

Annual Report and Accounts 2001



Freight Transport Association Ltd

Company Number 391957

Annual General Meeting 2002

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 30 April 2002 for the purpose of transacting the following business:

1 Directors Report

To receive the Report of the Directors for the year 2001.

2 Annual Accounts

To receive the Income and Expenditure Account for the year ended 31 December 2001, the Balance Sheet as at that date and the Auditors' Report.

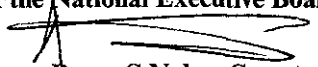
3 Auditors

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

The Report of the Directors for the year ended 31 December 2001

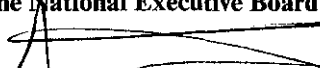
Your Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31 December 2001. For the purposes of the Companies Act 1985 members of the National Executive Board are Directors. The names of those persons who were members of the Board at any time in 2001 appear on page 7.

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 2001 was 11,088 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

15 March 2002

National Executive Board 2001/2002

President and Chairman:	C A Lawrence, <i>Wincanton plc</i>
Executive Vice-President:	D C Green, <i>Freight Transport Association</i>
Honorary Treasurer:	J G Russell, <i>John G Russell (Transport) Ltd</i>
Other Members of the Board:	D S Archbold, <i>Archbold Freightage Ltd</i> L R Christensen, <i>Safeway Stores plc</i> J Coghlan, <i>Exel plc</i> P R Mengel, <i>English Welsh & Scottish Railway Ltd</i> G D N Miller, <i>John Smiths Ltd</i> E J Roderick, <i>Christian Salvesen plc</i> G A Sheddick, <i>Norbert Dentressangle UK Ltd</i> R I Smith, <i>Grampian Country Transport Ltd</i> M P White, <i>J Sainsbury plc</i>

The following also held office during the year:

P Bateman, *Tesco Distribution Ltd*
R A Clark, *Merlin Distribution Ltd*
J A Harvey, *Tibbett & Britten Group plc*
D G Mathew, *ASW Distribution*
J P Richardson, *The Boots Company plc*

The Freight Transport Association Limited Statement of Director' 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 9 to 20 which have been prepared under the Historical Cost Convention and the accounting policies set out on page 13.

Respective responsibilities of Directors and Auditors

As described on page 7, 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 2001 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
15 March 2002



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

Balance Sheet 31 December 2001

		2001		2000	
	Note	£	£	£	£
Fixed Assets:					
Tangible Assets	7		4,046,981		4,230,104
Current Assets:					
Stocks	1(iii)	114,590		114,341	
Debtors	8	3,433,417		3,381,214	
Cash at bank and in hand		1,030,796		274,321	
		<u>4,578,803</u>		<u>3,769,876</u>	
Creditors:					
Amounts falling due within one year	9	<u>3,742,656</u>		<u>3,477,839</u>	
Net Current Assets			836,147		292,037
Total Net Assets			<u>4,883,128</u>		<u>4,522,141</u>
Capital and Reserves					
General Reserve:					
Balance as at 31 December 2001	10(i) to (iii)		4,547,534		4,086,662
Specific Reserves and Funds:					
Property and Refurbishing Reserve	10(iv)		42,817		142,221
Pension Reserve	10(v)		40,225		40,521
Legal Defence Reserve	10(vi)		64,571		67,101
Staff Development Reserve	10(viii)		88,721		185,636
Campaign Fund	10(ix)		99,260		—
			<u>4,883,128</u>		<u>4,522,141</u>

C A Lawrence, President

J G Russell, Honorary Treasurer

Signed on behalf of the National Executive Board
15 March 2002

The notes on pages 13 to 20 form part of these accounts

Income and Expenditure Account for the year ended 31 December 2001

		2001	2000
	Note	£	£
Turnover	1(v) and 2	16,498,546	15,345,688
Direct service costs		<u>9,296,581</u>	<u>8,753,292</u>
Gross Surplus		7,201,965	6,592,396
National operating expenses	3 and 4	<u>6,709,255</u>	<u>6,218,481</u>
Operating Surplus		492,710	373,915
Income from deposits		37,040	33,884
Surplus on disposal of fixed assets		<u>560,604</u>	<u>183,946</u>
		597,644	217,830
Taxation	6	<u>64,721</u>	<u>5,722</u>
		532,923	212,108
Surplus for year	4	<u>1,025,633</u>	<u>586,023</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 13 to 20 form part of these accounts

