehicle Inspection Service	4,829,073	3,582,686	1,246,387	1,120,586
Freightcheck	1,655,956	1,034,896	621,060	493,873
Training courses	1,603,552	1,248,148	355,404	351,347
Publications and advertising	976,260	540,983	435,277	403,549
Other membership services	1,007,700	471,849	535,851	464,354
Sundry income	267,113	180,620	86,493	136,021
	<u>12,859,352</u>	<u>7,059,182</u>	<u>5,800,170</u>	<u>5,315,706</u>

Membership fees are recognised in the month in which they are received and no provision for the prepaid portion is carried forward in the Balance Sheet.

Only direct salaries and expenses have been charged to the departments. Member services and administrative salaries and expenses have been included in 'National operating expenses'.

All income is generated in the UK.

NOTES TO THE ACCOUNTS 31 DECEMBER 1996

3 National Operating Expenses

The heading 'Administration expenses' which is specified in the Companies Act 1985 has been altered in favour of the heading 'National operating expenses'. The Directors consider that this heading more accurately describes the nature and substance of the expenses than that prescribed by the Companies Act 1985.

4 Total Expenditure

The Surplus for the year is derived after charging:

	1996	1995
	£	£
Audit fees	27,050	25,250
Depreciation	906,311	917,403
Profit on sale of assets	(165,903)	(110,195)
	<hr/>	<hr/>

5 Employment Costs

	1996	1995
	£	£
Salaries	5,941,588	5,604,911
Social Security	464,242	446,220
Pensions	886,183	823,863
	<hr/>	<hr/>

Salary costs are inclusive of redundancy payments

	1996	1995
The average number of employees during the year was:	349	344
	<hr/>	<hr/>

6 Taxation

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

	1996	1995
	£	£
Corporation tax at 24 per cent (1995 25 per cent)	25,697	30,482
Underprovision for 1995 (1994 – Overprovision)	53	(80)
Double tax relief on foreign interest	(76)	–
	<hr/>	<hr/>
	25,674	30,402
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS 31 DECEMBER 1996

7 Tangible Assets

	Freehold Property	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
	£	£	£	£	£
Cost					
Balance at 1 January 1996	2,897,404	2,432,430	566,344	457,244	6,353,422
Additions	1,098	789,840	66,683	70,448	928,069
Disposals	—	(619,201)	(64,861)	(150,687)	(834,749)
Balance at 31 December 1996	2,898,502	2,603,069	568,166	377,005	6,446,742
Depreciation					
Balance at 1 January 1996	507,387	1,337,820	280,543	291,208	2,416,958
Provision	56,364	612,967	142,517	94,463	906,311
Disposals	—	(598,414)	(64,300)	(150,285)	(812,999)
Balance at 31 December 1996	563,751	1,352,373	358,760	235,386	2,510,270
Net Book Value 31 December 1996	2,334,751	1,250,696	209,406	141,619	3,936,472
Net Book Value 31 December 1995	2,390,017	1,094,610	285,801	166,036	3,936,464

8 Debtors

	1996	1995
	£	£
Debtors for goods and services	2,153,947	2,142,216
Other debtors	110,990	66,003
Prepayments and accrued income	403,887	382,710
	2,668,824	2,590,929

9 Creditors

	1996	1995
	£	£
Trade creditors	679,064	509,760
Accruals and deferred income:		
Vehicle Inspection Service	1,637,016	1,896,803
Freightcheck	648,310	641,360
Other member services	130,602	109,121
Payroll and other taxes	421,661	400,949
General accruals and other creditors	352,210	368,305
Corporation tax payable	25,697	30,482
	3,894,560	3,956,780

NOTES TO THE ACCOUNTS 31 DECEMBER 1996

10 Reserves and Funds

(i) General Reserve

The Association is limited by guarantee and does not have any share capital. Annual surpluses or deficits, after providing for specific reserves, which are detailed below, are transferred to the general reserve.

(ii) Reconciliation of movements in shareholders funds

Within the meaning of FRS3 the total of the Association's Accumulated Reserve and Other Reserves constitute 'Shareholders funds'. The movement in the Accumulated Reserve is shown in the Balance Sheet and the movements in the Other Reserves are detailed below.

