

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 2003

24/07/03



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LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report and Financial Statements

For the year ended 31 March 2003

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Directors

J K S Booker	J G Moore (Managing Director)
R M Clark	A Pottage (appointed 27.2.03)
J Cook (Chairman)	P W Randall
J Dunse	S Tennent
B Henderson	B Wilcox
M MacLeod	D M Wilson

Secretary

J G Moore

Accountants

Scott-Moncrieff
17 Melville Street
Edinburgh
EH3 7PH

Auditors

Johnston Smillie
22 Craigmount Avenue
Edinburgh
EH12 8HQ

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 2003

The directors submit their annual report and audited financial statements for the year ended 31 March 2003.

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 successfully tendered for selection as the City of Edinburgh Council's Voluntary Sector Partner in the planning and development of social and community transport services. The Company has continued to work with other voluntary sector transport providers under the auspices of the Edinburgh Community Transport Operators Group: a primary task has been an exploration of how best to create a stable and sustainable community transport network that will result in improved access to transport services.

A key feature of the partnership with the City of Edinburgh Council is the linkage with the Council's new Corporate Transport Unit, together with the opportunities this presents to engage in the development of a robust community transport strategy for the city. An example of partnership working has been the Company's extensive involvement in developing an action plan to meet the mobility and transport needs of older people in Edinburgh in the context of the Council's *A City for All Ages* 10-year strategy.

In Midlothian, the Company was successful with its application for a further grant from the Coalfields Regeneration Trust, which will enable the enhanced with-driver minibus hire service to be sustained until March 2004. The directors have established a designated fund with the aim of enabling this improved service to be maintained until March 2005.

Also in Midlothian, the first year of the grant from the Scottish Executive's Rural Community Transport Initiative enabled the Company to pilot three additional Community Bus services. After a period of evaluation, it was resolved that only two of these routes were sustainable, which means that the Company's Community Bus network now comprises four routes. The Scottish Executive's grant will enable this network to operate until March 2005.

In June 2002, the Company relocated its Midlothian office to a new self-contained unit that provides an improved operational environment for staff based there.

In West Lothian, the Company continued to operate the Community Driver Project in partnership with Volunteer Centre West Lothian (previously known as Local Volunteer Enterprise). The Company has also re-opened discussions with West Lothian Council about how best to identify and meet the transport needs of the local voluntary sector.

The Company operated a fleet of 14 (15 in 2001/02) minibuses during the year: 8 (9 in 2001/02) from the base in Edinburgh and 6 from the base in Midlothian. A minibus was re-allocated from the Edinburgh fleet to the Midlothian fleet at the start of the year in order to more accurately reflect the funding commitment made by both the City of Edinburgh Council and Midlothian Council. Three of the minibuses in the Edinburgh fleet are owned by other voluntary organisations and are managed on their behalf by the Company. At the end of the year, one of these groups gave notice that they intended to sell their minibus in June 2003, with the consequence that the Edinburgh fleet will be reduced still further. The remaining two managed minibuses are at the end of their economically viable lives, and it is likely that the company will cease to operate them during the next financial year.

The directors have reviewed the Company's Reserves Policy and have established a *Minibus Replacement Fund* with a view to using donations to finance the acquisition of a minibus for the Edinburgh fleet in 2003/04. The directors are, however, resolved to balance this objective with a commitment to build up general reserves to meet a minimum of three months' operating costs.

24/07/03

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Directors' Report

For the year ended 31 March 2003

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 £9,478 (2002 - £13,430) 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 2003 were £53,167. 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 the 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 28 August 2003

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Independent Auditors' Report to the members For the year ended 31 March 2003

We have audited the financial statements of Lothian Community Transport Services for the year ended 31 March 2003 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 and 8.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the 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.

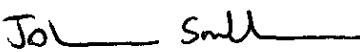
Basis of opinion

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 2003 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

2/9 2003

24/07/03

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Income and Expenditure Account

For the year ended 31 March 2003

	Notes	2003 Total Funds £	2002 Total Funds £
Income			
Grants	2	276,408	266,853
Gain on sale of fixed assets		-	4,797
Charitable donation		9,478	13,430
Other income		113,379	108,304
Bank interest		2,527	2,763
Total income		401,792	396,147
Expenditure			
Fundraising	3	7,264	7,469
Direct charitable activities	3	300,223	361,089
Management and administration	3	21,077	20,324
Total expenditure		328,564	388,882
Surplus for the year	13	73,228	7,265
Allocated thus:			
Restricted funds		2,770	(6,353)
Designated funds		(889)	8,856
General fund		71,347	4,762
		73,228	7,265

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

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LOTHIAN COMMUNITY TRANSPORT SERVICES
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Statement of Financial Activities

For the year ended 31 March 2003

	Notes	Unrestricted General £	Unrestricted Designated £	Restricted Funds £	2003 Total Funds £	2002 Total Funds £
Incoming resources						
Donations and membership income		28,194	-	-	28,194	28,770
Incoming resources from the operating activities						
- in furtherance of the objectives	2	203,506	-	30,746	234,252	223,987
- in generating funds		80,601	10,759	-	91,360	82,705
Investment income		2,527	-	-	2,527	2,763
Other incoming resources		3,303	-	-	3,303	15,056
Total incoming resources		318,131	10,759	30,746	359,636	353,281
Resources expended						
Cost of generating funds	3	6,620	188	456	7,264	7,469
Charitable expenditure						
- activities in furtherance of the charity's objects	3	221,720	10,693	67,810	300,223	361,089
- management and administration	3	18,444	767	1,866	21,077	20,324
Total resources expended	3	246,784	11,648	70,132	328,564	388,882
Net incoming/(outgoing) resources for the year before transfers		71,347	(889)	(39,386)	31,072	(35,601)
Transfer between funds		(50,783)	49,102	1,681	-	-
Net movement in funds		20,564	48,213	(37,705)	31,072	(35,601)
Fund balances at 1 April 2002		38,834	27,561	92,673	159,068	194,669
Fund balances at 31 March 2003		59,398	75,774	54,968	190,140	159,068

