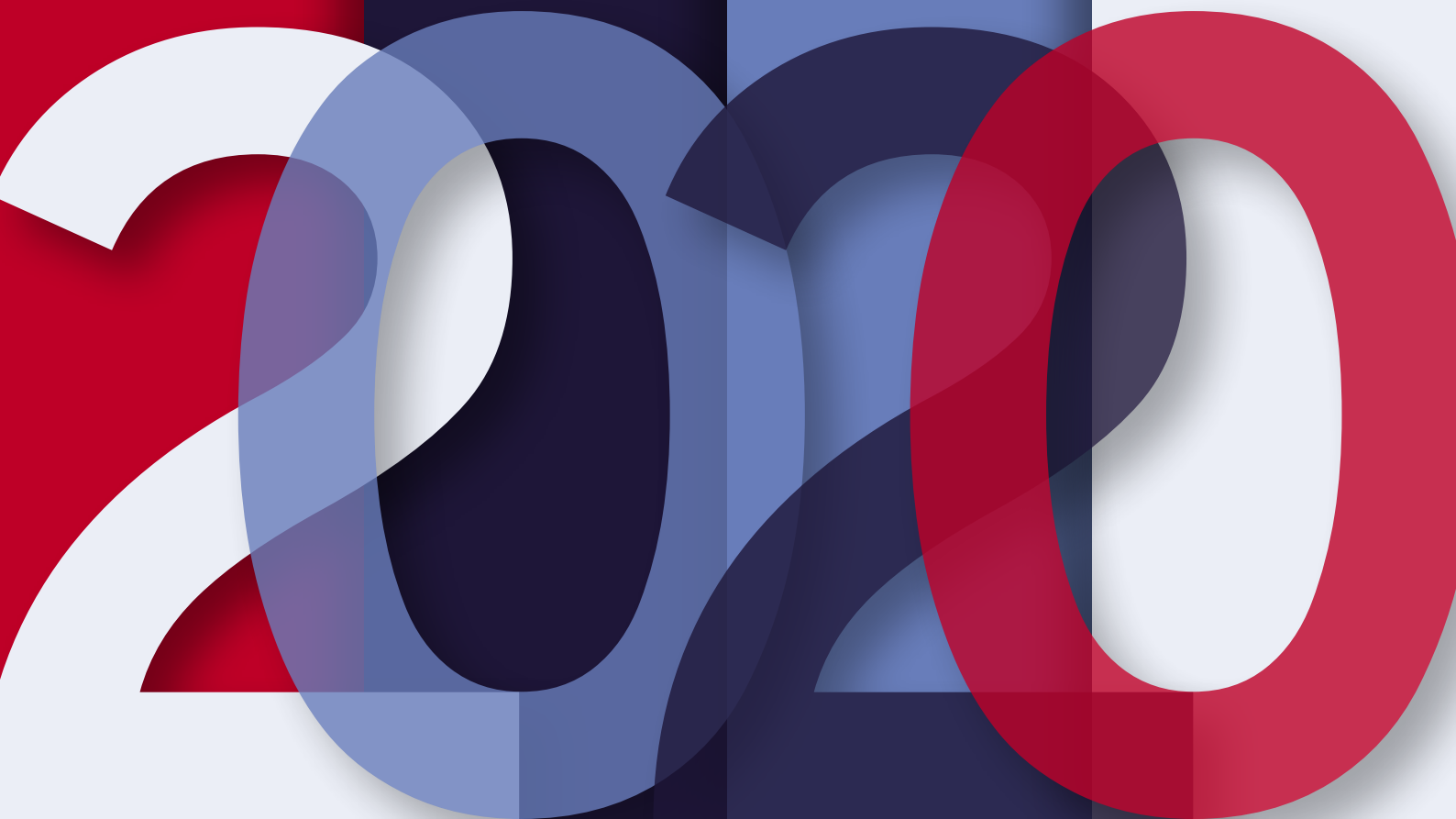
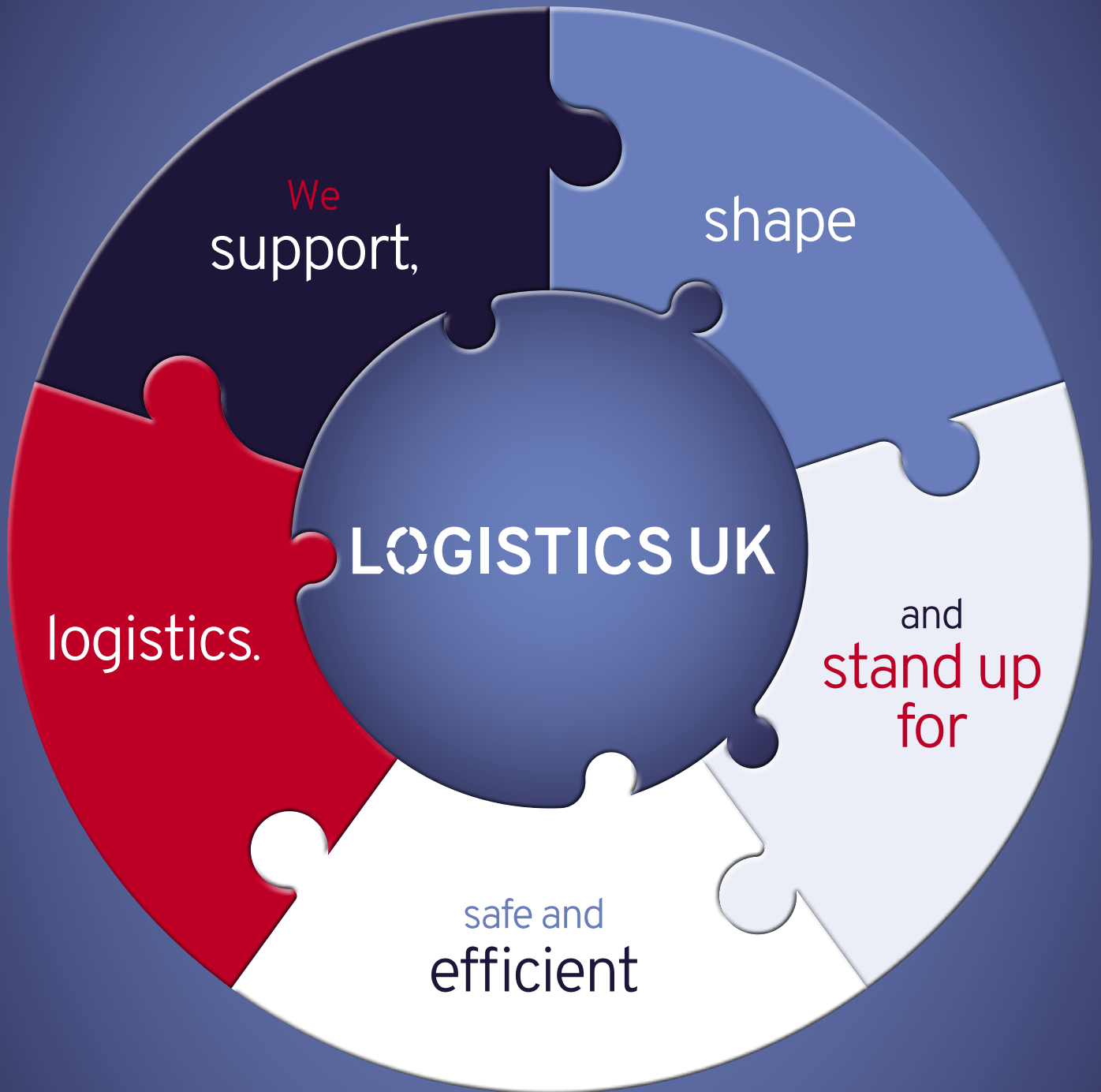