Cash Flow Statement for the year ended 31 December 2001

		2001	2000
	Note	£	£
Net cash inflow from operating activities		1,812,550	1,164,025
Other inflows		134,260	—
Return on investments	11(i)	37,040	33,884
Taxation		(6,474)	(13,760)
Capital expenditure and financial investment	11(ii)	(421,995)	(943,927)
Cash inflow/(outflow) before use of liquid resources and financing		1,555,381	240,222
Financing:			
Expenditure funded from reserves	11(iii)	(798,906)	(518,001)
Increase/(decrease) in cash in the period	12	756,475	(277,779)
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities			
Operating Surplus:		492,710	373,915
Depreciation		1,165,722	1,099,668
(Increase)/Decrease in Stocks		(249)	41,137
(Increase)/Decrease in Debtors		(52,203)	173,569
Increase/(Decrease) in Creditors		206,570	(542,264)
Net cash inflow from operating activities		1,812,550	1,164,025

The notes on pages 13 to 20 form part of these accounts

Statement of Total Recognised Gains and Losses for the year ended 31 December 2001

		2001	2000
	Note	£	£
Surplus before transfer to Reserves		1,025,633	586,023
Funds received into Campaign Fund		<u>134,260</u>	<u>-</u>
		1,159,893	586,023
Expenditure from Reserves			
Property and Refurbishing Reserve		119,404	70,922
Pension Reserve		360,296	145,692
Legal Defence Reserve		32,530	81,603
Information Technology Development Reserve		154,761	155,420
Staff Development Reserve		96,915	64,364
Campaign Fund		<u>35,000</u>	<u>-</u>
		798,906	518,001
Total recognised gains/(losses) relating to the year		<u>360,987</u>	<u>68,022</u>
Total recognised gains/(losses) since the last Annual Report		<u>360,987</u>	<u>68,022</u>

The notes on pages 13 to 20 form part of these accounts

Notes to the Accounts 31 December 2001

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*

Income is recognised at the point of sale or at the time the service is provided.
All turnover excludes value added tax.

2 Turnover

	2001	2000
	£	£
Membership fees	2,985,963	2,943,973
Commercial activities	13,512,583	12,401,715
	<u>16,498,546</u>	<u>15,345,688</u>

Membership fees are recognised in the month they are due 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, with the exception of occasional fees from overseas projects.

Notes to the Accounts 31 December 2001

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:

	2001	2000
	£	£
Audit fees	32,630	31,998
Depreciation	1,165,722	1,099,668
Profit on sale of assets	(560,604)	(183,946)

5 Employment Costs

	2001	2000
	£	£
Salaries	7,906,984	7,412,706
Social Security	602,221	558,050
Pensions (comprising defined benefit and defined contribution)	1,081,477	1,101,979

Salary costs are inclusive of redundancy payments.

	2001	2000
The average number of employees during the year was:	360	364

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:

	2001	2000
	£	£
Corporation tax at 30 per cent (2000 – 20 per cent)	65,024	6,777
Over provision for previous years	(303)	(1,055)
	64,721	5,722

Notes to the Accounts 31 December 2001

7 Tangible Assets

	Freehold Property	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
	£	£	£	£	£
Cost					
Balance at 1 January 2001	2,706,644	2,779,252	366,343	1,485,494	7,337,733
Additions	61,025	623,263	110,371	275,982	1,070,641
Disposals	(71,343)	(647,181)	—	(12,337)	(730,861)
Balance at 31 December 2001	<u>2,696,326</u>	<u>2,755,334</u>	<u>476,714</u>	<u>1,749,139</u>	<u>7,677,513</u>
Depreciation					
Balance at 1 January 2001	750,237	1,410,706	198,104	748,582	3,107,629
Provision	51,696	658,653	80,604	374,769	1,165,722
Disposals	(28,445)	(610,519)	—	(3,855)	(642,819)
Balance at 31 December 2001	<u>773,488</u>	<u>1,458,840</u>	<u>278,708</u>	<u>1,119,496</u>	<u>3,630,532</u>
Net Book Value 31 December 2001	<u>1,922,838</u>	<u>1,296,494</u>	<u>198,006</u>	<u>629,643</u>	<u>4,046,981</u>
Net Book Value 31 December 2000	<u>1,956,407</u>	<u>1,368,546</u>	<u>168,239</u>	<u>736,912</u>	<u>4,230,104</u>