(iii) Property and Refurbishing Reserve

	1996	1995
	£	£
Balance at 1 January 1996	35,524	95,087
Allocation from income in the year	80,000	50,000
	<hr/> 115,524	<hr/> 145,087
Less: Expenditure in the year	56,429	109,563
	<hr/> 59,095	<hr/> 35,524
Balance at 31 December 1996		

(iv) Pension Reserve

The Pension Reserve was established to help finance possible future commitments for early retirement and to meet cases of hardship. Movements in the reserve during the year were as follows:

	1996	1995
	£	£
Balance at 1 January 1996	57,450	71,262
Allocation from income in the year	20,000	20,000
	<hr/> 77,450	<hr/> 91,262
Less: Expenditure in the year	15,175	33,812
	<hr/> 62,275	<hr/> 57,450
Balance at 31 December 1996		

(v) Special Contingency Reserve

The Special Contingency Reserve was established to provide for projects or expenditure outside the normal course of the Association's business. Movements in the reserve during the year were as follows:

	1996	1995
	£	£
Balance at 1 January 1996	10,329	144,511
Allocation from income in the year	—	—
	<hr/> 10,329	<hr/> 144,511
Less: Expenditure in the year	10,329	134,182
	<hr/> —	<hr/> 10,329
Balance at 31 December 1996		

NOTES TO THE ACCOUNTS 31 DECEMBER 1996

(vi) Legal Defence Reserve

The Legal Defence Reserve was established in 1992 to provide for possible actions considered necessary to protect the interests of the Association and its members. Movements during the year were as follows:

	1996	1995
	£	£
Balance at 1 January 1996	138,722	138,245
Additions to the Reserve in the year	30,000	30,000
	<hr/>	<hr/>
Less: Expenditure in the year	168,722	168,245
	83,257	29,523
	<hr/>	<hr/>
Balance at 31 December 1996	85,465	138,722
	<hr/>	<hr/>

(vii) Lombard Centenary Award Fund

The Lombard Centenary Award Fund exists to provide a training award for students involved in transport related subjects. Movements in the fund during the year were as follows:

	1996	1995
	£	£
Balance at 1 January 1996	391	1,125
Allocation from income in the year	—	—
	<hr/>	<hr/>
Less: Expenditure in the year	391	1,125
	379	734
	<hr/>	<hr/>
Balance at 31 December 1996	12	391
	<hr/>	<hr/>

(viii) Industry Image Fund

The Industry Image Fund exists to promote actions to improve the image of the freight transport industry.

	1996	1995
	£	£
Balance at 1 January 1996	93,828	61,500
Less: Transfer to separate fund	93,828	—
	<hr/>	<hr/>
Amounts received from members	—	61,500
Allocation from income in the year	—	86,000
	<hr/>	<hr/>
Less: Expenditure in the year	—	147,500
	—	53,672
	<hr/>	<hr/>
Balance at 31 December 1996	—	93,828
	<hr/>	<hr/>

(ix) Other Funds

FTA administered two funds as at 31 December 1996 with a value of £69,944. These funds are not in the beneficial ownership of FTA and do not form part of FTA's net assets.

NOTES TO THE ACCOUNTS 31 DECEMBER 1996

11 Net Cash Inflows/Outflows

The reconciliation of Operating Surplus to Net Cash Inflow for the year is as follows:

	1996	1995
	£	£
Operating Surplus:	345,080	67,672
Depreciation	906,311	917,403
Surplus on sale of fixed assets	(165,903)	(110,195)
(Increase)/Decrease in Stocks	(8,389)	(34,296)
(Increase)/Decrease in Debtors	(71,393)	(216,421)
Increase/(Decrease) in Creditors	(57,435)	(216,742)
Net cash inflow from operating activities	948,271	407,421
(Income Credited to)/Expenditure funded from Reserves:		
Funded from Property and Refurbishment Reserve	56,429	109,563
Funded from Pension Reserve	15,175	33,812
Funded from Special Contingency Reserve	10,329	134,182
Funded from Lombard Centenary Fund	379	734
Funded from Legal Defence Reserve	83,257	29,523
Funded from Industry Image Fund	93,828	(32,328)
	259,397	275,486