**LOGISTICS UK**

# Annual Report

Incorporating  
the Annual Accounts  
for 2020





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## President's Report

The COVID-19 pandemic has led many commentators to describe 2020 as an 'annus horribilis' for the UK, and with Europe's highest death rate, mounting business failures and large parts of the economy being put into suspended animation, it would be difficult to disagree with this assessment. There has also been the challenge of preparing for the end of the Brexit transition period to contend with, along with planning for long-term changes to the international trading environment.

However, despite the many setbacks and difficulties facing UK plc, I have been extraordinarily proud of how the logistics sector has performed. It has proven its resilience and adaptability by ensuring that the delivery of food, pharmaceuticals and other essential goods and equipment has continued unabated, helping to underpin essential business activity throughout this crisis.

I have been equally proud of the hard work and dedication of the Logistics UK team in these unprecedented times. Logistics UK has been instrumental in ensuring that logistics businesses remain as informed as possible, helping to preserve the security of supply chains. It is for this reason that it launched its own unique web portal and COVID-19 enews service, helping the logistics sector remain connected over the course of the pandemic. Logistics UK also launched a series of regular surveys to help it monitor the impact of COVID-19 on businesses and report back to government, forming an essential two-way exchange of information between government and industry.

As a business group, a key part of Logistics UK's remit is to represent the industry's needs and interests to government and key decision makers.

The policy wins that result from this political engagement are impressive. Key among these was the government's announcement in March 2020 that logistics workers were categorised as 'key workers' in the COVID-19 response plans. This announcement came after urgent appeals were made by Logistics UK to the Transport Secretary Grant Shapps and his ministerial team.

The logistics sector will doubtless continue to be buffeted by the headwinds of this pandemic for many months to come, but I am confident that the resilience and adaptability for which it has long been renowned will see it through the storm, ably assisted and supported by the professionalism of the Logistics UK team.

**Leigh Pomlett**  
*President*



## Chief Executive's Report

2020 was an extraordinary year of challenge, not just for logistics as an industry, or Logistics UK as a business group, but for the wider UK economy too. But I am delighted to report that Logistics UK has responded robustly to the COVID-19 crisis and we have managed to deliver some exceptional results for our members, despite the most challenging of circumstances.

Our membership figures have held steady at around 18,000, which given the prevailing economic headwinds is a good result. I am of the firm belief that this is because when there is a crisis, we have proven that Logistics UK steps up and delivers.

The continued movement of goods is essential to the fight against this pandemic. Throughout the crisis, Logistics UK has been determined to protect supply chains and support the logistics sector to keep Britain moving. Never has the timely delivery of pharmaceuticals, food and other essential goods been so vital.

From March 2020 we called on the government to ease the impact of COVID-19 on the industry and society, via daily industry calls with key government departments, including the Department for Transport (DfT) and the Department for Business, Energy and Industrial Strategy (BEIS). This helps us to represent our members to government at a business sector level.

The other significant development in 2020 was that after more than 50 years as the Freight Transport Association, we made the decision to change our trading name to Logistics UK in the summer. This is to ensure that both government and the media can instantly understand the business sector that we represent. This is already delivering dividends as logistics issues have remained at the top of the media's agenda during the COVID-19 pandemic, with our media reach now extending to an incredible 1.5 billion people. Government ministers and officials have also remarked on how clearly the new name represents our sector.

We have also adapted our business services during this difficult year to offer more of our services online, including our bestselling Transport Manager CPC and Driver CPC training courses, as well as our popular one-day Operator Licence Awareness Training courses.

My goal for 2021 is to see the organisation through the pandemic and into a brighter future, delivering even more value for our members. It only remains for me to thank them for their continued support.

Our members remain at the heart of our organisation and we thank them for the trust they show in Logistics UK.

**David Wells**  
*Chief Executive*



# Some key achievements for 2020

In a challenging year for the sector, here are just some of our key achievements and wins for our members.

**1** Changed our trading name from FTA to Logistics UK to achieve more for members by making sure government and media understand who we are and what we do.

**2** Succeeded in getting logistics workers categorised as 'key workers' following appeals by Logistics UK to Transport Secretary Grant Shapps MP.

**3** Launched a unique free web portal to help the logistics sector keep Britain moving ([www.logistics.org.uk/coronavirus](http://www.logistics.org.uk/coronavirus)). Used our Coronavirus enews to keep members up to date.

**4** Evolved our Transport Manager CPC, Driver CPC and other training course products so that they can be delivered virtually and therefore taken remotely.

**5** Used feedback from members to demonstrate HGV testing supply could not meet the backlog, after DVSA ceased testing for more than 3 months. Government adopted Logistics UK's proposal of granting low risk vehicles 12 month Certificates of Temporary Exemption from test.

**6** Launched a series of regular surveys – the Logistics Performance Tracker – to help monitor the impact of COVID-19 and feed back to government.

**7** Rapidly adapted our essential member support services in the face of the pandemic, such as vehicle inspection, to keep our members compliant and safe.

**8** Advised on various support packages for businesses, such as the Coronavirus Business Interruption Scheme (CBIL) loans, Bounce Back loans and the furlough scheme in daily discussions with the Department for Business, Energy and Industrial Strategy.

**9** Achieved many Brexit wins for members including delayed introduction of border checks for EU imports and grace periods for checks on food and parcels moved from GB to NI. We also launched an online Brexit Advice Hub to support members.

**10** Shortlisted as a finalist in the Membership Association of the Year category at the Memcom Excellence Awards.



# The voice of logistics

As the only business group that represents all of logistics, part of Logistics UK’s remit is to give the industry a strong voice. Through its media activity, Logistics UK works to ensure that the issues that are crucial to logistics – decarbonisation, skills shortages, technology and innovation – remain at the top of the media’s and government’s agendas.