8 Debtors

	2001	2000
	£	£
Debtors for goods and services	2,890,752	3,033,671
Other debtors	165,959	118,195
Prepayments and accrued income	376,706	229,348
	<u>3,433,417</u>	<u>3,381,214</u>

9 Creditors

	2001	2000
	£	£
Trade creditors	499,975	464,186
Accruals and deferred income:		
Vehicle Inspection Service	827,454	1,011,012
Tachograph Service	717,613	666,776
Other member services	102,483	245,863
Payroll and other taxes	448,628	502,467
General accruals and other creditors	1,081,479	580,758
Corporation tax payable	65,024	6,777
	<u>3,742,656</u>	<u>3,477,839</u>

Notes to the Accounts 31 December 2001

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 FRS 3 the total of the Association's Accumulated Reserve and Other Reserves constitute 'Shareholders funds'. The movements in the Accumulated Reserve and Other Reserves are detailed below.

(iii) General Reserve

	2001	2000
	£	£
Balance at 1 January 2001	4,086,662	3,791,926
Surplus for the year	1,025,633	586,023
	<u>5,112,295</u>	<u>4,377,949</u>
Transfers to Other Reserves:		
Property and Refurbishing Reserve	20,000	100,000
Pension Reserve	360,000	140,000
Legal Defence Reserve	30,000	30,000
Information Technology Development Reserve	154,761	21,287
	<u>4,547,534</u>	<u>4,086,662</u>
Balance at 31 December 2001		

(iv) Property and Refurbishing Reserve

	2001	2000
	£	£
Balance at 1 January 2001	142,221	113,143
Allocation from income in the year	20,000	100,000
	<u>162,221</u>	<u>213,143</u>
Less: Expenditure in the year	119,404	70,922
	<u>42,817</u>	<u>142,221</u>
Balance at 31 December 2001		

Notes to the Accounts 31 December 2001

(v) *Pension Reserve*

The Pension Reserve exists to help finance possible future commitments for early retirement and additional funding for pensions. Movements in the reserve during the year were as follows:

	2001	2000
	£	£
Balance at 1 January 2001	40,521	46,213
Allocation from income in the year	360,000	140,000
	<u>400,521</u>	<u>186,213</u>
Less: Provision for additional pensions contributions	265,900	—
Expenditure in the year	94,396	145,692
	<u>40,225</u>	<u>40,521</u>
Balance at 31 December 2001		

The Directors have made a provision for £265,900 to comply with the minimum funding requirement as it applies to the company's defined benefit pension scheme.

(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:

	2001	2000
	£	£
Balance at 1 January 2001	67,101	118,704
Allocations from income in the year	30,000	30,000
	<u>97,101</u>	<u>148,704</u>
Less: Expenditure in the year	32,530	81,603
	<u>64,571</u>	<u>67,101</u>
Balance at 31 December 2001		

(vii) *Information Technology Development Reserve*

A reserve was established to fund development of Information Technology.

	2001	2000
	£	£
Balance at 1 January 2001	—	134,133
Allocation from income in the year	154,761	21,287
	<u>154,761</u>	<u>155,420</u>
Less: Expenditure in the year	154,761	155,420
	<u>—</u>	<u>—</u>
Balance at 31 December 2001		

Notes to the Accounts 31 December 2001

(viii) *Staff Development Reserve*

A reserve has been established to fund staff development.

	2001	2000
	£	£
Balance at 1 January 2001	185,636	250,000
Allocation from income in the year	—	—
	185,636	250,000
Less: Expenditure in the year	96,915	64,364
Balance at 31 December 2001	88,721	185,636

(ix) *Campaign Fund*

A reserve has been established to fund specific campaigns on behalf of the members.

	2001	2000
	£	£
Balance at 1 January 2001	—	—
Allocation from income in the year	134,260	—
	134,260	—
Less: Expenditure in the year	35,000	—
Balance at 31 December 2001	99,260	—

(x) *Other Funds*

FTA administered three (2000: three) funds as at 31 December 2001 with a value of £222,949 (2000: £205,132). As at 31 December 2001, FTA held £53,033 (2000: £53,033) of guarantee deposits for TIR carnets. These funds are not in the beneficial ownership of FTA and do not form part of FTA's net assets.

