

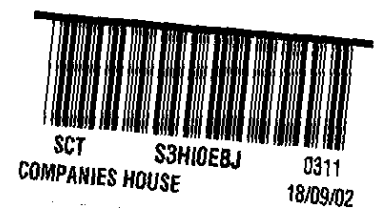
LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Company Registered in Scotland No. 134332

Directors' Report and Financial Statements

For the year to 31 March 2002



LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report and Financial Statements

For the year ended 31 March 2002

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Directors

J K S Booker	M MacLeod
J A Bruce (resigned 30.10.01)	J G Moore (Managing Director)
R M Clark	P W Randall
J Cook (Chairman)	S Tennent
J Dunse (appointed 30.10.01)	B Wilcox
B Henderson (appointed 28.2.02)	D M Wilson

Secretary

J G Moore

Accountants

Scott-Moncrieff
17 Melville Street
Edinburgh
EH3 7PH

Auditors

Johnston Smillie
22 Craigmount Avenue
Edinburgh
EH12 8NQ

Bankers

Bank of Scotland
7 Wolseley Place
Edinburgh
EH8 7AD

Solicitors

Shepherd and Wedderburn WS
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2ET

Registered Office

200 Sir Harry Lauder Road
Edinburgh
EH15 2QA

Charity No. SC018884

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Directors' Report

For the year ended 31 March 2002

The directors submit their annual report and audited financial statements for the year ended 31 March 2002.

Constitution

Lothian Community Transport Services is a company limited by guarantee and is recognised as a charity by the Inland Revenue. The management of the company is the responsibility of the Directors who are elected under the terms of the Memorandum and Articles of Association.

Results

The results for the period are as shown in the Income and Expenditure Account and Statement of Financial Activities and the surplus has been transferred to reserves. The financial statements have been prepared in accordance with current statutory requirements and the charity's governing document.

The directors confirm that the charity's assets are available and adequate to fulfil the company's obligations.

Principal activities and review of business

The Company's principal activity is the provision of community transport services within Edinburgh, Midlothian and West Lothian. There have been no changes in objectives since the last annual report.

In Edinburgh, the Company was called upon to act as external advisors to the City of Edinburgh Council's working group on Social and Community Transport. The Council subsequently resolved to reorganise its in-house delivery of such transport and has announced its intention to enter into a partnership with a voluntary sector organisation to manage the delivery and development of social and community transport in the city. The directors consider that this will present the Company with a number of exciting opportunities and challenges during 2002/03.

In West Lothian, the Company was successful in its bid for additional resources to maintain the Community Driver Project collaboration with Local Volunteer Enterprise (Bathgate).

As part of their review of community transport services, Midlothian Council contracted a transport consultancy to evaluate the Company's services in Midlothian. The report concluded that the Company provided good value for money when compared with other services at both a local and national level. As a result Midlothian Council resolved to substantially increase its contribution to the Company in order to sustain the level of community transport service in the area.

The Company had further success in Midlothian when it was awarded a grant from the Scottish Executive's Rural Communities Transport Initiative to develop both the community Bus network and the with-driver minibus hire service from 2002-2005.

The 18-month project funded by the Coalfields Regeneration Trust ended in March. The project was extremely successful and enabled the with-driver minibus hire service in Midlothian to expand by 37%. The Company has submitted an application to the Trust for a further grant to continue the project until March 2004, but the outcome will not be known until June 2002.

The Company operated a fleet of 15 minibuses during the year: 9 from the base in Edinburgh and 6 from the base in Midlothian. The City of Edinburgh Council owns three of the minibuses in the Edinburgh fleet, and four were owned by voluntary organisations. During the year one of these latter minibuses was donated to the Company. In Midlothian, all minibuses are owned by Midlothian Council. At the end of the year, the oldest minibus in the Midlothian fleet was 10 years old. The proceeds have been designated to support the with-driver minibus hire service pending the outcome of the application to the Coalfields Regeneration Trust.

The directors have revised the Company's Reserves Policy and have determined that no project budget should incur a deficit in 2002/03, and that non-project income should primarily be used to build up reserves to provide a minimum of three months' operating costs.

LOTHIAN COMMUNITY TRANSPORT SERVICES
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Directors' Report

For the year ended 31 March 2002

Connected company

The company has a wholly owned trading subsidiary, Community Transport Consultancy and Training Limited, which shares its registered office with the company. During the year the trading subsidiary made a charitable donation of £13,430 (2001: £14,807) to the company.

Reserves policy

The directors have identified the level of free reserves required to meet commitments as they fall due is £80,000. Free reserves at 31 March 2002 were £38,834. The directors are taking steps to reach the minimum requirement in the short to medium term.

