

Form AR27

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for an Employers' Association

Name of Employers' Association:	Freight Transport Association				
Year ended:	31.12.2019				
List No:	1160E				
Head or Main Office:	Hermes House				
	St John's Road				
	Tunbridge Wells				
Postcode	TN4 9UZ				
Website address (if available)	www.logistics.org.uk				
Has the address changed during the year to which the return relates?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	('X' in appropriate box)
General Secretary:	Steve Watson				
Contact name for queries regarding the completion of this return:	Anna Humphrey-Taylor				
Telephone Number:	01892 552314				
E-mail:	ahtaylor@logistics.org.uk				

Please follow the guidance notes in the completion of this return

Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 0330 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: returns@certoffice.org

For Employers' Associations based in Scotland: ywm@tcyoung.co.uk

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Return of Members

(see note 9)

Number of members at the end of the year				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (Including Channel Islands)	Totals
17,278	736	7	5	18,026

Change of Officers

Please complete the following to record any changes of officers during the twelve months covered by this return.

Position held	Name of Officer ceasing to hold office	Name of Officer appointed	Date of Change

Officers in post

(see note 10)

Please complete list of all officers in post at the end of the year to which this form relates.

Name of Officer	Position held
Leigh Pomlett	President and Chairman
Jon Moxon	Honorary Treasurer
David Wells	Chief Executive
Graham Roberts	Member of the Board
Phil Roe	Member of the Board
Ian Stansfield	Member of the Board
Carole Walker	Member of the Board
Vincent Brickley	Member of the Board
Peter Gifford	Member of the Board
Steve Granite	Member of the Board
Sue Mackenzie	Member of the Board

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£000
	Income			
30,507	From Members	Subscriptions, levies, etc	31,008	31,008
14	Investment income	Interest and dividends (gross)		
		Bank interest (gross)	11	11
		Other (specify)		
		Total Investment Income	11	11
	Other Income	Rents received		
		Insurance commission		
		Consultancy fees		
		Publications/Seminars		
		Miscellaneous receipts (specify)		
61		Other operating income		
73		Other finance income	41	41
		Total of other income		41
30,655		Total income		31,060
		Interfund Transfers IN		
	Expenditure			
	Administrative expenses	Remuneration and expenses of staff		
		Occupancy costs		
		Printing, Stationery, Post		
		Telephones		
		Legal and Professional fees		
		Miscellaneous (specify)		
17,262			17,744	17,744
		Total of Admin expenses		17,744
	Other Charges	Bank charges		
		Depreciation		
		Sums written off		
		Affiliation fees		
		Donations		
		Conference and meeting fees		
		Expenses		
		Miscellaneous (specify)		
12,138		National operating costs & interest payable	12,324	12,324
1,078		Pension costs - Actuarial (gains) losses	8,928	8,928
		Total of other charges		21,252
100		Taxation	88	88
30,578		Total expenditure		39,084
		Interfund Transfers OUT		
77		Surplus/Deficit for year		-8,024
8,783		Amount of fund at beginning of year		8,860
8,860		Amount of fund at end of year		836

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

Account 6		Fund Account	
Name of account:		£	£
Income			
From members			
Investment income			
Other income (specify)			
		Total Income	
Interfund Transfers IN			
Expenditure			
Administrative expenses			
Other expenditure (specify)			
		Total Expenditure	
Interfund Transfers OUT			
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Account 7		Fund Account	
Name of account:		£	£
Income			
From members			
Investment income			
Other income (specify)			
		Total Income	
Interfund Transfers IN			
Expenditure			
Administrative expenses			
Other expenditure (specify)			
		Total Expenditure	
Interfund Transfers OUT			
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Fixed Assets account

(see note 21)

	Land and Buildings £000	Fixtures & Fittings £000	Motor Vehicles & Equipment £000	Total £000
Cost or Valuation				
At start of period	1,921	1,113	5,335	8,369
Additions during period	55	109	1,744	1,908
Less: Disposals		-93		-93
Less: Depreciation	-1,175	-871	-2,372	-4,418
Total to end of period	801	258	4,707	5,766
Book Amount at end of period	801	258	4,707	5,766
Freehold	801			801
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
Total of Fixed Assets	801	258	4,707	5,766

Analysis of Investments

(see note 22)

Quoted		Other Funds
	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	Total Quoted (as Balance Sheet)	
	Market Value of Quoted Investments	
Unquoted	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted investments (to be specified)	
	Total Unquoted (as Balance Sheet)	
	Market Value of Unquoted Investments	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
	£000	£000
Income		
From Members	31,008	31,008
From Investments	11	11
Other Income (including increases by revaluation of assets)	41	41
Total Income	31,060	31,060
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	39,084	39,084
Funds at beginning of year (including reserves)	8,860	8,860
Funds at end of year (including reserves)	836	836
ASSETS		
Fixed Assets		5,766
Investment Assets		
Other Assets		8,570
Total Assets		14,336
Liabilities		
Total Liabilities		13,500
Net Assets (Total Assets less Total Liabilities)		836

Notes to the accounts

(see note 34)

All notes to the accounts must be entered on or attached to this part of the return.

See attached



Accounting policies

(see notes 35 & 36)



Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

Please copy and paste your electronic signature here

Secretary's Signature:	Chairman's Signature:
Name: Steve Watson	Name: David Wells
Date: 2nd November 2020	Date: 2nd November 2020

(or other official whose position should be stated)

Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes		No	
Has the list of officers been completed? (see Page 2A)	Yes		No	
Has the return been signed? (see Note 37)	Yes		No	
Has the auditor's report been completed? (see Note 41)	Yes		No	
Is the rule book enclosed? (see Note 39)	Yes		No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes		No	

Checklist for auditor's report

(see notes 41 to 44)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate? (See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

Please explain in your report overleaf or attached.

2. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:

- a. kept proper accounting records with respect to its transactions and its assets and liabilities; and
- b. established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.

(See section 36(4) of the 1992 Act set out in note 43)

Please explain in your report overleaf or attached.