**RADIO AND TV BROADCASTS**

**552**

Including **27** on BBC Radio 4, **17** on Sky News, **71** on BBC Radio Kent and **14** on BBC national news.



**NATIONAL PRESS (ONLINE AND PRINT)**

**515**

Including **56** items in *The Daily Telegraph* and *Sunday Telegraph*, **47** in *The Times* and *Sunday Times*, **40** in *The Independent* and **17** in *The Financial Times* and *FT*.



**REGIONAL PRESS (ONLINE AND PRINT)**

**185**

Including **22** items in *The Belfast Telegraph*, **6** items in *The Scotsman*, **13** items in the Belfast edition of *Irish News* and **7** in *The Business Post*.



**MAGAZINES**

**790**

Including **92** items in *Forwarder*, **40** in *Commercial Motor*, **37** in *Transport Operator* and **36** in *Fleet News*.

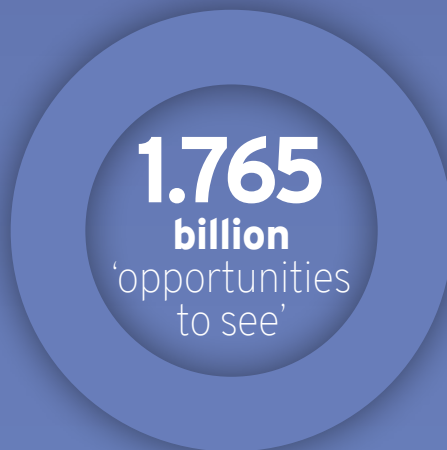
**SOCIAL MEDIA**

In 2020 we recorded over **10 million** impressions on our channels through our own activity. However if we take into consideration all the interactions, retweets, and people participating in our campaigns, our social media management system estimates a total of **54 million** individuals seeing our activity in 2020.

**100%** Growth in engagement.

**181%** Growth in engagement.

**97%** Growth in engagement.

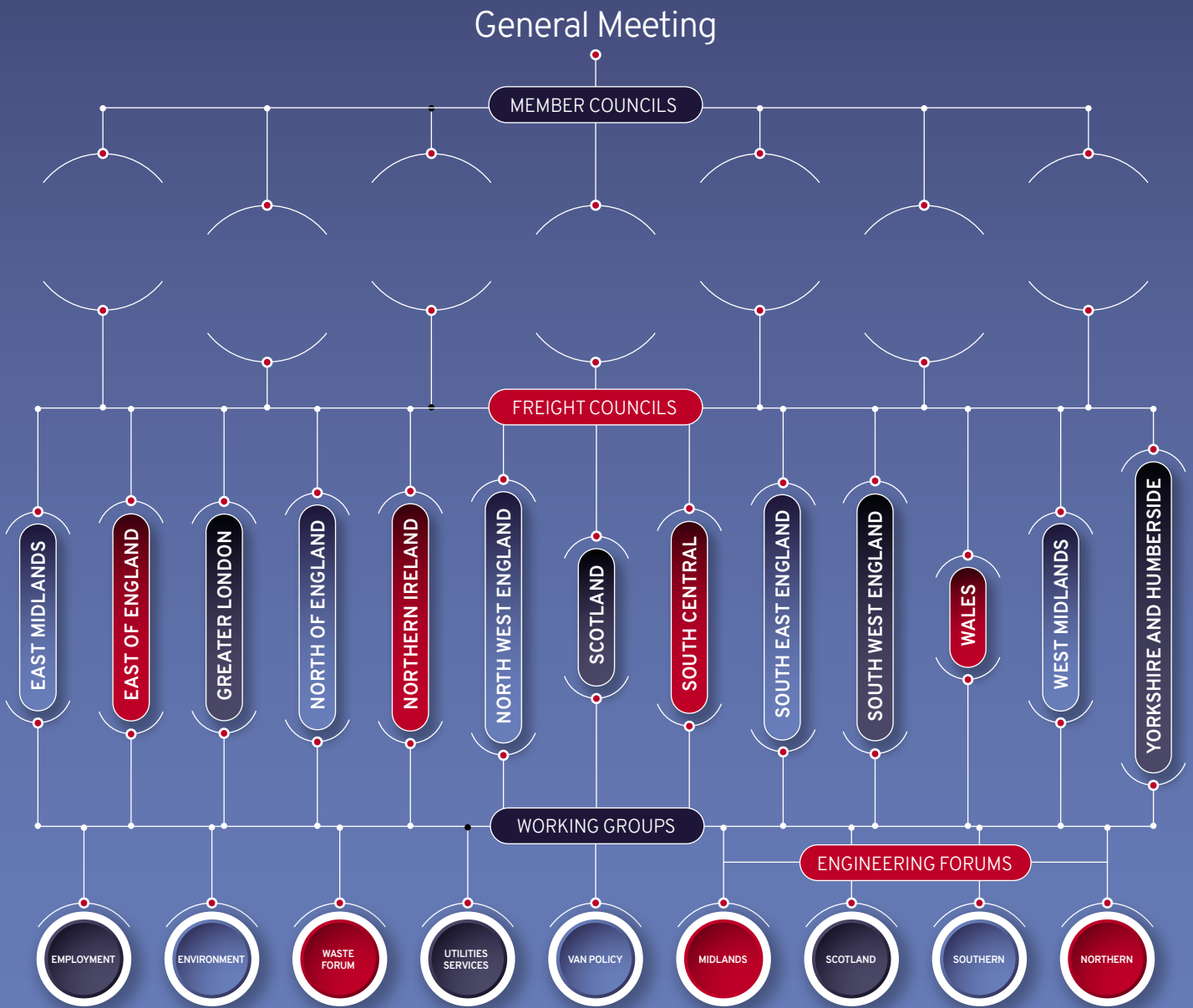


Between 1 January and 31 December 2020, Logistics UK achieved a total of **8,924** pieces of press coverage with a staggering **1.765 billion** ‘opportunities to see’

# Our governance and democracy

Central to Logistics UK’s democratic structure, the policy positions adopted by Logistics UK are determined by the members of its councils. In a normal year, more than 300 logistics managers and leaders attend Logistics UK’s Freight Councils (English regions and Northern Ireland, Scotland and Wales) throughout the UK every quarter, and 96% of those would recommend the meetings to colleagues in the industry. An Annual General Meeting, to which all members are invited, is held once a year.