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

	2001	2000
	£	£
(i) <i>Return on investments</i>		
Interest received	37,040	33,884
	37,040	33,884
(ii) <i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(1,070,641)	(1,144,511)
Sale of tangible fixed assets	648,646	200,584
Net cash inflow/(outflow) for capital expenditure	(421,995)	(943,927)

Notes to the Accounts 31 December 2001

(iii) Expenditure funded from Reserves

	2001	2000
	£	£
Funded from Property and Refurbishment Reserve	119,404	70,922
Funded from Pension Reserve	360,296	145,692
Funded from Legal Defence Reserve	32,530	81,603
Funded from IT Development Reserve	154,761	155,420
Funded from Staff Development Reserve	96,915	64,364
Funded from the Campaign Fund	35,000	–
	<u>798,906</u>	<u>518,001</u>

12 Analysis of net funds

	At 1 January 2001	Cash flow	Other changes	At 31 December 2001
	£	£	£	£
Net cash:				
Cash at bank and in hand	<u>274,321</u>	<u>756,475</u>	<u>–</u>	<u>1,030,796</u>
Net funds	<u>274,321</u>	<u>756,475</u>	<u>–</u>	<u>1,030,796</u>

13 Pensions

The Association operates a contributory pension scheme, which is voluntary. Entry was open to all members of staff who are over 20 and under 59 but the scheme was closed to new entrants on 1 January 2001. The scheme is of the funded defined benefit type with its assets held in a separate trust and invested by the trustees; R S Nolan – FTA's Finance Director and Secretary, D C Green – FTA's Executive Vice-President and Gissings Trustees Limited. The Association's contributions are determined by a qualified actuary on the basis of a regular valuation. In November 2000 the Accounting Standards Board issued FRS 17 'Retirement Benefits' replacing SSAP 24 'Accounting for Pension Costs'. FRS 17 is fully effective for periods ending on or after 22 June 2003, though certain disclosures are required in the transition period, for periods ending on or after 22 June 2001.

The actuarial valuation of the scheme was updated to 31 December 2001. The principal actuarial assumptions used as at 31 December 2001 were that salaries would increase by 4 per cent, pensions by 2.25 per cent, the discount rate would be 5.75 per cent and the inflation and mortality assumptions, 2.5 per cent.

The valuation shows that the fair value of the assets of the scheme was £26.46m, comprising equities £20.64m, bonds and other investments £5.82m. The present value of the liabilities of the scheme was £33.43m. The deficit of the fair value of the assets against the present value of the liabilities was £6.97m, which has not been recognised in the balance sheet. In the opinion of the Directors, the reserves on revaluation would be in excess of £6.97m and the Directors are also of the opinion that any liability to make up the deficit in the scheme is contingent.

Notes to the Accounts 31 December 2001

Contributions will be paid for future years at the rate of 17.8 per cent of pensionable earnings, subject to review in future actuarial valuations. As the deferred benefit scheme is closed to new members, the current service cost is expected to increase in future years under the projected unit method of calculating the scheme's liabilities. No deferred tax asset or liability would arise on the differences between the fair value of assets and the present value of scheme liabilities.

From 1 January 2001, the Association has provided a personal pension plan which complies with stakeholder pension provisions, for new staff. The personal pension plan is provided by Legal and General Assurance Society Limited and the Association contributes six per cent of an employee's salary provided the employee contributes at least five per cent.

14 Commitments

(a) Operating leases

At 31 December 2001 there were the following annual commitments under non-cancellable operating leases:

Operating leases that expire:

	2001	2000
	£	£
Within one year	—	—
In second to fifth years	28,950	—
Over five years	—	28,950
	<u>28,950</u>	<u>28,950</u>

(b) Capital commitments

At 31 December 2001 there were capital expenditure commitments as follows:

	2001	2000
	£	£
Contracted but not provided for in the accounts	<u>118,283</u>	<u>—</u>

15 Contingent Liability

Contingent liabilities existed at 31 December 2001, 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 Directors do not anticipate that this contingency in respect of TIR Carnets will result in a material liability for the Association.