3. Your auditors or auditor must include in their report the following wording:

In our opinion the financial statements:

- give a true and fair view of the matters to which they relate to.
- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

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

Opinion

We have audited the financial statements of Freight Transport Association Limited ('the parent company') and its subsidiaries for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Devonshire House,
60 Goswell Road,
London, EC1M 7AD
17 August 2020



Janice Riches (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP



Annual Report and Accounts

for the year ended 31 December 2019

Freight Transport Association Limited
Company No 00391957

Freight Transport Association Limited

Company information

DIRECTORS	SECRETARY	REGISTERED OFFICE	AUDITOR	BANK
L M Pomlett	S Watson	Hermes House	Moore Kingston Smith LLP	Lloyds Bank
V J Brickley		St. John's Road	Devonshire House	3rd Floor, 2 City Place,
P Gifford		Tunbridge Wells	60 Goswell Road	Beehive Ring Road
S Granite		Kent	London	Gatwick
S Mackenzie		TN4 9UZ	EC1M 7AD	Sussex
J D Moxon				RH6 0PA
G Roberts				
P Roe				
I Stansfield				
C M Walker				
D Wells				

Freight Transport Association Limited

Annual report and accounts
for the year ended 31 December 2019

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Strategic report for the year ended 31 December 2019

Your Directors have pleasure in submitting their Strategic Report for the year ended 31 December 2019.

The Association acts as a trade association for its members who operate or manage supply chains and use freight transport in connection with their business. During the year it continued to provide a range of services to the membership and pursued a vigorous and responsible representational role.

The Association performed satisfactorily during the year. Group income increased 1.6% in 2019 to £31.0m. Income is derived from a combination of membership fees and services. Services include Vehicle Inspection, Tachograph Analysis, Training, Consultancy, Shopfta and Penalty Charge Notice Administration Service. Membership numbers rose by 3% to 18,026 at the year end. All services now benefit from the continued investment in our Vision software and continued investment in back office systems. Average staff numbers grew by 1% to 390.

Since the year-end, FTA's business has been significantly impacted by the COVID-19 outbreak and the government's measures to contain it. Many of our Members are operating at reduced capacity and some have closed down operations completely. Our training business has been particularly impacted by social distancing measures. FTA has responded by developing on-line versions of our courses which has helped maintain our revenue streams when classroom-based training is not possible. Management have identified significant opportunities for cost savings and have taken full advantage of all appropriate government assistance.

On 31 May 2019 the Association acquired the remaining 66.67% shareholding in CD Media Training Ltd, a leading producer of online training for the Dangerous Goods and Security industries. As a result, the company is now a wholly owned subsidiary.

Key performance indicators used within the business include membership numbers and renewal rates, contract numbers and productivity measures in Vehicle Inspections (VIS) and Tachograph Services and delegate numbers attending training courses, seminars, Freight Councils and our representation in the national and local press. 1,550 delegates attended our Transport Manager events, up 7% (2018: 1,450) and average attendance at Freight Councils reached 315 (2018: 276). Following the introduction of our new cloud-based analysis platform, Vision, Tachograph revenue grew by 6%. VIS productivity dipped during the year but management believes the new scheduling system, introduced in the second half of the year, will be a major contributor to future productivity improvement.

FTA's mission is to enable its members to develop and operate safer, more efficient and sustainable supply chains. The Association's future will be shaped by four factors:

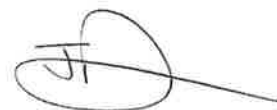
- 1 Members' demands, needs and expectations arising from their membership and ownership of one of the country's biggest trade associations
- 2 Changing economic and market pressures – the environment in which members trade
- 3 New regulatory and policy pressures – members' compliance obligations
- 4 Enhancement of existing services to maximise the safety, efficiency and sustainability of members' supply chains and grow the trading strength of FTA

FTA's strategic plan maps out the expected changes in these factors and builds a plan that responds to them and underpins growth consistent with its objectives. FTA plans to increase member engagement, represent 20,000 members and enhance existing services to meet the changing demands of its members.

The group consolidated accounts include the financial statements of the company and its subsidiary undertakings as at 31 December 2019. Any subsidiary undertakings acquired during the year are included from the date of change of control or change of significant influence respectively. There have been no disposals of any subsidiaries.

Key risks facing the organisation are the need to maintain membership numbers and the need to generate sufficient cash to invest in further development of its services to members and the requirement to meet its pension funding obligations. Management processes exist to monitor, report on and control all of these areas.

The statement of financial position at 31 December 2019 remains strong with group net assets, excluding pension liabilities, of £8.3m. Cash balances remained healthy in 2019 at £1.4m. FTA paid pension contributions of £1.7m to the Pension plan during 2019. A recent legal interpretation of historical documentation relating to the closure of the Group's defined benefit pension scheme in 2002 confirmed that the salary link on benefits for members at the closure date had been retained. The actuary has estimated that the retention of the salary link will result in a £7.1m increase in scheme liabilities. As a result, the FRS 102 pension fund valuation now shows a deficit of £7.4m. This deficit has been reflected in the balance sheet of the Group, resulting in a reduction in Group net assets including pension liabilities to £836,000.



By order of the FTA board
Jon Moxon – Honorary Treasurer

17 August 2020

Directors' report for the year ended 31 December 2019

For the purposes of the Companies Act 2006, members of the FTA Board are Directors. The names of those persons who were members of the Board during 2019, up to the date of approval of these accounts, are shown below.

Principal activities

The principal activities of the group continue to be the provision of membership support as well as logistics products, consultancy, penalty charge notice administration service and training to members. Formal arrangements exist for the management team to discuss and contribute to the financial, economic and social objectives of the Association and regularly to brief all staff on the activities in which the Association is engaged. During the year FTA maintained its policy of giving full and fair consideration to applications for employment made by disabled people. The Association is committed to continuing employment and training of employees who become disabled and to the training, career development and promotion of all employees. During 2019 the Remuneration Committee – chaired by the President – and the Audit Committee – chaired by the Honorary Treasurer – met to consider matters appropriate to their remit and subsequently updated the FTA Board.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group and Company can continue in operational existence for the foreseeable future, being a minimum period of 12 months from the date of approval of the financial statements.

Subsequent to the year end, the group and the Company's activities have been impacted as a result of the COVID-19 outbreak and the government's measures to contain it. Management has considered the group and the Company's financial performance since the balance sheet date, and the likely impact on revenues as a result of COVID-19. The company has reacted by identifying cost savings and has taken full advantage of all appropriate government assistance schemes. Management have prepared cash flow projections for the financial period from 1 January 2020 to 31 December 2021.

