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## Annual General Meeting 2003

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 2003 for the purpose of transacting the following business:

### 1 Directors Report

To receive the Report of the Directors for the year 2002.

### 2 Annual Accounts

To receive the Income and Expenditure Account for the year ended 31 December 2002, the Balance Sheet as at that date and the Auditors' Report.

### 3 Auditors

To appoint Auditors and to fix their remuneration.

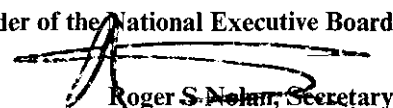
### 4 Other Business

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 2002

Your Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31 December 2002. 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 2002 appear on page 7.

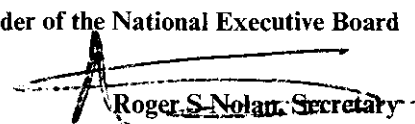
The Association acts as a trade association for trade and industry in so far as the organisations in membership operate or use freight transport for or in connection with their business. During the year it continued its policy of providing a range of advisory and practical services to the membership and of pursuing a vigorous and responsible representational role. The total membership of the Association at 31 December 2002 was 11,072 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 2003

## National Executive Board 2002/2003

<b>President and Chairman:</b>	C A Lawrence, <i>Wincanton plc</i>
<b>Executive Vice-President:</b>	D C Green, <i>Freight Transport Association</i>
<b>Honorary Treasurer:</b>	J G Russell, <i>John G Russell (Transport) Ltd</i>
<b>Other Members of the Board:</b>	D S Archbold, <i>Archbold Logistics Ltd</i> L R Christensen, <i>Safeway Stores plc</i> J Coghlan, <i>Exel plc</i> P R Mengel, <i>English Welsh &amp; Scottish Railway Ltd</i> G D N Miller, <i>Scottish Courage 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 Food Group Ltd</i> M P White, <i>J Sainsbury plc</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 of Freight Transport Association Limited for the year ended 31 December 2002 set out on pages 9 to 19. These financial statements have been prepared under the Historical Cost Convention and the accounting policies set out on page 12.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit 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.

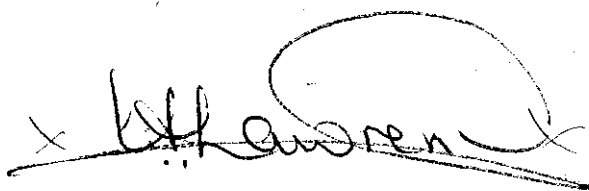
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2002 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

# Balance Sheet 31 December 2002

		2002		2001	
	Note	£	£	£	£
<b>Fixed Assets:</b>					
Tangible Assets	7		2,828,606		4,046,981
<b>Current Assets:</b>					
Stocks	1(iii)	110,856		114,590	
Debtors	8	3,860,207		3,433,417	
Cash at bank and in hand		1,093,860		1,030,796	
		<u>5,064,923</u>		<u>4,578,803</u>	
<b>Creditors:</b>					
Amounts falling due within one year	9	<u>3,814,681</u>		<u>3,742,656</u>	
Net Current Assets			<u>1,250,242</u>		<u>836,147</u>
Total Net Assets			<u>4,078,848</u>		<u>4,883,128</u>
<b>Capital and Reserves</b>					
<b>General Reserve:</b>					
Balance as at 31 December 2002	10(i) to (iii)		4,078,848		4,547,534
Other Reserves	10(iv)		—		335,594
			<u>4,078,848</u>		<u>4,883,128</u>



C A Lawrence, President



J G Russell, Honorary Treasurer

Signed on behalf of the National Executive Board  
15 March 2003

*The notes on pages 12 to 19 form part of these accounts*

# Income and Expenditure Account for the year ended 31 December 2002

		2002	2001 (restated)
	Note	£	£
Turnover	1(v) and 2	18,320,935	16,632,806
Direct service costs		<u>10,056,990</u>	<u>9,296,581</u>
Gross Surplus		8,263,945	7,336,225
National operating expenses	3 and 4	<u>7,441,482</u>	<u>7,242,261</u>
Operating Surplus		822,463	93,964
Exceptional Item:			
Additional Pension Scheme funding	4(ii)	<u>1,791,862</u>	<u>265,900</u>
Operating Deficit after exceptional item		(969,399)	(171,936)
Income from deposits		45,023	37,040
Surplus on disposal of fixed assets		<u>128,971</u>	<u>560,604</u>
		173,994	597,644
Taxation	6	<u>8,875</u>	<u>64,721</u>
		165,119	532,923
Surplus (Deficit) for the year	4	<u>(804,280)</u>	<u>360,987</u>

There were no recognised gains and losses in 2002 and 2001 other than those stated in the Income and Expenditure account.