Risk management

The directors have assessed the major risks to which the charity is exposed, in particular those related to the operations and financing of the charity, and are satisfied that systems are in place to mitigate exposure to the major risks.

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint Johnston Smillie as auditors will be proposed at the Annual General Meeting.

By order of the board



Secretary
J Moore

Edinburgh 29 August 2002

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Independent Auditors' Report to the members
For the year ended 31 March 2002

We have audited the financial statements of Lothian Community Transport Services for the year ended 31 March 2002 set out on pages 4 to 12. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

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

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

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

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

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2002 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Johnston Smillie
Registered Auditor
Chartered Accountants
Edinburgh

30 August 2002

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Income and Expenditure Account

For the year ended 31 March 2002

	Notes	2002 Total Funds £	2001 Total Funds £
Income			
Grants	2	266,853	261,885
Gain on sale of fixed assets		4,797	-
Charitable donation		13,430	14,807
Other income		108,304	95,643
Bank interest		2,763	5,590
Total income		396,147	377,925
Expenditure			
Fundraising	3	7,469	7,649
Direct charitable activities	3	361,089	351,256
Management and administration	3	20,324	20,651
Total expenditure		388,882	379,556
Surplus/(deficit) for the year		7,265	(1,631)
Allocated thus:			
Restricted funds		(6,353)	(1,246)
Designated funds		8,856	(1,795)
General fund		4,762	1,410
		7,265	(1,631)

All the activities of the company relate to continuing operations.

The company has no recognised gains and losses other than those included in the income and expenditure account.

The notes on pages 7 to 12 form part of these financial statements

LOTHIAN COMMUNITY TRANSPORT SERVICES
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Statement of Financial Activities

For the year ended 31 March 2002

	Notes	Unrestricted General £	Unrestricted Designated £	Restricted Funds £	2002 Total Funds £	Restated 2001 Total Funds £
Incoming resources						
Donations and membership income		28,770	-	-	28,770	32,692
Incoming resources from the operating activities						
- in furtherance of the objectives	2	202,392	-	21,595	223,987	265,421
- in generating funds		68,462	14,243	-	82,705	77,059
Investment income		2,763	-	-	2,763	5,590
Other incoming resources		6,070	8,986	-	15,056	699
Total incoming resources		308,457	23,229	21,595	353,281	381,461
Resources expended						
Cost of generating funds	3	6,825	239	405	7,469	7,649
Charitable expenditure						
- activities in furtherance of the charity's objects	3	279,157	13,164	68,768	361,089	351,256
- management and administration	3	17,713	970	1,641	20,324	20,651
Total resources expended	3	303,695	14,373	70,814	388,882	379,556
Net incoming/(outgoing) resources for the year before transfers		4,762	8,856	(49,219)	(35,601)	1,506
Transfer between funds		(8,876)	4,596	4,280	-	-
Net movement in funds		(4,114)	13,452	(44,939)	(35,601)	1,506
Fund balances at 1 April 2001		42,948	14,109	137,612	194,669	192,771
Fund balances at 31 March 2002		38,834	27,561	92,673	159,068	194,277

The notes on pages 7 to 12 form part of these financial statements

LOTHIAN COMMUNITY TRANSPORT SERVICES
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Balance Sheet

As at 31 March 2002

	Notes	£	2002 £	£	Restated 2001 £
Fixed assets					
Tangible assets	7		95,074		139,910
Investments	8		3		3
Current assets					
Debtors	9	34,156		45,655	
Cash at bank and in hand		89,158		50,986	
		<u>123,314</u>		<u>96,641</u>	
Creditors: amounts falling due within one year	10	(59,323)		(41,885)	
Net current assets			63,991		54,756
Net assets			<u>159,068</u>		<u>194,669</u>
Reserves					
Unrestricted funds					
- General	11		38,834		42,948
- Designated	11		27,561		14,109
			<u>66,395</u>		<u>57,057</u>
Restricted funds	11		92,673		137,612
			<u>159,068</u>		<u>194,669</u>

The financial statements were approved

by the directors on 29 August 2002

P. Randall
P. RANDALL *J. Cook*

The notes on pages 7 to 12 form part of these financial statements

LOTHIAN COMMUNITY TRANSPORT SERVICES
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Notes to the Financial Statements

For the year ended 31 March 2002

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historic cost convention and in accordance with the Companies Act 1985, applicable accounting standards in the United Kingdom and Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2000). The prior year figures have been restated to reflect the change in treatment of capital grants as required by the revised SORP.

Fixed assets and depreciation

In practice items under £500 are not capitalised unless they are funded by a capital grant. Depreciation is provided on fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life as follows:

Motor vehicles	5 years
Fixtures and fittings	4 years

In the year of purchase a full years depreciation is provided.