The Company has increased its overdraft facility to £1.1m and has applied for and received a CBIL loan of £1.5m subject to meeting certain ongoing covenant criteria. Management has performed additional sensitivities on its financial model in the context of COVID-19 and is confident that the receipt of the above financing will provide the group and the Company with sufficient resources to continue to operate for at least the next twelve months, and that it will be able to meet the relevant covenant tests that apply in that period.

Auditor

A resolution proposing that Moore Kingston Smith LLP be reappointed as auditors of the company will be put to the Annual General Meeting. So far as the Directors are aware, there is no relevant audit information of which the company's auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In accordance with section 414 (C) 11 of the Companies Act 2006 the directors have chosen to include information about future developments and principal risks in the Strategic Report.

The FTA Board 2019

President and Chairman
LM Pomlett

Honorary Treasurer
JD Moxon

Chief Executive
D Wells

Other Members of the Board

VJ Brickley • P Gifford (appointed 10 June 2020) • S Granite (appointed 10 June 2020) • S Mackenzie (appointed 10 June 2020) • G Roberts • P Roe • I Stansfield • C M Walker

Statement of Directors' responsibilities

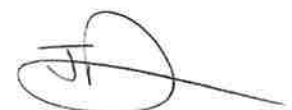
The Directors are responsible for preparing the Directors' and Strategic Reports and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Accounting Standards and applicable law), (FRS 102). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the group's profit or loss for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



By order of the FTA board
Jon Moxon – Honorary Treasurer

17 August 2020

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

Opinion

We have audited the financial statements of Freight Transport Association Limited ('the parent company') and its subsidiaries for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Devonshire House, 60 Goswell Road,
London EC1M 7AD
17 August 2020



Janice Riches (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Consolidated statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Income	1(v) and 3	31,008	30,507
Direct expenses		<u>(17,744)</u>	<u>(17,262)</u>
Gross surplus		13,264	13,245
Operating expenses		(12,324)	(12,138)
Other operating income		<u>-</u>	<u>61</u>
Operating surplus	4(i)	940	1,168
Investment income	4(ii)	11	14
Share of results of associated undertakings		22	55
Other finance income	18(iv)	<u>19</u>	<u>18</u>
Surplus on ordinary activities before taxation		992	1,255
Taxation	6	<u>(88)</u>	<u>(100)</u>
Surplus for the financial year		904	1,155
Other comprehensive income:			
Actuarial loss on defined benefit pension scheme	18 (v)	(1,832)	(1,078)
Exceptional actuarial loss from changes in assumptions relating to pensionable salaries	2 (iii) and 18 (v)	<u>(7,096)</u>	<u>-</u>
Total comprehensive (loss)/income for the year		<u>(8,024)</u>	<u>77</u>

Consolidated and company statement of financial position as at 31 December 2019

	Note	Group		Company	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Non-current assets:					
Intangible assets	7 (i)	4,596	3,779	3,262	3,043
Tangible assets	7 (ii)	1,170	1,218	1,152	1,156
Investments	8	-	416	1,174	1,174
		<u>5,766</u>	<u>5,413</u>	<u>5,588</u>	<u>5,373</u>
Current assets:					
Stock	9	646	559	449	362
Debtors	10	6,494	6,840	6,304	6,808
Cash at bank and in hand		<u>1,430</u>	<u>2,097</u>	<u>1,063</u>	<u>1,556</u>
		<u>8,570</u>	<u>9,496</u>	<u>7,816</u>	<u>8,726</u>
Creditors:					
Amounts falling due within one year	11	<u>(6,006)</u>	<u>(6,022)</u>	<u>(5,564)</u>	<u>(5,546)</u>
Net current assets		<u>2,564</u>	<u>3,474</u>	<u>2,252</u>	<u>3,180</u>
Total assets less current liabilities		<u>8,330</u>	<u>8,887</u>	<u>7,840</u>	<u>8,553</u>
Creditors: amounts falling due after more than one year	12	<u>(67)</u>	<u>(20)</u>	<u>(67)</u>	<u>(20)</u>
Provision for liabilities	14	<u>(3)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>
Net assets excluding pension liabilities		<u>8,260</u>	<u>8,860</u>	<u>7,773</u>	<u>8,533</u>
Retirement benefit obligations	15	<u>(7,424)</u>	<u>-</u>	<u>(7,424)</u>	<u>-</u>
Net assets including pension liabilities		<u>836</u>	<u>8,860</u>	<u>349</u>	<u>8,533</u>
Reserves					
Accumulated reserves:					
General reserve		8,260	8,860	7,773	8,533
Pension reserve		<u>(7,424)</u>	<u>-</u>	<u>(7,424)</u>	<u>-</u>
		<u>836</u>	<u>8,860</u>	<u>349</u>	<u>8,533</u>

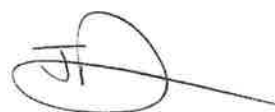
The surplus for the financial year dealt with in the accounts of the parent company was £ 744,000 (2018: £850,000)

Approved by the Board and authorised for issue on 17 August 2020



L Pomlett, President

Company Registration Number: 00391957



J D Moxon, Honorary Treasurer

Consolidated and company statement of changes in equity for the year ended 31 December 2019

Group	Note	Pension reserve	General reserve	Total
		£'000	£'000	£'000
Balance at 1 January 2018		-	8,783	8,783
Year ended 31 December 2018				
Surplus for the year		1,078	77	1,155
Other comprehensive loss for the year	18 (v)	<u>(1,078)</u>	<u>-</u>	<u>(1,078)</u>
Total comprehensive income for the year		<u>-</u>	<u>77</u>	<u>77</u>
Balance at 31 December 2018		<u>-</u>	<u>8,860</u>	<u>8,860</u>
Year ended 31 December 2019				
Surplus/(deficit) for the year		1,504	(600)	904
Other comprehensive loss for the year	18 (v)	<u>(8,928)</u>	<u>-</u>	<u>(8,928)</u>
Total comprehensive loss for the year		<u>(7,424)</u>	<u>(600)</u>	<u>(8,024)</u>
Balance at 31 December 2019	16	<u>(7,424)</u>	<u>8,260</u>	<u>836</u>
Company				
Company	Note	Pension reserve	General reserve	Total
		£'000	£'000	£'000
Balance at 1 January 2018		-	8,761	8,761
Year ended 31 December 2018				
Surplus/(deficit) for the year		1,078	(228)	850
Other comprehensive loss for the year	18 (v)	<u>(1,078)</u>	<u>-</u>	<u>(1,078)</u>
Total comprehensive income for the year		<u>-</u>	<u>(228)</u>	<u>(228)</u>
Balance at 31 December 2018		<u>-</u>	<u>8,533</u>	<u>8,533</u>
Year ended 31 December 2019				
Surplus/(deficit) for the year		1,504	(760)	744
Other comprehensive loss for the year	18 (v)	<u>(8,928)</u>	<u>-</u>	<u>(8,928)</u>
Total comprehensive loss for the year		<u>(7,424)</u>	<u>(760)</u>	<u>(8,184)</u>
Balance at 31 December 2019	16	<u>(7,424)</u>	<u>7,773</u>	<u>349</u>

