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ANNUAL GENERAL MEETING 1998

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 28 April 1998 for the purpose of transacting the following business:

1 Directors Report

To receive the Report of the Directors for the year 1997.

2 Annual Accounts

To receive the Income and Expenditure Account for the year ended 31 December 1997, the Balance Sheet as at that date and the Auditors' Report.

3 Auditors

To appoint Auditors and to fix their remuneration.

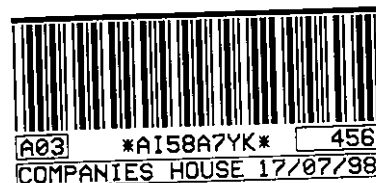
4 Other Business

To deal with any other business admitted by the Chairman.

By order of the National Executive Board

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

Roger S Nolan, Secretary



THE REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1997

Your Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31 December 1997. 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 1997 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 1997 was 11,667 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, Calder & Co. 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.

By order of the National Executive Board



Roger S Nolan, Secretary

19 March 1998

NATIONAL EXECUTIVE BOARD 1997/1998

President and Chairman:	L R Christensen, <i>Safeway Stores plc</i>
Vice-Chairmen:	K W Miller, <i>Securicor Omega Express Ltd</i> J P Richardson, <i>The Boots Company plc</i>
Honorary Treasurer:	J P Richardson, <i>The Boots Company plc</i>
Members of the Board:	D H Bliss, <i>Royal Mail Consultancy Services Group</i> S G Bodger, <i>TDG Ltd</i> I K Braybrook, <i>English Welsh & Scottish Railway Ltd</i> P R Browitt, <i>ICI plc</i> J A Harvey, <i>Tibbitt & Britten Group plc</i> C A Lawrence, <i>Wincanton Logistics</i> D G Mathew, <i>ASW Distribution</i> G D N Miller, <i>William Younger & Company Ltd</i> J G Russell, <i>John G Russell (Transport) Ltd</i>

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 1997 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 1998



Calder & Co
Chartered Accountants
and Registered Auditor

BALANCE SHEET 31 DECEMBER 1997

		1997		1996	
	Note	£	£	£	£
Fixed Assets:					
Tangible Assets	7		4,000,885		3,936,472
Current Assets:					
Stocks	1(iii)	102,060		113,937	
Debtors	8	2,494,458		2,668,824	
Cash at bank and in hand		1,627,386		1,359,553	
		<u>4,223,904</u>		<u>4,142,314</u>	
Creditors:					
Amounts falling due within one year	9	<u>3,808,008</u>		<u>4,012,737</u>	
Net Current Assets			415,896		129,577
Total Net Assets			<u>4,416,781</u>		<u>4,066,049</u>
Capital and Reserves					
General Reserve:					
Balance as at 1 January 1997	10(i)		3,859,202		3,686,894
Unappropriated surplus for the year			84,727		290,485
Prior year adjustment	15		<u>-</u>		<u>(118,177)</u>
Balance as at 31 December 1997			3,943,929		3,859,202
Specific Reserves and Funds:					
Property and Refurbishing Reserve	10(iii)		108,057		59,095
Pension Reserve	10(iv)		32,091		62,275
Legal Defence Reserve	10(v)		104,204		85,465
Information Technology Development Reserve	10(vi)		228,500		-
Centenary Award Fund	10(vii)		<u>-</u>		<u>12</u>
			<u>4,416,781</u>		<u>4,066,049</u>

Signed on behalf of the National Executive Board
19 March 1998

L Christensen, President



J P Richardson, Honorary Treasurer



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

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

		1997		1996	
	Note	£	£	£	£
Turnover	1(v) and 2		13,143,910		12,859,352
Direct service costs			7,187,106		7,059,182
Gross Surplus			<u>5,956,804</u>		<u>5,800,170</u>
National operating expenses	3 and 4		5,545,605		5,455,090
Operating Surplus			<u>411,199</u>		<u>345,080</u>
Income from deposits		112,541		93,379	
Rent received		10,425		7,700	
		<u>122,966</u>		<u>101,079</u>	
Taxation	6	25,938		25,674	
			<u>97,028</u>		<u>75,405</u>
Surplus for the year before transfers to Reserves	4		<u>508,227</u>		<u>420,485</u>
Transfer to Property and Refurbishing Reserve	10(iii)	110,000		80,000	
Transfer to Pension Reserve	10(iv)	55,000		20,000	
Transfer to Legal Defence Reserve	10(v)	30,000		30,000	
Transfer to Information Technology Development Reserve	10(vi)	<u>228,500</u>		<u>—</u>	
			<u>423,500</u>		<u>130,000</u>
Transfer to Accumulated Reserves			<u>84,727</u>		<u>290,485</u>