> [www.logistics.org.uk/councils](http://www.logistics.org.uk/councils)



## LOGISTICS UK BOARD

**Leigh Pomlett**  
(President)

**Jon Moxon**  
(Treasurer)

**Vincent Brickley**  
Director,  
Tandem Transport Ltd

**Peter Gifford**  
Founder of  
Taylor-Gifford Consulting

**Steve Granite**  
Chief Executive,  
Abbey Logistics Group

**Sue Mackenzie**  
Non-Executive Director,  
Medway NHS Foundation  
Trust and BMT Group Ltd

**Graham Roberts**  
Non Executive Chairman,  
Maritime Transport

**Phil Roe**  
Chief Operating Officer  
& Strategy Director,  
DHL Supply Chain UK&I

**Ian Stansfield**  
Managing Director,  
Summit Logistics  
Consulting Ltd

**Carole Walker**  
Chief Executive,  
Hermes Europe

**David Wells**  
Chief Executive,  
Logistics UK



# LOGISTICS UK

## Annual Report and Accounts

for the year ended 31 December 2020

Freight Transport Association Limited  
Company No 00391957

## Strategic report for the year ended 31 December 2020

Your Directors have pleasure in submitting their Strategic Report for the year ended 31 December 2020.

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. 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.

Performance in the year was impacted by the Covid-19 pandemic and the government's measures to contain it. Revenues in many areas of our business were adversely affected, particularly in the Training business where face-to-face training was significantly curtailed. Management reacted by developing and delivering remote versions of many of our courses. In other areas of the business we also adapted our working practices with a move to remote working wherever possible. These measures helped to protect our revenue but could not totally negate the impact of Covid-19 and Group income decreased by 16.6% in 2020 to £25.8m. Management responded to the challenging economic and trading environment by identifying significant cost savings. Two redundancy programmes were completed at a cost of £1.1m and, as a result, average staff numbers fell by 9% to 356. In addition, management cut discretionary expenditure as far as possible and all staff took a 10% voluntary pay cut during two months of the year resulting in a saving of £0.2m. The Association took full advantage of all appropriate government assistance schemes including receiving £1.4m of furlough grants under the Coronavirus Job Retention Scheme. Measures were also taken to ensure that the Association has sufficient cash resources. The Association increased its overdraft facility to £1.1 million and applied for, and received, a £1.5 million Coronavirus Business Interruption Loan ("CBIL"). With the agreement of trustees, payments into the Pension Plan were suspended with effect from April 2020. Pension contributions paid during 2020 were £0.4m (2019: £1.7m). An additional £0.5m of contributions due under the Schedule of Contributions but unpaid at the year-end is included within current liabilities. Management have proposed a conditional payment plan to the trustees under which contributions will resume at a level and timing to be determined according to a combination of the Association's cash reserves and forecasted future cash flows. The payment plan will remain in place until the agreement of a new Schedule of Contributions following the next triennial valuation due as at 31 March 2022.

Members continued to benefit fully from our advice and representation. Despite the difficult economic environment, the Association was able to increase its range of Member services which now stand at over 40 and Membership numbers grew by 1% to 18,187. We also continued to invest in our Vision software and all services now benefit from this and our continued investment in back office systems. In light of the difficult economic and trading environment the Directors consider the performance of the Association during the year to be satisfactory.

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 as well as delegate numbers attending training courses, seminars, Freight Councils and our representation in the national and local press. Our events programme in 2020 was highly disrupted by Covid-19, with no face-to-face events able to take place. Our flagship Transport Manager event was run on a leading professional online engagement platform, allowing interaction between delegates, speakers and exhibitors, and attracted 1,031 delegates (down around 33% on 2019). Whilst the feedback of those that attended was excellent, many delegates and organisations who would normally attend cited lack of time, and not wanting to attend a virtual event as their main reasons for not attending. We want to make the event face to face again as soon as possible. Average attendance at Freight Councils was lower per round of councils, due to Covid-19, as attendees were furloughed or had to give priority to operational issues, but overall we achieved 1,000 for the year. VIS productivity improved during the year following the introduction of the new scheduling system and these improvements position the business well to benefit from a pick-up in economic activity.

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.

A key risk is also posed by the spread of Covid-19 or similar pandemics. This could lead to a reduction in revenues and to the potential denial of access to both the Association's and customer premises. The majority of employees have been working remotely during the pandemic and can continue to do so indefinitely. Nearly all staff have laptops and are able to access company systems, and conduct remote meetings, from their home location. As mentioned above, we have been successful in developing remote alternatives to delivering training and to undertaking tachograph analysis on behalf of customers. Where a remote alternative is not possible, e.g. vehicle inspections, we are able to exercise flexibility in scheduling work. Revenue declines are addressed through identifying cost savings and by ensuring the Association has sufficient borrowing facilities to operate through any temporary downturn in revenues.

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 by delivering specific initiatives that ensure growth is achieved, consistent with the objectives set out in the plan. If objectives are met, by the end of 2023, FTA will have increased member engagement, represent 20,000 members and enhanced existing services to meet the changing demands of its members. Consistent with these aims, the Association changed its trading name during the year to Logistics UK to more fully convey the breadth of its membership and its intended sphere of influence. Whilst the legal name of the company remains The Freight Transport Association Limited, it now trades as Logistics UK.

The group consolidated accounts include the financial statements of the company and its subsidiary undertakings as at 31 December 2020. During the year, the group completed a reorganisation as a result of which the business activities of two subsidiaries, T Team Limited and CD Media Training Limited, were transferred to one of the Company's other subsidiaries, Tachodisc Distribution UK Limited. There has been no acquisition or disposal of any subsidiaries during the year. As a result of the factors mentioned above, the association made a deficit for the year of £0.6m (2019: surplus of £0.9m). The statement of financial position (excluding pension obligations) at 31 December 2020 remains strong with group net assets of £7.0m. Cash balances remained healthy in 2020 and closed the year at £3.8m including the £1.5m CBIL received in July. Market conditions for 2021 remain uncertain. Revenues continue to be impacted by government measures to contain the spread of the Covid-19 virus. The Board believes however that the measures taken by management leave the Association in a strong position to benefit from any economic upturn and expects the Association to return to growth and profitability in 2021.

By order of the FTA board  
29 March 2021  
Jon Moxon – Honorary Treasurer



## Directors' report for the year ended 31 December 2020

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 2020 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 2020 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

The group's activities have been impacted by the Covid-19 pandemic and the government's measures to contain it, resulting in a loss during the financial year. Management responded by making substantial savings and taking advantage of all appropriate government assistance schemes. In

addition, the Company secured additional borrowing facilities by increasing its overdraft to £1.1 million and applying for, and receiving, a £1.5 million Coronavirus Business Interruption Loan. The company has also agreed to a temporary suspension of its deficit repair contributions into the defined benefit pension scheme.