Consolidated statement of cash flows for the year ended 31 December 2019

	Note	Group	
		2019 £'000	2018 £'000
Net cash from operating activities	17	795	1,488
Taxation - corporation tax paid		<u>(85)</u>	<u>(88)</u>
Net cash generated from operating activities		710	1,400
Cash flow from investing activities			
Purchase of subsidiary		(279)	(1,118)
Purchase of intangible assets		(914)	(1,334)
Purchase of tangible assets		(262)	(133)
Interest received		11	14
Dividends received from associates		<u>22</u>	<u>55</u>
Net cash used in investing activities		(1,422)	(2,516)
Cash flow from financing activities			
New finance leases in the year/(repayment of obligations under finance leases)		<u>45</u>	<u>(56)</u>
Net decrease in cash and cash equivalents		(667)	(1,172)
Cash and cash equivalents at the beginning of year		<u>2,097</u>	<u>3,269</u>
Cash and cash equivalents at the end of year		<u>1,430</u>	<u>2,097</u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		<u>1,430</u>	<u>2,097</u>

1 Accounting policies

Company information

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

The registered office is Hermes House, St. John's Road, Tunbridge Wells.

(i) Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

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

(ii) Exemptions for qualifying entities under FRS 102

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

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

(iii) Basis of consolidation

The group consolidated accounts include the financial statements of the company and its subsidiary undertakings as at 31 December 2019. Any subsidiary undertakings sold or acquired during the year are included up to, or from, the date of change of control or change of significant influence respectively.

(iv) Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group and Company can continue in operational existence for the foreseeable future, being a minimum period of 12 months from the date of approval of the financial statements.

Subsequent to the year end, the group and the Company's activities have been impacted as a result of the COVID-19 outbreak and the government's measures to contain it. Management has considered the group and the Company's financial performance since the balance sheet date, and the likely impact on revenues as a result of COVID-19. The company has reacted by identifying cost savings and has taken full advantage of all appropriate government assistance schemes. Management have prepared cash flow projections for the financial period from 1 January 2020 to 31 December 2021.

The Company has increased its overdraft facility to £1.1m and has applied for and received a CBIL loan of £1.5m subject to meeting certain ongoing covenant criteria. Management has performed additional sensitivities on its financial model in the context of COVID-19 and is confident that the receipt of the above financing will provide the group and the Company with sufficient resources to continue to operate for at least the next twelve months, and that it will be able to meet the relevant covenant tests that apply in that period.

(v) Income recognition

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

Membership income is recognised in the month due.

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

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

(vi) Intangible assets - goodwill

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

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

Intangible assets other than goodwill

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

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

1 Accounting policies (continued)

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

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

(vii) Tangible assets - property, plant and equipment

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

Depreciation is provided at rates calculated to write off the cost or valuation of assets less their estimated residual values over their useful lives on the following basis:

Freehold Buildings	50 years	Furniture and Equipment	4 to 10 years
Computers	3 to 5 years		

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

(viii) Impairment of tangible and intangible assets

At each reporting end date, the group and the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value of the asset less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(ix) Investments*Investment in subsidiary*

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

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

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

Associates

Investments in associates are accounted for using the equity method. The investment holding of more than 20% of the issued share capital of another company is treated as an associate unless the group does not have the right to exercise significant influence. In the group financial statements investments in associates are initially recognised at the transaction price or fair value and are subsequently adjusted to reflect the group's share of the profit or loss and other comprehensive income of the associate.

(x) Stock

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

(xi) Cash and cash equivalents

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

(xii) Financial assets

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

1 Accounting policies (continued)

Financial assets are recognised in the group and company's statement of financial position when the group and company become party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. Other financial assets classified as fair value through profit or loss are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

(xiii) Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified at fair value through profit or loss are measured at fair value.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

(xiv) Derivatives

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

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

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

(xv) Taxation

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

i) Current tax

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

1 Accounting policies (continued)

ii) Deferred tax

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

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

(xvi) Employee benefits

The group and company provides a range of benefits to employees including bonuses, paid holiday arrangements and defined benefit and defined contribution plans.

i) Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's services are received.

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

ii) Defined benefit pension plan

The company operates a defined benefit pension for the benefit of its employees, the assets of which are separately held from those of the company in independently administered funds.

Pension scheme assets are measured at fair value in accordance with the FRS 102 fair value hierarchy. Pension scheme liabilities are measured using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. Annually the company engages independent actuaries to calculate the obligation.

The liability recognised in the statement of financial position in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the end of the reporting date, less the fair value of the scheme assets at the reporting date.

The increase in the present value of liabilities of the company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus. Past service costs are also charged to operating surplus. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on scheme assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of scheme assets. This cost is recognised in profit or loss as 'Finance expenditure'.

Pension scheme deficits are recognised in full and presented within provisions.

Pension scheme surpluses are not recognised in the statement of financial position as the recovery is uncertain due to:

- the pension scheme deficit at the last triennial valuation dated 31 March 2019 was £18,168,000, requiring significant ongoing annual contributions and,
- the recoverability of the surplus in the form of a refund or a reduction in future contributions depends on the future decisions of the trustees of the scheme.

iii) Defined contribution pension plan

The group and company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group and company in an independently administered fund. Payments to defined contribution retirement benefit schemes are charged as an expense when they fall due.

iv) Long-term incentive plan

The company operates cash-settled long term incentive plans at an operating business level for the executive directors. The plans are based on the group's performance over a three year period. The targets include retained earnings results, turnover, membership and council attendance and are set by the Remuneration Committee.