Operating leases

The costs for operating leases are charged in the Income and Expenditure account in the year to which they relate.

Funds

Unrestricted funds are donations and other income resources receivable or generated for the objects of the charity without further specified purposes and are available as general funds.

Designated funds are unrestricted funds earmarked by the management committee for particular purposes.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

Grants

Grants including capital grants are credited to the income and expenditure account in the period to which they relate. This income is exempt from value added tax.

Analysis of Expenditure

Expenditure is allocated directly to the activity to which it relates. Where this is not possible, it is allocated on basis of the time spent by staff on each activity.

LOTHIAN COMMUNITY TRANSPORT SERVICES

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Notes to the Financial Statements

For the year ended 31 March 2002

1. Accounting Policies (continued)

VAT

The company is partially exempt for VAT. The irrecoverable VAT is shown separately in the analysis of expenditure.

Pension

The company participates in a pension scheme with the Pensions Trust in a defined contributions scheme. In addition, contributions are made to personal pension funds. In all cases the assets of the schemes are held separately from those of the company in independently administered funds.

Cash flow statement

No cash flow statement has been prepared in accordance with the exemption granted to small companies under FRS1.

2. Grant income

	2002 £	Restated 2001 £
City of Edinburgh Council - Revenue	113,435	111,791
- Grant toward cost of move	-	4,000
Midlothian Council - Revenue	75,534	43,143
- Grant towards computer upgrade	-	750
West Lothian Council	13,423	13,096
Community Fund - Revenue	-	25,790
Coalfields Regeneration Trust - Capital	-	50,344
Coalfields Regeneration Trust - Revenue	16,670	16,507
Lloyds TSB Foundation for Scotland - Capital	4,925	-
	223,987	265,421
Less: transferred to capital fund	(4,925)	(54,504)
Add: released from capital fund	47,791	50,968
	266,853	261,885

LOTHIAN COMMUNITY TRANSPORT SERVICES

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Notes to the Financial Statements - continued

For the year ended 31 March 2002

3. Analysis of expenditure	Direct Charitable £	Fundraising & publicity £	Management administration £	& Total 2002 £	Total 2001 £
Staff costs					
Salaries and wages	153,148	2,785	11,283	167,216	159,304
Social security costs	12,763	232	940	13,935	13,753
Pension	3,910	71	288	4,269	3,944
Recruitment	-	-	-	-	476
Redundancy	-	-	-	-	759
Staff expenses	4,404	80	325	4,809	2,872
Conferences and training	2,183	39	161	2,383	1,814
	<u>176,408</u>	<u>3,207</u>	<u>12,997</u>	<u>192,612</u>	<u>182,922</u>
Supplies and services					
Rent, rates and insurance	22,887	417	1,687	24,991	32,701
Office equipment, repairs and Maintenance	2,202	40	162	2,404	3,283
Heat, light and cleaning	916	16	67	999	1,029
Provisions	174	3	13	190	245
Office equipment leasing	3,790	68	279	4,137	3,552
Publications	-	2,819	-	2,819	2,385
Publicity	-	-	-	-	460
	<u>29,969</u>	<u>3,363</u>	<u>2,208</u>	<u>35,540</u>	<u>43,655</u>
Vehicle costs					
Fuel	19,127	-	-	19,127	21,686
Vehicle licence and insurance	10,484	-	-	10,484	7,393
Vehicle repairs and maintenance	27,903	-	-	27,903	20,037
Vehicle leasing and hire	27,770	-	-	27,770	28,233
Sundry vehicle costs	781	-	-	781	555
	<u>86,065</u>	<u>-</u>	<u>-</u>	<u>86,065</u>	<u>77,904</u>
Other costs					
Printing and stationery	2,504	46	184	2,734	3,479
Postage and telephone	3,620	66	266	3,952	5,248
Auditors' remuneration	-	-	1,185	1,185	1,150
Accountancy fees	4,936	90	364	5,390	5,250
Subscriptions	587	10	43	640	223
Volunteer expenses	1,554	-	-	1,554	2,249
Sundries	4,373	79	322	4,774	3,590
Depreciation	47,052	536	2,173	49,761	49,281
Executive Committee expenses	-	-	291	291	-
Irrecoverable VAT	3,956	72	291	4,319	4,605
Bad debts written off	65	-	-	65	-
Total other costs	<u>68,647</u>	<u>899</u>	<u>5,119</u>	<u>74,665</u>	<u>75,075</u>
Total expenditure	<u>361,089</u>	<u>7,469</u>	<u>20,324</u>	<u>388,882</u>	<u>379,556</u>

LOTHIAN COMMUNITY TRANSPORT SERVICES

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Notes to the Financial Statements - continued

For the year ended 31 March 2002

4.	Staff costs and numbers	2002	2001
		£	£
	Directors' emoluments	33,628	32,728

One director received remuneration and expenses as an employee during the year. One director received reimbursement of travel expenses of £36 during the year.