Management has prepared cash flow projections for the financial period from 1 January 2021 to 31 December 2022 and has performed additional sensitivities on these projections. The directors are confident that the measures taken 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. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

### 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 2020

**President and Chairman**  
LM Pomlett

**Honorary Treasurer**  
JD Moxon

**Chief Executive**  
D Wells

### Other Members of the Board

VJ Brickley • P Gifford • S Granite • S Mackenzie • 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), (FRS102). 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.

29 March 2021

By order of the FTA board  
Jon Moxon – Honorary Treasurer



# 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 2020 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 2020 and of the group's loss 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## 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 11, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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.

*Moore Kingston Smith LLP.*

Devonshire House, 60 Goswell Road,  
London EC1M 7AD  
29 March 2021

James Saunders (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 2020

	Note	2020 £'000	2019 £'000
Income	1(v) and 3	25,849	31,008
Direct expenses		<u>(15,008)</u>	<u>(17,744)</u>
Gross surplus		10,841	13,264
Operating expenses		(12,651)	(12,324)
Other operating income	4	<u>1,359</u>	<u>-</u>
Operating (deficit)/surplus	5(i)	(451)	940
Investment income	5(ii)	13	11
Other finance (expenditure)/income	19(iv)	(145)	19
Share of results of associated undertakings		<u>-</u>	<u>22</u>
(Deficit)/surplus on ordinary activities before taxation		(583)	992
Taxation	7	<u>(18)</u>	<u>(88)</u>
(Deficit)/surplus for the financial year		(601)	904
Other comprehensive income:			
Actuarial loss on defined benefit pension scheme	19 (v)	(1,435)	(1,832)
Exceptional actuarial loss from changes in assumptions relating to pensionable salaries	2 (iii) and 19 (v)	<u>-</u>	<u>(7,096)</u>
Total comprehensive loss for the year		<u>(2,036)</u>	<u>(8,024)</u>

## Consolidated and company statement of financial position as at 31 December 2020

	Note	Group		Company	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Non-current assets:</b>					
Intangible assets	8 (i)	4,302	4,596	3,159	3,262
Tangible assets	8 (ii)	965	1,170	954	1,152
Investments	9	18	-	1,192	1,174
		<u>5,285</u>	<u>5,766</u>	<u>5,305</u>	<u>5,588</u>
<b>Current assets:</b>					
Stock	10	948	646	677	449
Debtors	11	7,228	6,494	7,367	6,304
Cash at bank and in hand		3,796	1,430	3,578	1,063
		<u>11,972</u>	<u>8,570</u>	<u>11,622</u>	<u>7,816</u>
<b>Creditors:</b>					
Amounts falling due within one year	12	(8,978)	(6,006)	(8,983)	(5,564)
<b>Net current assets</b>		<u>2,994</u>	<u>2,564</u>	<u>2,639</u>	<u>2,252</u>
<b>Total assets less current liabilities</b>		<u>8,279</u>	<u>8,330</u>	<u>7,944</u>	<u>7,840</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(1,327)	(67)	(1,327)	(67)
<b>Provision for liabilities</b>	15	(3)	(3)	-	-
<b>Net assets excluding pension liabilities</b>		<u>6,949</u>	<u>8,260</u>	<u>6,617</u>	<u>7,773</u>
<b>Retirement benefit obligations</b>	16	(8,149)	(7,424)	(8,149)	(7,424)
<b>Net (liabilities)/assets including pension liabilities</b>		<u>(1,200)</u>	<u>836</u>	<u>(1,532)</u>	<u>349</u>
<b>Reserves</b>					
<b>Accumulated reserves:</b>					
General reserve	17	6,949	8,260	6,617	7,773
Pension reserve		(8,149)	(7,424)	(8,149)	(7,424)
		<u>(1,200)</u>	<u>836</u>	<u>(1,532)</u>	<u>349</u>

The deficit for the financial year dealt with in the accounts of the parent company was £ 446,000 (2019: surplus of £744,000)

Approved by the Board and authorised for issue on 26 March 2021



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 2020

Group	Note	Pension reserve	General reserve	Total
		£'000	£'000	£'000
<b>Balance at 1 January 2019</b>		-	8,860	8,860
<b>Year ended 31 December 2019</b>				
Surplus/(deficit) for the year		1,504	(600)	904
Other comprehensive loss for the year	19 (v)	<u>(8,928)</u>	<u>-</u>	<u>(8,928)</u>
Total comprehensive income for the year		<u>(7,424)</u>	<u>(600)</u>	<u>(8,024)</u>
<b>Balance at 31 December 2019</b>		<u>(7,424)</u>	<u>8,260</u>	<u>836</u>
<b>Year ended 31 December 2020</b>				
Surplus/(deficit) for the year		710	(1,311)	(601)
Other comprehensive loss for the year	19 (v)	<u>(1,435)</u>	<u>-</u>	<u>(1,435)</u>
Total comprehensive loss for the year		<u>(725)</u>	<u>(1,311)</u>	<u>(2,036)</u>
<b>Balance at 31 December 2020</b>	17	<u>(8,149)</u>	<u>6,949</u>	<u>(1,200)</u>
<b>Company</b>				
Company	Note	Pension reserve	General reserve	Total
		£'000	£'000	£'000
<b>Balance at 1 January 2019</b>		-	8,533	8,533
<b>Year ended 31 December 2019</b>				
Surplus/(deficit) for the year		1,504	(760)	744
Other comprehensive loss for the year	19 (v)	<u>(8,928)</u>	<u>-</u>	<u>(8,928)</u>
Total comprehensive income for the year		<u>(7,424)</u>	<u>(760)</u>	<u>(8,184)</u>
<b>Balance at 31 December 2019</b>		<u>(7,424)</u>	<u>7,773</u>	<u>349</u>
<b>Year ended 31 December 2020</b>				
Surplus/(deficit) for the year		710	(1,156)	(446)
Other comprehensive loss for the year	19 (v)	<u>(1,435)</u>	<u>-</u>	<u>(1,435)</u>
Total comprehensive loss for the year		<u>(725)</u>	<u>(1,156)</u>	<u>(1,881)</u>
<b>Balance at 31 December 2020</b>	17	<u>(8,149)</u>	<u>6,617</u>	<u>(1,532)</u>



## Consolidated statement of cash flows for the year ended 31 December 2020

	Note	Group	
		2020 £'000	2019 £'000
<b>Net cash from operating activities</b>	18	1,776	795
Taxation - corporation tax paid		<u>(120)</u>	<u>(85)</u>
<b>Net cash generated from operating activities</b>		1,656	710
<b>Cash flow from investing activities</b>			
Purchase of subsidiary		-	(279)
Purchase of intangible assets		(720)	(914)
Purchase of tangible assets		(20)	(262)
Interest received		13	11
Acquisition of investments		(18)	-
Dividends received from associates		<u>-</u>	<u>22</u>
<b>Net cash used in investing activities</b>		(745)	(1,422)
<b>Cash flow from financing activities</b>			
New finance leases in the year/(repayment of obligations under finance leases)		(45)	45
New bank loan		<u>1,500</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>		2,366	(667)
<b>Cash and cash equivalents at the beginning of year</b>		<u>1,430</u>	<u>2,097</u>
<b>Cash and cash equivalents at the end of year</b>		<u>3,796</u>	<u>1,430</u>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		<u>3,796</u>	<u>1,430</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 company 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 2020. 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. As at 31 December 2020, the group had net liabilities of £1,200,000 however this is after deducting the defined benefit pension scheme liability of £8,149,000. The net assets of the group as at 31 December 2020 after adding back the defined benefit liability were £6,949,000.