An expense is recognised in the statement of comprehensive income when the company has a legal and constructive obligation to make payments under the plan as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the obligation can be made.

1 Accounting policies (continued)**(xvii) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the statement of comprehensive income so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

(xviii) Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the statement of comprehensive income.

2 Critical accounting judgements and estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are outlined below.

i) Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Goodwill and other intangible assets impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which the goodwill, software and other intangible assets have been allocated. The value in use calculation requires the group to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. See note 7(i) for the carrying amount of the intangible assets and note 1(vi) for the useful economic lives for each class of asset.

ii) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 7(ii) for the carrying amount of the property, plant and equipment and note 1(vii) for the useful economic lives for each class of asset.

iii) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. Estimates have also been made of the additional liabilities that arise from:

- the requirement to equalise Guaranteed Minimum Pension benefits (GMP) following the court judgement on 26 October 2018. This was included in the 2018 liabilities for the first time and was estimated at £382,000 and included as a past service cost (note 5). Changes in the estimated liability for 2019 arise from a change in assumptions and is recognised in Other Comprehensive Income.
- the recent legal interpretation of historical documentation relating to the closure of the scheme in 2002 which confirmed that the salary link on benefits for members in employment at the closure date had been retained. The estimated additional liabilities of £7,096,000, as calculated by the actuaries, are included in the statement of comprehensive income as an exceptional change in actuarial assumptions.

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

iv) Long-term incentive plan

The company operates a cash settled long term incentive plan for certain executive directors. There are three plans in operation that provide for a payment to be made subsequent to the 31 December 2019, 31 December 2020 and 31 December 2021 year ends, based on the achievement of certain operational targets including turnover, retained earnings results, membership numbers and council attendance. The directors and management estimate the probability of achieving these targets based on results to date and realistic forecasting and the accounts for the year ended 31 December 2019 include an accrual of £nil (2018 - £nil) for the liability arising.

3 Income

	2019	2018
	£'000	£'000
Membership fees	4,469	4,446
Commercial activities:		
Income from services	22,793	22,185
Sales of goods	<u>3,746</u>	<u>3,876</u>
	<u>31,008</u>	<u>30,507</u>
Geographical analysis		
United Kingdom	30,481	29,935
Ireland	475	468
Rest of world	<u>52</u>	<u>104</u>
	<u>31,008</u>	<u>30,507</u>

4 Operating surplus

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

	2019	2018
	£'000	£'000
Fees payable to the company's auditor in respect of:		
Audit of parent company and group	48	46
Audit of subsidiaries	21	21
Other tax and accounting services	25	10
Depreciation:		
Owned assets	233	284
Assets held under finance leases	57	53
Loss on disposal of assets	20	4
Amortisation of intangible assets	829	703
Gain on foreign exchange transactions	(5)	(5)
Operating lease payments:		
Land and buildings	111	157
Other operating leases	1,087	1,205
Exceptional item - past service cost relating to GMP equalisation (note 2iii)	<u>-</u>	<u>382</u>

(ii) Investment income

	2019	2018
	£'000	£'000
Other interest	11	11
Bank interest	<u>-</u>	<u>3</u>
	<u>11</u>	<u>14</u>

5 Employment costs

	2019	2018
	£'000	£'000
(i) Employee costs during the year amounted to:		
Salaries and bonuses	13,327	12,890
Social security costs	1,509	1,469
Defined contribution pension costs	867	769
Defined benefit past service costs	-	382
Redundancy costs	<u>276</u>	<u>154</u>

Within the salaries and bonuses figure is £nil (2018: credit of £150,599) in respect of Long-Term Incentive Plans payable to senior members of staff.

	2019	2018
(ii) The average number of employees during the year was:		
Operations	210	202
Management, sales and administration	<u>180</u>	<u>184</u>
	<u>390</u>	<u>386</u>

	2019	2018
	£'000	£'000
(iii) Director emoluments		
Emoluments for qualifying services	237	214
Amounts provided under long-term incentive plans	-	(44)
Company pension contributions to defined contribution schemes	<u>18</u>	<u>18</u>
	<u>255</u>	<u>188</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amount to 1 (2018 - 1).

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

	2019	2018
	£'000	£'000
Emoluments for qualifying services	214	214
Amounts provided under long-term incentive schemes	-	(44)
Company pension contributions to defined contribution schemes	<u>18</u>	<u>18</u>
	<u>232</u>	<u>188</u>

The highest paid director is a member of the company's defined contribution scheme and had accrued entitlements of £16,787 (2018 - £4,831) under the scheme at the year end.

(iv) Key management compensation

Key management is considered to be the nine executive directors. Total remuneration paid to key management personnel in the year was £1,390,000 (2018 - £1,275,000). The figure for 2018 included a credit of £150,599 for a reversal of a provision in respect of the long-term incentive plans payable to senior members of staff.

6 Taxation

(i) Domestic current year tax

	2019	2018
	£'000	£'000
UK Corporation tax	92	109
Total current tax charge	<u>92</u>	<u>109</u>

(ii) Deferred tax:

Deferred tax (credit) for the current year (note 14)	(4)	(9)
Group deferred tax (credit)	(4)	(9)
Total tax charge	<u>88</u>	<u>100</u>

(iii) Factors affecting the tax charge for the year

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

In 2019 this amounted to £23,051 (2018: £33,499). The subsidiaries are fully taxable.