## 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 12 to 19 form part of these accounts*

# Cash Flow Statement for the year ended 31 December 2002

		2002	2001
	Note	£	£
Net cash (outflow)/inflow from operating activities		(548,958)	1,147,904
Return on investments	11(i)	45,023	37,040
Taxation		(7,084)	(6,474)
Capital expenditure and financial investment	11(ii)	574,083	(421,995)
Cash inflow before use of liquid resources and financing		63,064	756,475
Increase in cash in the period	12	63,064	756,475
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities			
Operating Deficit:		(969,399)	(171,936)
Depreciation		773,263	1,165,722
(Increase)/Decrease in Stocks		3,734	(249)
(Increase)/Decrease in Debtors		(426,790)	(52,203)
Increase/(Decrease) in Creditors		70,234	206,570
Net cash (outflow)/inflow from operating activities		(548,958)	1,147,904

*The notes on pages 12 to 19 form part of these accounts*

# Notes to the Accounts 31 December 2002

## 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.

### (vi) *Pensions*

Statement of Standard Accounting Practice No 24 requires that 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 should be spread over the average remaining service lives of current employees in the scheme. The Directors are of the opinion that in view of the large payment transferred into the FTA pension plan in 2002, it is prudent to charge the whole of this amount in the Income and Expenditure Account.

### (vii) *Operating Leases*

Costs in respect of operating leases are charged on a straight line basis over the term of the lease.

## 2 Turnover

	2002	2001
	£	£
Membership fees	3,429,150	3,120,223
Commercial activities	14,891,785	13,512,583
	<u>18,320,935</u>	<u>16,632,806</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 2002

## 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 (i) Total Expenditure

The Deficit (2001 - surplus) for the year is derived after charging:

	2002	2001
	£	£
Audit fees	33,000	32,630
Depreciation	773,263	1,165,722
Profit on sale of assets	(128,971)	(560,604)
Operating lease payments:		
Land and buildings	28,950	28,950
Other operating leases	502,472	-

## (ii) Exceptional item

The exceptional item consists of £1,620,000 (2001: £265,900) paid into the pension scheme during the year and costs of £171,862 (2001: £nil) incurred in closing the scheme to future accrual.

## 5 Employment Costs

	2002	2001
	£	£
Employee costs (including directors) during the year amounted to:		
Salaries	8,473,033	7,906,984
Social Security	704,282	602,221
Pensions	680,644	1,081,477
Additional Pension funding	1,620,000	265,900

Salary costs are inclusive of redundancy payments.

Directors' remuneration:

Salaries and benefits	60,963	92,469
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	2002	2001
The average number of employees during the year was:	393	360

## 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:

	2002	2001
	£	£
Corporation tax at 20 per cent (2001 - 30 per cent)	8,875	65,024
Overprovision for previous years	-	(303)
	8,875	64,721

# Notes to the Accounts 31 December 2002

## 7 Tangible Assets

	Freehold Property	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
	£	£	£	£	£
<b>Cost</b>					
Balance at 1 January 2002	2,696,326	2,755,334	476,714	1,749,139	7,677,513
Additions	28,442	255,257	101,926	415,008	800,633
Disposals	—	(2,827,566)	(8,717)	(450,705)	(3,286,988)
Balance at 31 December 2002	2,724,768	183,025	569,923	1,713,442	5,191,158
<b>Depreciation</b>					
Balance at 1 January 2002	773,488	1,458,840	278,708	1,119,496	3,630,532
Provision	52,886	290,528	84,798	345,051	773,263
Disposals	—	(1,589,306)	(8,717)	(443,220)	(2,041,243)
Balance at 31 December 2002	826,374	160,062	354,789	1,021,327	2,362,552
Net Book Value 31 December 2002	1,898,394	22,963	215,134	692,115	2,828,606
Net Book Value 31 December 2001	1,922,838	1,296,494	198,006	629,643	4,046,981

A charge was created over the Association's head office, Hermes House, St John's Road, Tunbridge Wells, on 30 June 2002 in favour of the Trustees of the FTA Occupational Pension Plan in the sum of £1.5 million.