The total salary costs were as follows:

	£	£
Salaries and wages	167,216	159,304
Social Security costs	13,935	13,753
Pension costs	4,269	3,944
	<u>185,420</u>	<u>177,001</u>
	Number	Number
The average number of employees during the year was	11	12

No employee received emoluments above £50,000.

5. Indemnity Insurance

The company arranged indemnity insurance cover in respect of the directors and officers at a cost of £1,594.

6. Taxation

The company has charitable status and is not liable to tax.

7. Tangible fixed assets

	Motor Vehicles £	Fixtures & fittings £	Total £
Cost			
Balance at 1 April 2001	270,468	21,309	291,777
Additions	-	4,925	4,925
Disposals	(35,207)	(4,725)	(39,932)
Balance at 31 March 2002	<u>235,261</u>	<u>21,509</u>	<u>256,770</u>
Depreciation			
Balance at 1 April 2001	133,331	18,536	151,867
Charge for year	47,052	2,709	49,761
Eliminated on disposal	(35,207)	(4,725)	(39,932)
Balance at 31 March 2002	<u>145,176</u>	<u>16,520</u>	<u>161,696</u>
Net book value			
At 31 March 2002	<u>90,085</u>	<u>4,989</u>	<u>95,074</u>
At 31 March 2001	<u>137,137</u>	<u>2,773</u>	<u>139,910</u>

LOTHIAN COMMUNITY TRANSPORT SERVICES

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Notes to the Financial Statements - continued

For the year to 31 March 2002

8. Investments

The company has a wholly owned trading subsidiary, Community Transport Consultancy and Training Limited, which shares its registered office with the company. During the year the trading subsidiary made a charitable donation of £13,430 (2001 £14,807) to the company.

9. Debtors

	2002	2001
	£	£
Trade debtors	9,320	10,368
Community Transport Consultancy and Training Limited	13,430	14,807
Other debtors	452	11,422
Prepayments	10,954	9,058
	<u>34,156</u>	<u>45,655</u>

10. Creditors: Amounts falling due within one year

	2002	2001
	£	£
Trade creditors	12,074	6955
Community Transport Consultancy and Training Limited	167	3
Accruals	47,082	21,781
Deferred income	-	4,160
Other creditors	-	8,986
	<u>59,323</u>	<u>41,885</u>

11. Reserves

		Restated Balance at 31 March 2001 £	Incoming Resources £	Resources Expended & transfers £	Balance at 31 March 2002 £
<i>Unrestricted funds – General</i>		42,948	308,457	(312,571)	38,834
<i>Unrestricted funds – Designated</i>					
Contingency fund	(a)	9,962	-	-	9,962
Managed Vehicles Fund	(b)	4,147	14,243	(14,373)	4,017
With – driver minibus hire service	(c)	-	8,986	4,596	13,582
		<u>14,109</u>	<u>23,229</u>	<u>(9,777)</u>	<u>27,561</u>
<i>Restricted funds</i>					
Coalfields Regeneration Trust	(d)	2,047	16,670	(18,717)	-
Midlothian Transport Action Group	(e)	176	-	(26)	150
Capital Fund	(f)	135,389	4,925	(47,791)	92,523
		<u>137,612</u>	<u>21,595</u>	<u>(66,534)</u>	<u>92,673</u>
		<u>194,669</u>	<u>353,281</u>	<u>(388,882)</u>	<u>159,068</u>

LOTHIAN COMMUNITY TRANSPORT SERVICES

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Notes to the Financial Statements - continued

For the year to 31 March 2002

11. Reserves continued

- (a) The directors have designated a contingency fund.
- (b) The directors have designated funds for future operational costs of minibuses management on behalf of other voluntary organisations.
- (c) The directors have designated funds to continue the programme originally funded by the Coalfields Regeneration Trust.
- (d) The Coalfields Regeneration Trust provided a grant for the final twelve month period of an eighteen month programme to support the with-driver minibus hire service. The grant has now been fully expended.
- (e) The company administers a fund on behalf of the Midlothian Transport Action Group.
- (f) The Capital Fund, set up under the requirements of SORP 2000, will fund future depreciation of fixed assets which were originally purchased using capital grants received for this purpose.

12. Analysis of net assets

	Restricted Funds				Total £
	General Fund £	Designated Funds £	Midlothian Transport Action Fund £	Capital Fund £	
Fixed assets	2,551	-	-	92,523	95,074
Investments	3	-	-	-	3
Net current assets	36,280	27,561	150	-	63,991
	38,834	27,561	150	92,523	159,068