	2019	2018
	£'000	£'000
Surplus on ordinary activities before tax	992	1,255
Surpluses on ordinary activities before tax multiplied by the standard rate of UK Corporation tax of 19% (2018 - 19%)	188	238
Effects of:		
Non deductible expenses	33	23
Non taxable income of the Association	(136)	(155)
Other timing differences	3	(6)
	<u>(100)</u>	<u>(138)</u>
Total tax charge	<u>88</u>	<u>100</u>

7 Non-current assets

(i) Intangible fixed assets

	Goodwill	Intellectual	Database	Software	Group	Company
	£'000	Property	£'000	£'000	Total	Software
		£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2019	778	20	35	4,191	5,024	4,177
Acquisition of subsidiary undertaking	-	-	-	50	50	-
Additions	682	-	-	914	1,596	876
At 31 December 2019	<u>1,460</u>	<u>20</u>	<u>35</u>	<u>5,155</u>	<u>6,670</u>	<u>5,053</u>
Amortisation						
At 1 January 2019	88	10	9	1,138	1,245	1,134
Charge for the year	145	4	4	676	829	657
At 31 December 2019	<u>233</u>	<u>14</u>	<u>13</u>	<u>1,814</u>	<u>2,074</u>	<u>1,791</u>
Net book value 31 December 2019	<u>1,227</u>	<u>6</u>	<u>22</u>	<u>3,341</u>	<u>4,596</u>	<u>3,262</u>
Net book value 31 December 2018	<u>690</u>	<u>10</u>	<u>26</u>	<u>3,053</u>	<u>3,779</u>	<u>3,043</u>

Group and company intangible assets

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

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

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

(ii) Tangible fixed assets

Group	Freehold	Furniture	Computer	Total
	Property	and	Equipment	
	£'000	Equipment	£'000	£'000
		£'000	£'000	
Cost				
At 1 January 2019	1,921	1,113	311	3,345
Additions	55	109	98	262
Disposals	-	(93)	-	(93)
At 31 December 2019	<u>1,976</u>	<u>1,129</u>	<u>409</u>	<u>3,514</u>
Depreciation				
At 1 January 2019	1,136	778	213	2,127
Charge for the year	39	166	85	290
Disposals	-	(73)	-	(73)
At 31 December 2019	<u>1,175</u>	<u>871</u>	<u>298</u>	<u>2,344</u>
Net book value 31 December 2019	<u>801</u>	<u>258</u>	<u>111</u>	<u>1,170</u>
Net book value 31 December 2018	<u>785</u>	<u>335</u>	<u>98</u>	<u>1,218</u>

7 Non-current assets (ii) (continued)

Company	Freehold Property	Furniture and Equipment	Computer Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	1,921	993	311	3,225
Additions	55	104	98	257
At 31 December 2019	<u>1,976</u>	<u>1,097</u>	<u>409</u>	<u>3,482</u>
Depreciation				
At 1 January 2019	1,136	720	213	2,069
Charge for the year	39	137	85	261
At 31 December 2019	<u>1,175</u>	<u>857</u>	<u>298</u>	<u>2,330</u>
Net book value 31 December 2019	<u>801</u>	<u>240</u>	<u>111</u>	<u>1,152</u>
Net book value 31 December 2018	<u>785</u>	<u>273</u>	<u>98</u>	<u>1,156</u>

A charge exists over the Association's Leamington office, Hermes House, 20 Coventry Road, Cubbington in favour of the Trustees of the FTA Occupational Pension Plan for the lower of market value of the property and £850,000.

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

Included in freehold property is freehold land at cost of £29,085 (2018: £29,085) which is not depreciated.

The carrying amount of assets under finance leases included in computer equipment is £75,055 (2018: £64,303).

The carrying amount of assets under finance leases included in freehold property is £47,237 (2018: £nil).

8 Fixed assets - investments

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Subsidiary undertakings	-	-	1,174	1,174
Associates	-	416	-	-
	<u>-</u>	<u>416</u>	<u>1,174</u>	<u>1,174</u>
Associates - group				
Carrying value before impairment				
At 1 January 2019	416			
Reclassification following purchase of controlling stake	(416)			
At 31 December 2019	<u>-</u>			

The associate investment at 31 December 2018 represented the fair value of a subsidiary company's 33.33% stakeholding of ordinary shares in CD Media Training Limited. On 31 May 2019, the subsidiary company acquired the remaining 66.67% shareholding whereupon CD Media Training Limited became a wholly owned subsidiary (see note 21).

8 Fixed Assets - Investments (continued)

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

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

Company	Principal Activity	Proportion of ordinary £1 shares held and cost	Registered office address
		%	
Tachodisc Distribution UK Limited	Sales of logistics products and training	100	Hermes House, St John's Road, Tunbridge Wells, TN4 9UZ
T Team Limited	Provision of training	100	Hermes House, St John's Road, Tunbridge Wells, TN4 9UZ
CD Media Training Limited*	Provision of training on line	100	Hermes House, St John's Road, Tunbridge Wells, TN4 9UZ

The financial statements for the trading subsidiaries for the year ended 31 December 2019 have been consolidated with those of the parent company.

*indirect holding

9 Stock

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Goods for resale	646	559	449	362
	<u>646</u>	<u>559</u>	<u>449</u>	<u>362</u>

10 Debtors

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	4,785	5,246	4,437	4,872
Other debtors	410	426	350	357
Amounts due from group undertakings	-	-	257	423
Prepayments and accrued income	1,299	1,168	1,260	1,156
	<u>6,494</u>	<u>6,840</u>	<u>6,304</u>	<u>6,808</u>

Debtors: amounts falling due after more than one year

Other debtors include £229,000 (2018: £277,000) due from FTA Ireland Limited. This comprises a loan of £218,000 (2018: £264,000) plus accrued interest and has fixed repayment terms. The repayment of the loan after redenomination into Euros commenced in December 2016. Amounts falling due after more than one year are £198,000 (2018: £247,000). Interest of £11,000 (2018: £13,000) was charged on the loan in the year.

Amounts due from group undertakings include balances due from Tachodisc Distribution UK Limited, the company's subsidiary. This includes a loan of £189,000 (2018 - £334,000) including interest and has a fixed repayment term. The loan commenced in April 2016. Amounts falling due after more than one year are £49,000 (2018 - £198,000). Interest of £12,000 (2018 - £17,000) was charged on the loan in the year.

11 Creditors: amounts falling due within one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	1,868	2,013	1,696	1,811
Amounts due to group undertakings	-	-	166	-
Corporation tax	120	85	4	6
Social security and other taxes	1,101	1,210	1,066	1,170
Obligations under finance leases (note 19 (ii))	51	53	51	53
Accruals and deferred income:				
Vehicle and Tachograph Inspection Services	923	903	923	903
Other member services	1,043	851	1,043	851
General	900	907	615	752
	<u>6,006</u>	<u>6,022</u>	<u>5,564</u>	<u>5,546</u>

12 Creditors: amounts falling due after more than one year

Obligations under finance leases (note 19 (ii))	<u>67</u>	<u>20</u>	<u>67</u>	<u>20</u>
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13 Financial instruments

The company has a forward currency contract which is valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The following table details the forward currency contracts outstanding at the year end:

	Average contractual exchange rate	Notional value £	Fair value £
Euros FX Swap to 31 December 2020	1.1728	-	1,749

The hedge was entered into as an effective hedge against a loan denominated in Euros.