12 Movement in Cash and Cash Equivalents

	1996	1995
	£	£
Balance brought forward	1,346,977	1,914,838
(Decrease)/Increase in the year	12,576	(567,861)
Balance carried forward	1,359,553	1,346,977
Represented by:		
Cash at bank and in hand	1,359,553	1,346,977
	1,359,553	1,346,977

NOTES TO THE ACCOUNTS 31 DECEMBER 1996

13 Pensions

The Association operates a contributory pension scheme which is voluntary. Entry is open to all members of staff who are over 20 and under 59. The scheme is of the defined benefit type with its assets held in a separate trust and invested by the trustees, Abbey National Independent Trustees Limited; K H Taylor, FTA's Executive Director – Personnel and Business Services and R S Nolan, FTA's Secretary and Executive Director – Finance, Consultancy and International. The Association's contributions are determined by a qualified actuary on the basis of a regular valuation using the projected unit method. The most recent valuation was in January 1996. The principal assumptions adopted in the valuation were that over the long term, the annual rate of return on investments will be nine per cent, that each member's pensionable salary will increase by seven per cent and pensions will increase at five per cent per annum. At the date of the latest actuarial valuation, 1 January 1996, on a continuing basis, the market value of the assets of the scheme was £16.2 million and the actuarial value of the assets was sufficient to cover 83 per cent (1994 – 79 per cent) of the benefits that had accrued to members, after allowing for expected future increases in earnings. In view of the deficit three courses of action have been agreed:

- active members have consented to adjustments to their benefits;
- payment of contributions at the total rate of 23.5 per cent of Pensionable Earnings (contributions from members being maintained) which it is intended will be maintained until 31 December 2003;
- a further valuation is to be carried out as at 1 April 1997 to assess the financial effect of these changes.

14 Operating Leases

Annual commitment under operating leases

At 31 December 1996 there were the following annual commitments under non-cancellable operating leases:

Operating leases that expire:

	1996	1995
	Land and Buildings	Land and Buildings
Within one year	–	–
In second to fifth years	–	–
Over five years	28,950	28,950
	<hr/> 28,950	<hr/> 28,950

15 Contingent Liability

Contingent liabilities existed at 31 December 1996, arising in the ordinary course of business in connection with guarantees relating to TIR Carnets. These are issued throughout Europe by various members of the International Road Transport Union (IRU) of which FTA is one.

The Association has received a claim in respect of Community Transit Guarantees totalling £565,342. Irrespective of the outcome of an appeal which has been lodged against this, the Directors do not anticipate an ultimate liability for the Association.

Other contingent liabilities, also arising in the ordinary course of business, existed at 31 December 1996 in connection with guarantees relating to the Community Transit Scheme.

The Directors do not anticipate that any of these contingencies in respect of TIR Carnets or Community Transit Guarantees will result in a material liability for the Association.

FTA

Freight Transport Association Limited, Hermes House, St John's Road, Tunbridge Wells, Kent TN4 9UZ
Tel: (01892) 526171 Fax: (01892) 534989

Director General: D C Green *FCIT FILog*

Deputy Director General: R K Turner *MSc BSc(Hons) CEng MICE FIHT FILog*

Secretary and Executive Director – Finance, Consultancy and International: R S Nolan *FCA*

Executive Director – Transport Policy: J E Hookham *MSc BTech*

Executive Director – Personnel and Business Services: K H Taylor *FIPD MCIT*

Executive Director – Regions: R M Armstrong *FCIT MILog*

REGIONAL OFFICES

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FREIGHT TRANSPORT ASSOCIATION LIMITED, HERMES HOUSE, ST JOHN'S ROAD, TUNBRIDGE WELLS, KENT TN4 9UZ
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Freight Transport Association Limited • Registered Office • Hermes House, St John's Road, Tunbridge Wells, Kent TN4 9UZ • Registered in England Number 391957