## 8 Debtors

	2002	2001
	£	£
Debtors for goods and services	3,327,611	2,890,752
Other debtors	130,869	165,959
Prepayments and accrued income	401,727	376,706
	<u>3,860,207</u>	<u>3,433,417</u>

## 9 Creditors

	2002	2001
	£	£
Trade creditors	727,245	499,975
Accruals and deferred income:		
Vehicle Inspection Service	763,623	827,454
Tachograph Service	715,054	717,613
Other member services	55,982	102,483
Payroll and other taxes	465,519	448,628
General accruals and other creditors	1,020,443	1,081,479
Corporation tax payable	66,815	65,024
	<u>3,814,681</u>	<u>3,742,656</u>

# Notes to the Accounts 31 December 2002

## 10 Reserves and Funds

### (i) General Reserve

The Association is limited by guarantee and does not have any share capital. Annual surpluses or deficits 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

	2002	2001
	£	£
Balance at 1 January 2002	4,547,534	4,086,662
Surplus (Deficit) for the year	(804,280)	1,025,633
Transfers to Other Reserves:	—	(564,761)
Transfers from Other Reserves:	335,594	—
	<hr/>	<hr/>
	4,078,848	4,547,534
Other Reserves	—	335,594
	<hr/>	<hr/>
Balance at 31 December 2002	4,078,848	4,883,128

On 1 January 2002 the Directors were of the opinion that the original purpose of Other Reserves no longer applied and that income and expenditure previously reported in Other Reserves should now be reported in the Income and Expenditure Account and that the remaining balances on the Other Reserves should be transferred to the General Reserve.

To enable comparison, similar income and expenditure arising in 2001 has been added to the Income and Expenditure Account.

The effect of this on the reported comparative is as follows:

	£
Surplus as stated in 2001	1,025,633
Funds received in 2001 reclassified from Other Reserves	134,260
Expenditure in 2001 reclassified from Other Reserves	(798,906)
	<hr/>
Comparative as reported in 2002	360,987

The Other Reserves transferred to the General Reserve in 2002 relate to the balances as at 1 January 2002 and before the change in accounting policy.

The effect of this change of accounting policy on the Balance Sheet at 31 December 2002 has been shown above.

# Notes to the Accounts 31 December 2002

## (iv) Other Reserves

The balance on Other Reserves of £335,594 was transferred on 1 January 2002 to the General Reserve as follows:

	2002
	£
Property and Refurbishing Reserve	42,817
Pension Reserve	40,225
Legal Defence Reserve	64,571
Staff Development Reserve	88,721
Campaign Fund	99,260
	<u>335,594</u>

## (v) Campaign Fund

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

	2002	2001
	£	£
Income	433,560	134,260
Expenditure	<u>165,503</u>	<u>35,000</u>
	268,057	99,260
Balance brought forward	<u>99,260</u>	<u>—</u>
Balance carried forward	<u>367,317</u>	<u>99,260</u>

Assets representing this Fund are held in Current Assets.

Expenditure from this fund is specifically authorised by the National Executive Board.

## (vi) Other Funds

FTA administered three (2001: three) funds as at 31 December 2002 with a value of £181,643 (2001: £222,949). As at 31 December 2002, FTA held £49,533 (2001: £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

	2002	2001
	£	£
(i) Return on investments		
Interest received	<u>45,023</u>	<u>37,040</u>
	<u>45,023</u>	<u>37,040</u>
(ii) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(800,633)	(1,070,641)
Sale of tangible fixed assets	<u>1,374,716</u>	<u>648,646</u>
Net cash inflow/(outflow) for capital expenditure	<u>574,083</u>	<u>(421,995)</u>

# Notes to the Accounts 31 December 2002

## 12 Analysis of net funds

	At 1 January 2002	Cash flow	Other changes	At 31 December 2002
	£	£	£	£
<b>Net cash:</b>				
Cash at bank and in hand	1,030,796	63,064	—	1,093,860
<b>Net funds</b>	<u>1,030,796</u>	<u>63,064</u>	<u>—</u>	<u>1,093,860</u>

## 13 Pensions

### 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 that 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 1 July 2002.