Gains of £1,749 (2018: £667) were recognised in the surplus for the year.

14 Provision for liabilities**Deferred taxation**

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

Deferred tax liabilities

	Group	
	2019 £'000	2018 £'000
Other timing differences		
Accelerated capital allowances	<u>(3)</u>	<u>(7)</u>
Provision for liabilities	<u>(3)</u>	<u>(7)</u>

Deferred tax movements in the year

	Group	
	2019 £'000	2018 £'000
Liability at 1 January 2019	(7)	(16)
Credit to income statement	<u>4</u>	<u>9</u>
Liability at 31 December 2019	<u>(3)</u>	<u>(7)</u>

15 Provision for retirement benefit obligations

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

	Group and Company	
	2019	2018
	£'000	£'000
Deficit at start of year	-	-
Cash contributions paid in the year	(1,485)	(1,442)
Exceptional employment costs	-	382
Other finance (income)	(19)	(18)
Actuarial loss - statement of comprehensive income (note18(v))	<u>8,928</u>	<u>1,078</u>
Deficit at end of year (note18 vii)	<u>7,424</u>	<u>-</u>

16 Reserves

(i) *General Reserve*

The Association is limited by guarantee and does not have any share capital. Annual surpluses or deficits are transferred to the General Reserve.

Within the meaning of FRS 102 the total of the Association's General Reserve and Pension Reserve constitute Shareholders funds'. The movements in the reserves are detailed in the Statement of Changes in Equity.

(ii) *Campaign Fund*

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

	2019	2018
	£'000	£'000
Income	-	357
Expenditure	<u>-</u>	<u>(325)</u>
Surplus/(deficit) of expenditure over income	-	32
Balance at 1 January	<u>960</u>	<u>928</u>
Balance at 31 December	<u>960</u>	<u>960</u>

Assets representing this fund are held in Current Assets.

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

(iii) As at 31 December 2019, FTA held £47,086 (2018: £41,533) of guarantee deposits for TIR carnets and other organisations. These funds are not in the beneficial ownership of FTA and do not form part of FTA's net assets.

17 Cash generated from operations

	Group			
	2019	2018		
	£'000	£'000		
(i) Operating Surplus:	940	1,168		
Amortisation of intangible assets	829	703		
Loss on disposal of assets	20	4		
Depreciation of tangible assets	290	337		
Post employment benefits less payments	(1,485)	(1,442)		
Past service exceptional costs	-	382		
Working capital movements:				
(Increase)/decrease in Stocks	(86)	2		
Decrease in Debtors	353	470		
Decrease in Creditors	(66)	(136)		
Cash flow from operating activities	<u>795</u>	<u>1,488</u>		
(ii) Net Debt Reconciliation				
	1 January	Cash	Acquisition and Disposals	31 December
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,097	(763)	96	1,430
Finance leases	(73)	(45)	-	(118)
Net debt	<u>2,024</u>	<u>(808)</u>	<u>96</u>	<u>1,312</u>

18 Pensions**(i) Defined benefit scheme**

The Association operates a contributory pension scheme, which is voluntary. Entry was open to all members of staff who were over 20 and under 59 but the scheme was closed to new entrants on 1 January 2001 and to future accrual of benefits, other than required by law, on 30 June 2002.

The scheme is of the funded defined benefit type, with its assets held in a separate trust. The most recent actuarial valuation, upon which the amounts included in these accounts are based, was carried out at 31 March 2019.

Using this as a basis, the valuation has been updated to 31 December 2019 by a qualified actuary in accordance with Section 28 of FRS 102.

As required by Section 28 of FRS 102, the defined benefit liabilities have been measured using the projected unit method.

Contributions during the year ended 31 December 2019 amounted to £1,680,000 (2018: £1,616,000).

Payments for future years under the current schedule of contributions will be £900,000 for 2020 together with the expenses of the scheme, which vary in amount from year to year.

18 Pensions (continued)
(ii) Changes in present value of scheme liabilities

	2019	2018
	£'000	£'000
Scheme liabilities at 1 January	63,975	67,372
Exceptional past service costs	-	382
Interest cost	1,685	1,636
Experience loss on liability	302	-
Net benefits paid from scheme assets	(3,180)	(3,898)
Actuarial loss/(gain) on scheme liabilities	<u>13,600</u>	<u>(1,517)</u>
Scheme liabilities at 31 December	<u>76,382</u>	<u>63,975</u>

	2019	2018
	£'000	£'000
The total actuarial loss/(gain) on the liabilities is analysed as follows		
Changes in demographic assumptions	2,055	(554)
Exceptional loss from changes to the assumptions relating to pensionable salaries	7,096	-
Loss/(gain) from change in other assumptions	<u>4,449</u>	<u>(963)</u>
Total loss/(gain) on scheme liabilities	<u>13,600</u>	<u>(1,517)</u>

The exceptional loss of £7,096,000 (2018:£nil) relates to the additional liabilities arising from a 2019 legal interpretation of historical documentation confirming that the salary link on benefits, for members in employment when the plan was closed in 2002, had been retained. Previous pension valuations were undertaken on the basis there was no salary link post 2002.

(iii) Changes in fair value of scheme assets

	2019	2018
	£'000	£'000
Fair value of scheme assets at 1 January	64,031	67,973
Return on scheme assets (excluding amounts included in net interest)	4,916	(3,155)
Employer contributions	1,680	1,616
Net benefits paid	(3,180)	(3,898)
Expenses paid	(195)	(174)
Interest income	<u>1,706</u>	<u>1,669</u>
Fair value of scheme assets at 31 December	<u>68,958</u>	<u>64,031</u>

(iv) Amounts recognised in income

	2019	2018
	£'000	£'000
The amounts recognised in the income statement are as follows:		
Interest on assets	1,706	1,669
Interest cost on liabilities	(1,685)	(1,636)
Interest on effect of asset ceiling	<u>(2)</u>	<u>(15)</u>
Charged to other finance income	<u>19</u>	<u>18</u>

	2019	2018
	£'000	£'000
Exceptional past service costs	-	(382)
Charged to employment costs (note 5)	<u>-</u>	<u>(382)</u>

The actual return on scheme assets net of expenses for the year was a gain of £6,622,000 (2018 loss - £1,486,000).