The group's activities have been impacted by the Covid-19 pandemic and government measures to contain it, resulting in a loss during the financial year ended 31 December 2020 of £601,000. Management responded by making substantial cost savings and taking advantage of all appropriate government assistance schemes. In addition, the Company secured additional borrowing facilities by increasing its overdraft facility to £1.1 million and applying for, and receiving, a £1.5 million Coronavirus Business Interruption Loan. The Company has also agreed a temporary suspension of its deficit repair contributions into the defined benefit pension scheme.

At the year-end the group's cash at bank and in hand was £3.8 million. Management has prepared cash flow projections for the financial period from 1 January 2021 to 31 December 2022 and has performed additional sensitivities on these projections. The directors are confident that the measures taken 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. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**(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.

Government grants

Grants relating to revenue are recognised in income on a systematic basis over the periods in which the entity recognises the associated costs for which the grant is intended to compensate. This includes £1,359,000 of Government assistance under the Coronavirus Job Retention Scheme (CJRS) relating to staff who were furloughed due to Covid-19.

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.

**1 Accounting policies (continued)**

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.

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.

**1 Accounting policies** (continued)**(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.

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.

## 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.

**(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.

**1 Accounting policies** (continued)*(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 8(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 8(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 judgements on 26 October 2018 and 20 November 2020. This was included in the 2018 liabilities for the first time and was estimated at £382,000 and included as a past service cost. A further £46,000 is included as a past service cost in 2020 reflecting the impact of the most recent judgement. Other changes in the estimated liability for 2020 arise from a change in assumptions and are 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 in 2019, were included in the statement of comprehensive income as an exceptional change in actuarial assumptions. Changes in the estimated liability for 2020 arise from a change in assumptions and are recognised in Other Comprehensive Income.

See note 19 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 2020, 31 December 2021 and 31 December 2022 year ends, based on the achievement of certain operational targets including turnover, retained earnings results, membership numbers and council attendance. Based on results to date and realistic forecasting, the directors and management estimate the probability of achieving these targets is remote and therefore no accrual is required (2019 - £nil).

**3 Income**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Membership fees	4,524	4,469
Commercial activities:		
Income from services	17,562	22,793
Sales of goods	3,763	3,746
	<u>25,849</u>	<u>31,008</u>
Geographical analysis		
United Kingdom	25,474	30,481
Ireland	299	475
Rest of world	76	52
	<u>25,849</u>	<u>31,008</u>

**4 Other operating income**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
CJRS Grant income	1,359	-
	<u>1,359</u>	<u>-</u>

During the year ended 31 December 2020 the group recognised an amount totalling £1,359,000 (2019: £nil) receivable under the Coronavirus Job Retention Scheme (CJRS).

**5 Operating (deficit)/surplus**

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the company's auditor in respect of:		
Audit of parent company and group	50	48
Audit of subsidiaries	26	21
Other tax and accounting services	25	25
Depreciation:		
Owned assets	177	233
Assets held under finance leases	38	57
Loss on disposal of assets	10	20
Amortisation of intangible assets	1,014	829
Gain on foreign exchange transactions	(1)	(5)
Operating lease payments:		
Land and buildings	47	111
Other operating leases	1,341	1,087

(ii) Investment income

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Other interest	13	11
	<u>13</u>	<u>11</u>

**6 Employment costs**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
(i) Employee costs during the year amounted to:		
Salaries and bonuses	12,210	13,327
Social security costs	1,336	1,509
Defined contribution pension costs	822	867
Defined benefit past service costs	46	-
Redundancy costs	<u>1,124</u>	<u>276</u>

Within the salaries and bonuses figure is £nil (2019: £nil) in respect of Long-Term Incentive Plans payable to senior members of staff.

	<b>2020</b>	<b>2019</b>
(ii) The average number of employees during the year was:		
Operations	194	210
Management, sales and administration	<u>162</u>	<u>180</u>
	<u>356</u>	<u>390</u>

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
(iii) Director emoluments		
Emoluments for qualifying services	253	237
Company pension contributions to defined contribution schemes	<u>18</u>	<u>18</u>
	<u>271</u>	<u>255</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amount to 1 (2019 - 1).

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments for qualifying services	230	214
Company pension contributions to defined contribution schemes	<u>18</u>	<u>18</u>
	<u>248</u>	<u>232</u>

The highest paid director is a member of the company's defined contribution scheme and had accrued entitlements of £28,383 (2019 - £16,787) under the scheme at the year end.

**(iv) Key management compensation**

Key management is considered to be the eight executive directors (2019: nine). Total remuneration paid to key management personnel in the year was £1,453,000 (2019 - £1,390,000).



**7 Taxation****(i) Domestic current year tax**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
UK Corporation tax	18	92
Total current tax charge	<u>18</u>	<u>92</u>

**(ii) Deferred tax:**

Deferred tax (credit) for the current year (note 15)	-	(4)
Group deferred tax (credit)	-	(4)
Total tax charge	<u>18</u>	<u>88</u>

**(iii) Factors affecting the tax charge for the year**

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

In 2020 this amounted to £19,299 (2019: £23,051). The subsidiaries are fully taxable.