Contributions during the year ended 31 December 2002 amounted to 17.8 % employer's contribution for the six months ended 30 June 2002, lump sums of £810, 000 each, paid on 30 June 2002 and 31 December 2002 and expenses of the scheme which amounted to £157,268.

Payments for future years, under the current schedule of contributions will be £810,000 payable on 30 June and 31 December in each year together with the expenses of the scheme which are an amount which will vary from year to year.

### Assumptions

The various actuarial assumptions, used during the financial year are as follows:

	31 December 2002	1 January 2002
Inflation	2.4%	2.5%
Rate of increase in salaries	N/A	4.0%
Increases to pensions in payment	2.15%	2.25%
The rate used to discount scheme liabilities	5.43%	5.75%

### Fair value and expected return on assets

The fair value of the assets held at the end of the accounting period totalled £25,701,000 and the expected average rate of return for those assets was 5.5%.

The liabilities of the scheme at 31 December 2002 amounted to £38,445,000 resulting in a deficit at that date of £12,744,000, a funding level of 66.9%.

# Notes to the Accounts 31 December 2002

## Components of the defined benefit cost

The following amounts are included within the operating surplus:

Current service cost	£483,862
Past service cost	£1,620,000

There was no previously unrecognised service cost deducted from the past service costs and there were no material gains or losses from settlements or curtailments.

## Assets and liabilities of the scheme

The market value of the assets of the scheme at 31 December 2002 were £25,701,000, comprising equities of £9,731,000 and bonds and other investments of £15,970,000 and the liabilities were £38,445,000, resulting in a deficit at that date of £12,744,000. The comparable figures at 31 December 2001 were assets of £26,460,000, comprising equities of £20,640,000 and bonds and other investments of £5,820,000, liabilities of £33,430,000 and a resultant deficit of £6,970,000. When full implementation of FRS17 is required in 2005, the movement of any actuarial deficit would need to be included in the Statement of Recognised Gains and Losses.

If the assets and liabilities of the scheme had been included on the Balance Sheet at 31 December 2002, there would have been a deficit of net assets of £8,665,000 and the general reserve would have had the same deficit.

The Directors are of the opinion that the value of the Association on a going concern basis is in excess of the deficit at 31 December 2002 and that the Association will generate sufficient surpluses over the average life of the scheme to repay the deficit in full.

The following disclosures required under FRS 17 are not included in this note:

The interest cost over the year

The difference between the expected and actual return on assets

Experience gains and losses arising on the scheme liabilities

The effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities

An analysis of the movement in the scheme deficit during the year

The Directors are of the opinion that to obtain the information not shown in this note would cost a large sum in actuarial fees and would not add significantly to the information which is stated in the note.

## Defined Contribution Scheme

The Association also operates defined contribution schemes for employees. Pension costs for the defined contribution schemes are charged to the Income and Expenditure account in the year in which they become payable. The pension cost for the year in respect of the defined contribution schemes was £197,320 (2001 - £19,585).

# Notes to the Accounts 31 December 2001

## 14 Commitments

### (a) Operating leases

At 31 December 2002 there were the following annual commitments under non-cancellable operating leases:

#### Operating leases that expire:

	2002	2001
	£	£
Within one year	107,058	—
In second to fifth years	644,082	28,950
Over five years	—	—
	<u>751,140</u>	<u>28,950</u>

Annual commitments for the lease of Land and Buildings were £28,950 (2001: £28,950) in the second to fifth years.

### (b) Capital commitments

At 31 December 2002 there were capital expenditure commitments as follows:

	2002	2001
	£	£
Contracted but not provided for in the accounts	<u>—</u>	<u>118,283</u>

## 15 Contingent Liability

Contingent liabilities existed at 31 December 2002, 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.