18 Pensions (continued)**(v) Amount recognised in other comprehensive income**

	2019	2018
	£'000	£'000
Actuarial (gain)/loss on scheme assets in excess of interest	(4,916)	3,155
Change in restriction on recognising surplus in the year	(58)	(560)
Experienced loss on liabilities	302	-
Exceptional additional loss from changes in the assumptions relating to pensionable salaries	7,096	-
Actuarial loss/(gain) from changes to other assumptions	<u>6,504</u>	<u>(1,517)</u>
Total loss recognised in other comprehensive income during the year	<u>8,928</u>	<u>1,078</u>

Included in the total loss is £7,096,000 (2018:£nil) relating to additional liabilities arising from a 2019 legal interpretation of historical documentation confirming that the salary link on benefits, for members in employment when the plan was closed in 2002, had been retained. Previous pension valuations were undertaken on the basis there was no salary link post 2002.

(vi) Assumptions

The principal assumptions used by the actuary were:	2019	2018
Discount rate for scheme liabilities	2.00%	2.70%
Rate of increase in salaries	N/A	N/A
Rate of increase on fixed pensions in payment	5.00%	5.00%
Rate of increase on RPI pensions in payment	3.10%	3.30%
Inflation (RPI)	3.20%	3.45%
Inflation (CPI)	2.20%	2.45%

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

The actuary assumed that pre and post retirement mortality is in line with standard tables at 100% of S3PA year of use with CMI_2018 [1%] projections (2018 - 110% of S2PA year of use with CMI_2017 [1%] projections). Under this assumption the average life expectancy of males aged 65 is 21.1 years and of females aged 65 is 23.0 years. 100% of members are assumed to take their maximum tax free cash lump sum (2018: 100%).

The overall expected rate of return on assets is determined as the average of the expected return of each major asset, weighted by the assets allocated to each class.

(vii) Amounts included in the statement of financial position

	2019	2018
	£'000	£'000
Fair value of scheme assets	68,958	64,031
Present value of funded defined benefit obligations	<u>(76,382)</u>	<u>(63,975)</u>
	(7,424)	56
Restricted surplus	<u>-</u>	<u>(56)</u>
Net (liability) recognised in the statement of financial position	<u>(7,424)</u>	<u>-</u>

As shown above the pension scheme shows a net liability of £7,424,000 that has been recognised in the statement of financial position. The surplus at 31 December 2018 of £56,000 has not been recognised in the statement of financial position as the recovery is uncertain due to:

- the pension scheme deficit at the last triennial valuation dated 31 March 2019 was £18,168,000, requiring significant ongoing annual contributions and,
- the recoverability of the surplus in the form of a refund or a reduction in future contributions depends on the future decisions of the trustees of the scheme.

18 Pensions (continued)

(viii) Analysis of fair value of scheme assets

	2019	2018
	£'000	£'000
Equities	19,585	15,445
Diversified growth fund	-	5,727
Gilts	-	28,843
Fixed Income	39,307	-
Bonds	-	13,365
Cash	6,676	651
Alternatives	<u>3,390</u>	<u>-</u>
Fair value of assets	<u>68,958</u>	<u>64,031</u>

(ix) Defined contribution scheme

The group also operates defined contribution schemes for employees. Pension costs for the defined contribution schemes are charged to the Income Statement in the year in which they become payable. The pension cost for the year in respect of the defined contribution schemes was £867,000 (2018: £769,000).

Included in the general accruals are pension contributions amounting to £106,000 (2018 - £100,000).

19 Future financial commitments

(i) Operating leases

At 31 December 2019 there were the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

Operating leases that expire:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	591	743	591	703
In second to fifth years	<u>733</u>	<u>840</u>	<u>733</u>	<u>771</u>
	<u>1,324</u>	<u>1,583</u>	<u>1,324</u>	<u>1,474</u>

(ii) Finance leases

At 31 December 2019 the following obligations under finance leases are included in the financial statements:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	51	53	51	53
In second to fifth years	<u>67</u>	<u>20</u>	<u>67</u>	<u>20</u>
	<u>118</u>	<u>73</u>	<u>118</u>	<u>73</u>

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

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

The company is currently subject to an ongoing investigation by the Health and Safety Executive (HSE) into a work place accident that occurred in 2018. The outcome and financial penalty, if any, are unknown.

(ii) Loan guarantee.

On 31 January 2018 the company and one of the subsidiaries, Tachodisc Distribution Limited UK Limited entered into a loan guarantee and provided a charge over their assets in favour of Lloyds Bank plc in respect of any overdrawn bank account or loan balances. There were no overdrawn accounts as at 31 December 2019.

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

21 Acquisition of subsidiary undertaking

On 31 May 2019 the group acquired the remaining 66.67% of the issued share capital of CD Media Limited, a company whose primary activity is the provision of training, for a net consideration of £360,000 plus legal fees and associated costs of £14,878.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group:

	Book value	Revaluation	Fair value to group
	£'000	£'000	£'000
Fixed assets			
Intangible	50	-	50
Current assets			
Stock	1	-	1
Debtors	7	-	7
Cash	96	-	96
Total assets	<u>154</u>	<u>-</u>	<u>154</u>
Creditors			
Trade creditors	(3)	-	(3)
Corporation tax	(26)	-	(26)
Other creditors	(16)	-	(16)
	<u>(45)</u>	<u>-</u>	<u>(45)</u>
Net Assets	<u>109</u>	<u>-</u>	109
Goodwill			<u>682</u>
			<u>791</u>
Satisfied by:			
Cash			375
Book value of previously held investment in associate			416
			<u>791</u>

In the year ended 31 December 2019, turnover of £154,000 and profit of £37,000 is included in the consolidated statement of comprehensive income in respect of CD Media Training Limited since the acquisition date.

22 Post balance sheet events

On 30 June 2020 the company entered into a debenture in favour of Lloyds Bank plc to provide a floating charge over all its assets (existing and future) for any group indebtedness owed to Lloyds Bank plc.

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