Continuing Operations

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during the above two financial years. The 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 1997

		1997	1996
	Note	£	£
Net cash inflow from operating activities		1,072,382	948,271
Return on investments	11(i)	120,336	94,579
Taxation		(25,811)	(30,461)
Capital expenditure and financial investment	11(ii)	(741,579)	(740,416)
Cash inflow/(outflow) before use of liquid resources and financing		425,328	271,973
Financing			
Expenditure funded from Reserves	11(iii)	(157,495)	(259,397)
Increase/(decrease) in cash in the period		267,833	12,576
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities			
Operating Surplus:		411,199	345,080
Depreciation		884,139	906,311
Surplus on sale of Fixed Assets		(206,973)	(165,903)
(Increase)/Decrease in Stocks		11,877	(8,389)
(Increase)/Decrease in Debtors		176,995	(71,393)
Increase/(Decrease) in Creditors		(204,855)	(57,435)
Net cash inflow from operating activities		1,072,382	948,271

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		1997	1996
	Note	£	£
Surplus before transfer to Reserves		508,227	420,485
Expenditure from Reserves			
Property and Refurbishing Reserve		61,038	56,429
Pension Reserve		85,184	15,175
Special Contingency Reserve		—	10,329
Lombard Centenary Award		12	379
Legal Defence Reserve		11,261	83,257
Industry Image Fund		—	93,828
		157,495	259,397
Total recognised gains relating to the year		350,732	161,088
Prior year adjustment	15	(118,177)	—
Total gains recognised since last Annual Report		232,555	161,088

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

NOTES TO THE ACCOUNTS 31 DECEMBER 1997

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) Stocks

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

	1997	1996
	£	£
Membership fees	2,617,805	2,519,698
Services provided to members	10,526,105	10,339,654
	<u>13,143,910</u>	<u>12,859,352</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.

All income is generated in the UK.

NOTES TO THE ACCOUNTS 31 DECEMBER 1997

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:

	1997	1996
	£	£
Audit fees	28,710	27,050
Depreciation	884,139	906,311
Profit on sale of assets	(206,973)	(165,903)

5 Employment Costs

	1997	1996
	£	£
Salaries	6,079,455	5,941,588
Social Security	476,438	464,242
Pensions	904,774	886,183

Salary costs are inclusive of redundancy payments

	1997	1996
The average number of employees during the year was:	342	349

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:

	1997	1996
	£	£
Corporation tax at 21 per cent (1996 – 24 per cent)	25,823	25,697
Underprovision for 1996	115	53
Double tax relief on foreign interest	–	(76)
	25,938	25,674

NOTES TO THE ACCOUNTS 31 DECEMBER 1997

7 Tangible Assets

	Freehold Property	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
	£	£	£	£	£
Cost					
Balance at 1 January 1997	2,898,502	2,603,069	568,166	377,005	6,446,742
Additions	(549)	730,785	82,045	195,171	1,007,452
Disposals	–	(749,441)	(98,154)	(72,047)	(919,642)
Balance at 31 December 1997	2,897,953	2,584,413	552,057	500,129	6,534,552
Depreciation					
Balance at 1 January 1997	563,751	1,352,373	358,760	235,386	2,510,270
Provision	56,364	619,153	125,923	82,699	884,139
Disposals	–	(690,541)	(98,154)	(72,047)	(860,742)
Balance at 31 December 1997	620,115	1,280,985	386,529	246,038	2,533,667
Net Book Value 31 December 1997	2,277,838	1,303,428	165,528	254,091	4,000,885
Net Book Value 31 December 1996	2,334,751	1,250,696	209,406	141,619	3,936,472