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
(Deficit)/surpluses on ordinary activities before tax	<u>(583)</u>	<u>992</u>
Surpluses on ordinary activities before tax multiplied by the standard rate of UK Corporation tax of 19% (2019 - 19%)	(111)	188
Effects of:		
Non deductible expenses	41	33
Non taxable expenditure/(income) of the Association	88	(136)
Other timing differences	-	3
	<u>129</u>	<u>(100)</u>
Total tax charge	<u>18</u>	<u>88</u>

**8 Non-current assets**

## (i) Intangible fixed assets

	Goodwill £'000	Intellectual Property £'000	Database £'000	Software £'000	Group Total £'000	Company Software £'000
<b>Cost</b>						
At 1 January 2020	1,460	20	35	5,155	6,670	5,053
Additions	-	-	-	720	720	720
At 31 December 2020	<u>1,460</u>	<u>20</u>	<u>35</u>	<u>5,875</u>	<u>7,390</u>	<u>5,773</u>
<b>Amortisation</b>						
At 1 January 2020	233	14	13	1,814	2,074	1,791
Charge for the year	146	4	4	860	1,014	823
At 31 December 2020	<u>379</u>	<u>18</u>	<u>17</u>	<u>2,674</u>	<u>3,088</u>	<u>2,614</u>
Net book value 31 December 2020	<u>1,081</u>	<u>2</u>	<u>18</u>	<u>3,201</u>	<u>4,302</u>	<u>3,159</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>

**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 Property £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2020	1,976	1,129	409	3,514
Additions	-	14	6	20
Disposals	-	(10)	-	(10)
At 31 December 2020	<u>1,976</u>	<u>1,133</u>	<u>415</u>	<u>3,524</u>
<b>Depreciation</b>				
At 1 January 2020	1,175	871	298	2,344
Charge for the year	43	110	62	215
Disposals	-	-	-	-
At 31 December 2020	<u>1,218</u>	<u>981</u>	<u>360</u>	<u>2,559</u>
Net book value 31 December 2020	<u>758</u>	<u>152</u>	<u>55</u>	<u>965</u>
Net book value 31 December 2019	<u>801</u>	<u>258</u>	<u>111</u>	<u>1,170</u>

**8 Non-current assets (ii)** (continued)

Company	Freehold Property	Furniture and Equipment	Computer Equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2020	1,976	1,097	409	3,482
Additions	-	14	6	20
Disposals	-	(10)	-	(10)
At 31 December 2020	<u>1,976</u>	<u>1,101</u>	<u>415</u>	<u>3,492</u>
<b>Depreciation</b>				
At 1 January 2020	1,175	857	298	2,330
Charge for the year	43	103	62	208
Disposals	-	-	-	-
At 31 December 2020	<u>1,218</u>	<u>960</u>	<u>360</u>	<u>2,538</u>
Net book value 31 December 2020	<u>758</u>	<u>141</u>	<u>55</u>	<u>954</u>
Net book value 31 December 2019	<u>801</u>	<u>240</u>	<u>111</u>	<u>1,152</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 (2019: £29,085) which is not depreciated.

The carrying amount of assets under finance leases included in computer equipment is £42,248 (2019: £75,055).

The carrying amount of assets under finance leases included in freehold property is £42,430 (2019: £47,237).

**9 Fixed assets - investments**

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Subsidiary undertakings	-	-	1,174	1,174
Other	18	-	18	-
	<u>18</u>	<u>-</u>	<u>1,192</u>	<u>1,174</u>

**9 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	Providing training and then dormant from 17 March 2020	100	Hermes House, St John's Road, Tunbridge Wells, TN4 9UZ
CD Media Training Limited*	Providing training and then dormant from 17 March 2020	100	Hermes House, St John's Road, Tunbridge Wells, TN4 9UZ

The financial statements for the trading subsidiaries for the year ended 31 December 2020 have been consolidated with those of the parent company.

\*indirect holding

During the year, the group completed a reorganisation as a result of which the business activities of two subsidiaries, T Team Limited and CD Media Training Limited, were transferred to one of the Company's other subsidiaries, Tachodisc Distribution UK Limited.

**10 Stock**

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Goods for resale	948	646	677	449
	<u>948</u>	<u>646</u>	<u>677</u>	<u>449</u>

**11 Debtors**

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	5,761	4,785	5,209	4,437
Other debtors	311	410	310	350
Amounts due from group undertakings	-	-	718	257
Prepayments and accrued income	1,156	1,299	1,130	1,260
	<u>7,228</u>	<u>6,494</u>	<u>7,367</u>	<u>6,304</u>

**Debtors: amounts falling due after more than one year**

Other debtors include £206,000 (2019: £229,000) due from FTA Ireland Limited. This comprises a loan of £201,000 (2019: £218,000) 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 £150,000 (2019: £198,000). Interest of £10,000 (2019: £11,000) 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 £44,000 (2019 - £189,000) including interest, which has a fixed payment term. The loan commenced in April 2016. Amounts falling due after more than one year are £nil (2019- £49,000). Interest of £7,000 (2019 - £12,000) was charged on the loan in the year
- a further advance of £600,000 made in the year. No interest was charged on this loan in the year and amounts falling due after more than one year in respect of this loan are £nil. Since the year-end the loan has been subject to a formal loan agreement, signed 3 March 2021, requiring repayment over four years, with £450,000 falling due in more than one year from 31 December 2020.

**12 Creditors: amounts falling due within one year**

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	2,031	1,868	1,851	1,696
CBILS Loan	200	-	200	-
Amounts due to group undertakings	-	-	413	166
Corporation tax	12	120	4	4
Social security and other taxes	2,077	1,101	2,032	1,066
Obligations under finance leases (note 20 (ii))	46	51	46	51
Other creditors	518	-	518	-
Accruals and deferred income:				
Vehicle and Tachograph Inspection Services	1,538	923	1,538	923
Other member services	1,467	1,043	1,467	1,043
General	1,089	900	914	615
	<u>8,978</u>	<u>6,006</u>	<u>8,983</u>	<u>5,564</u>

**13 Creditors: amounts falling due after more than one year**

Obligations under finance leases (note 20 (ii))	27	67	27	67
CBILS Loan	1,300	-	1,300	-
	<u>1,327</u>	<u>67</u>	<u>1,327</u>	<u>67</u>

During the year the company obtained a loan from Lloyds Bank plc under the Government's Coronavirus Business Interruption Loan scheme. Interest is payable at Bank of England base rate plus 3.2% from August 2021 and the loan is repayable by July 2025. The amount due in more than five years is £nil.

**14 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	1.1065	-	559

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

Gains of £559 (2019: £1,749) were recognised in the surplus for the year.

**15 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	
	2020	2019
	£'000	£'000
Accelerated capital allowances	(3)	(3)
<b>Provision for liabilities</b>	<u>(3)</u>	<u>(3)</u>

**Deferred tax movements in the year**

	Group	
	2020	2019
	£'000	£'000
Liability at 1 January 2020	(3)	(7)
Credit to income statement	-	4
Liability at 31 December 2020	<u>(3)</u>	<u>(3)</u>

**16 Provision for retirement benefit obligations**

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

	Group and Company	
	2020	2019
	£'000	£'000
Deficit at start of year	7,424	-
Contributions in the year	(901)	(1,485)
Past service costs	46	-
Other finance costs/(income)	145	(19)
Actuarial loss - statement of comprehensive income (note 19(v))	<u>1,435</u>	<u>8,928</u>
Deficit at end of year (note 19 (vii))	<u>8,149</u>	<u>7,424</u>

**17 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:

	2020	2019
	£'000	£'000
Income	-	-
Expenditure	-	-
Surplus of expenditure over income	-	-
Balance at 1 January	<u>960</u>	<u>960</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 2020, FTA held £43,090 (2019: £47,086) 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.

## 18 Cash generated from operations

	Group		
	2020 £'000	2019 £'000	
(i) Operating Surplus:	(451)	940	
Amortisation of intangible assets	1,014	829	
Loss on disposal of assets	10	20	
Depreciation of tangible assets	215	290	
Post employment benefits less payments	(383)	(1,485)	
Past service costs	46	-	
Working capital movements:			
(Increase)/decrease in Stocks	(302)	(86)	
(Increase)/decrease in Debtors	(734)	353	
Increase/(decrease) in Creditors	2,361	(66)	
Cash flow from operating activities	<u>1,776</u>	<u>795</u>	
(ii) Net Debt Reconciliation			
	<b>1 January £'000</b>	<b>Cash £'000</b>	<b>31 December £'000</b>
Cash at bank and in hand	1,430	2,366	3,796
Finance leases	(118)	45	(73)
Bank Loan	-	1,500	(1,500)
Net debt	<u>1,312</u>	<u>3,911</u>	<u>2,223</u>

## 19 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 2020 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 2020 amounted to £599,000 paid, £518,000 unpaid. Total £1,117,000 (2019: £1,680,000).

Payments for future years under the current schedule of contributions will be £1,030,000 for 2021 together with the expenses of the scheme, which vary in amount from year to year.

With agreement of the trustees, payments into the Pension Plan were suspended with effect from April 2020 as a response to the impact of Covid-19 on the group's business. Management have proposed a conditional payment plan to the trustees under which contributions will resume at a level and timing to be determined according to a combination of the Association's cash reserves and forecasted future cash flows. The payment plan will remain in place until the agreement of a new Schedule of Contributions following the next triennial valuation due as at 31 March 2022. The amount owed under the schedule of contributions but unpaid as at 31 December 2020 was £518,000.

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Scheme liabilities at 1 January	76,382	63,975
Past service costs	46	-
Interest cost	1,491	1,685
Experience (gain)/loss on liability	(601)	302
Adjustment in respect of prior year	834	-
Net benefits paid from scheme assets	(3,696)	(3,180)
Actuarial loss on scheme liabilities	<u>6,262</u>	<u>13,600</u>
Scheme liabilities at 31 December	<u>80,718</u>	<u>76,382</u>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
The total actuarial loss/(gain) on the liabilities is analysed as follows		
Changes in demographic assumptions	-	2,055
Exceptional loss from changes to the assumptions relating to pensionable salaries	-	7,096
Loss from change in other assumptions	<u>6,262</u>	<u>4,449</u>
Total loss on scheme liabilities	<u>6,262</u>	<u>13,600</u>

The exceptional loss of £7,096,000 in 2019 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.

The adjustment in respect of the prior year of £834,000 represents a recalculation of total liabilities as a result of information that came to light in the year regarding the benefits paid post the most recent triennial valuation in March 2019.

**(iii) Changes in fair value of scheme assets**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets at 1 January	68,958	64,031
Return on scheme assets (excluding amounts included in net interest)	5,060	4,916
Employer contributions (of which £518,000 was unpaid at 31 December 2020)	1,117	1,680
Net benefits paid	(3,696)	(3,180)
Expenses paid	(216)	(195)
Interest income	<u>1,346</u>	<u>1,706</u>
Fair value of scheme assets at 31 December	<u>72,569</u>	<u>68,958</u>

**(iv) Amounts recognised in income**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
The amounts recognised in the income statement are as follows:		
Interest on assets	1,346	1,706
Interest cost on liabilities	(1,491)	(1,685)
Interest on effect of asset ceiling	<u>-</u>	<u>(2)</u>
Charged to other finance income	<u>(145)</u>	<u>19</u>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Past service costs	<u>46</u>	<u>-</u>
Charged to employment costs (note 6)	<u>46</u>	<u>-</u>

The actual return on scheme assets net of expenses for the year was a gain of £6,406,000 (2019 loss - £6,622,000).



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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial gain on scheme assets in excess of interest	(5,060)	(4,916)
Change in restriction on recognising surplus in the year	-	(58)
Experience (gain)/loss on liability	(601)	302
Adjustment in respect of prior year	834	-
Exceptional additional loss from changes in the assumptions relating to pensionable salaries	-	7,096
Actuarial loss from changes to other assumptions	<u>6,262</u>	<u>6,504</u>
Total loss recognised in other comprehensive income during the year	<u>1,435</u>	<u>8,928</u>

The adjustment in respect of the prior year of £834,000 represents a recalculation of total liabilities as a result of information that came to light in the year regarding the benefits paid post the most recent triennial valuation in March 2019.

The total loss in 2019 included £7,096,000 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:	<b>2020</b>	<b>2019</b>
Discount rate for scheme liabilities	1.30%	2.00%
Rate of increase on fixed pensions in payment	5.00%	5.00%
Rate of increase on RPI pensions in payment	3.00%	3.10%
Inflation (RPI)	3.10%	3.20%
Inflation (CPI)	2.10%	2.20%

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 (2019 - 100% of S3PA year of use with CMI\_2018 [1%] projections). Under this assumption the average life expectancy of males aged 65 is 21.7 years and of females aged 65 is 24.0 years. 100% of members are assumed to take their maximum tax free cash lump sum (2019: 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**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	72,569	68,958
Present value of funded defined benefit obligations	<u>(80,718)</u>	<u>(76,382)</u>
	(8,149)	(7,424)

**19 Pensions (continued)**

## (viii) Analysis of fair value of scheme assets

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Equities	17,976	19,585
Fixed Income	46,257	39,307
Cash and debtors	1,635	6,676
Alternatives	<u>6,701</u>	<u>3,390</u>
Fair value of assets	<u>72,569</u>	<u>68,958</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 £822,000 (2019: £867,000).

Included in the general accruals are pension contributions amounting to £92,000 (2019 - £106,000).

**20 Future financial commitments**

## (i) Operating leases

At 31 December 2020 there were the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

**Operating leases that expire:**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	429	591	429	591
In second to fifth years	<u>379</u>	<u>733</u>	<u>379</u>	<u>733</u>
	<u>808</u>	<u>1,324</u>	<u>808</u>	<u>1,324</u>

## (ii) Finance leases

At 31 December 2020 the following obligations under finance leases are included in the financial statements:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	46	51	46	51
In second to fifth years	<u>27</u>	<u>67</u>	<u>27</u>	<u>67</u>
	<u>73</u>	<u>118</u>	<u>73</u>	<u>118</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.

**21 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 overdrawn and bank loan balances of £1,500,000 as at 31 December 2020 (2019: £nil).

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.

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