8 Debtors

	1997	1996
	£	£
Debtors for goods and services	2,024,286	2,153,947
Other debtors	151,465	110,990
Prepayments and accrued income	318,707	403,887
	2,494,458	2,668,824

9 Creditors

	1997	1996
	£	£
Trade creditors	592,264	679,064
Accruals and deferred income:		
Vehicle Inspection Service	1,612,095	1,755,193
Tachograph Service	625,284	648,310
Other member services	157,864	130,602
Payroll and other taxes	438,833	421,661
General accruals and other creditors	355,845	352,210
Corporation tax payable	25,823	25,697
	3,808,008	4,012,737

NOTES TO THE ACCOUNTS 31 DECEMBER 1997

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 accumulated fund.

(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

	1997	1996
	£	£
Balance at 1 January 1997	59,095	35,524
Allocation from income in the year	110,000	80,000
	<hr/> 169,095	<hr/> 115,524
Less: Expenditure in the year	61,038	56,429
	<hr/> 108,057	<hr/> 59,095

(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:

	1997	1996
	£	£
Balance at 1 January 1997	62,275	57,450
Allocation from income in the year	55,000	20,000
	<hr/> 117,275	<hr/> 77,450
Less: Expenditure in the year	85,184	15,175
	<hr/> 32,091	<hr/> 62,275

(v) 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:

	1997	1996
	£	£
Balance at 1 January 1997	85,465	138,722
Additions to the Reserve in the year	30,000	30,000
	<hr/> 115,465	<hr/> 168,722
Less: Expenditure in the year	11,261	83,257
	<hr/> 104,204	<hr/> 85,465

NOTES TO THE ACCOUNTS 31 DECEMBER 1997

(vi) *Information Technology Development Reserve*

A reserve has been established to fund development of Information Technology.

	1997	1996
	£	£
Balance at 1 January 1997	—	—
Allocation from income in the year	228,500	—
Balance at 31 December 1997	228,500	—

(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:

	1997	1996
	£	£
Balance at 1 January 1997	12	391
Allocation from income in the year	—	—
	12	391
Less: Expenditure in the year	12	379
Balance at 31 December 1997	—	12

(viii) *Other Funds*

FTA administered two funds as at 31 December 1997 with a value of £25,866 (1996: £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 1997

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

	1997	1996
	£	£
(i) <i>Return on investments</i>		
Interest received	109,911	86,879
Other investment income	10,425	7,700
	<u>120,336</u>	<u>94,579</u>
(ii) <i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(1,007,452)	(928,069)
Sale of tangible fixed assets	265,873	187,653
Net cash inflow/(outflow) for capital expenditure	<u>(741,579)</u>	<u>(740,416)</u>
(iii) <i>Expenditure funded from Reserves</i>		
Funded from Property and Refurbishment Reserve	61,038	56,429
Funded from Pension Reserve	85,184	15,175
Funded from Special Contingency Reserve	—	10,329
Funded from Lombard Centenary Fund	12	379
Funded from Legal Defence Reserve	11,261	83,257
Funded from Industry Image Fund	—	93,828
	<u>157,495</u>	<u>259,397</u>

12 Analysis of net funds

	At 1 January 1997	Cash flow	Other changes	At 31 December 1997
	£	£	£	£
Net cash:				
Cash at bank and in hand	1,359,553	267,833	—	1,627,386
Net funds	<u>1,359,553</u>	<u>267,833</u>	<u>—</u>	<u>1,627,386</u>

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 funded 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 undertaken:

NOTES TO THE ACCOUNTS 31 DECEMBER 1997

- in 1996, active members consented to adjustments to their benefits;
- contributions are paid at the total rate of 23.5 per cent (including contributions from members). It is intended that these contributions will be maintained at this level until 31 December 2003 which should reduce the funding deficiency;
- interim valuations are carried out annually to assess the financial effect of these changes.

14 Operating Leases

Annual commitment under operating leases

At 31 December 1997 there were the following annual commitments under non-cancellable operating leases:

Operating leases that expire:

	1997	1996
	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 Prior year adjustment

The prior year adjustment results from a change to a more precise accounting policy for the Vehicle Inspection Service income.

16 Contingent Liability

Contingent liabilities existed at 31 December 1997, 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 1997 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
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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*

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