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 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	7		56,595		95,074
Investments	8		3		3
Current assets					
Debtors	9	38,129		34,156	
Cash at bank and in hand		109,155		89,158	
		<u>147,284</u>		<u>123,314</u>	
Creditors: amounts falling due within one year	10	<u>(13,742)</u>		<u>(59,323)</u>	
Net current assets			<u>133,542</u>		<u>63,991</u>
Net assets			<u>190,140</u>		<u>159,068</u>
Reserves					
Unrestricted funds					
- General	11	59,398		38,834	
- Designated	11	75,774		27,561	
		<u>135,172</u>		<u>66,395</u>	
Restricted funds	11	54,968		92,673	
		<u>190,140</u>		<u>159,068</u>	

The financial statements were approved

by the directors on 28 August 2003


P Randall Director

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 2003

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).

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 year's 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, except for income receivable from Midlothian Council.

Analysis of Expenditure

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

LOTHIAN COMMUNITY TRANSPORT SERVICES*(a company limited by guarantee)***Notes to the Financial Statements****For the year ended 31 March 2003****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	2003	2002
	£	£
City of Edinburgh Council - Revenue	113,435	113,435
Midlothian Council - Revenue	76,312	75,534
West Lothian Council	13,759	13,423
Coalfields Regeneration Trust - Revenue	17,362	16,670
Lloyds TSB Foundation for Scotland - Capital	-	4,925
Scottish Executive	13,384	-
	234,252	223,987
Less: transferred to capital fund	-	(4,925)
Add: released from capital fund	42,156	47,791
	276,408	266,853

LOTHIAN COMMUNITY TRANSPORT SERVICES

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Notes to the Financial Statements - continued

For the year ended 31 March 2003

3. Analysis of expenditure	Direct Charitable £	Cost of Generating funds £	Management & administration £	Total 2003 £	Total 2002 £
Staff costs					
Salaries and wages	158,006	2,775	11,335	172,116	167,216
Social security costs	13,241	233	950	14,424	13,935
Pension	3,894	69	279	4,242	4,269
Staff expenses	3,615	63	259	3,937	4,809
Conferences and training	586	10	42	638	2,383
	<u>179,342</u>	<u>3,150</u>	<u>12,865</u>	<u>195,357</u>	<u>192,612</u>
Supplies and services					
Rent, rates and insurance	23,590	415	1,692	25,697	24,991
Office equipment, repairs and Maintenance	7,225	127	518	7,870	2,404
Heat, light and cleaning	1,790	31	128	1,949	999
Provisions	309	5	22	336	190
Office equipment leasing	3,614	63	259	3,936	4,137
Publicity	-	536	-	536	-
Publications	-	1,918	-	1,918	2,819
	<u>36,528</u>	<u>3,095</u>	<u>2,619</u>	<u>42,242</u>	<u>35,540</u>
Vehicle costs					
Fuel	20,319	-	-	20,319	19,127
Vehicle licence and insurance	14,066	-	-	14,066	10,484
Vehicle repairs and maintenance	30,578	-	-	30,578	27,903
Vehicle leasing and hire	(43,497)	-	-	(43,497)	27,770
Sundry vehicle costs	1,071	-	-	1,071	781
	<u>22,537</u>	<u>-</u>	<u>-</u>	<u>22,537</u>	<u>86,065</u>
Other costs					
Printing and stationery	3,896	68	279	4,243	2,734
Postage and telephone	4,113	72	295	4,480	3,952
Auditors' remuneration	-	-	1,220	1,220	1,185
Accountancy fees	4,673	82	335	5,090	5,390
Subscriptions	354	6	25	385	640
Volunteer expenses	2,391	-	-	2,391	1,554
Sundries	1,161	21	86	1,268	4,774
Depreciation	41,418	703	2,873	44,994	49,761
Executive Committee expenses	-	-	208	208	291
Irrecoverable VAT	3,798	67	272	4,137	4,319
Bad debts written off	12	-	-	12	65
Total other costs	<u>61,816</u>	<u>1,019</u>	<u>5,593</u>	<u>68,428</u>	<u>74,665</u>
Total expenditure	<u>300,223</u>	<u>7,264</u>	<u>21,077</u>	<u>328,564</u>	<u>388,882</u>

LOTHIAN COMMUNITY TRANSPORT SERVICES
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Notes to the Financial Statements - continued
For the year ended 31 March 2003

4. Staff costs and numbers	2003	2002
	£	£
Directors' emoluments	34,280	33,628

One director received remuneration and expenses as an employee during the year. One director received reimbursement of travel expenses of £692 during the year.

The total salary costs were as follows:

	£	£
Salaries and wages	172,116	167,216
Social Security costs	14,424	13,935
Pension costs	4,242	4,269
	<u>190,782</u>	<u>185,420</u>

	Number	Number
The average number of employees during the year was	11	11

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 £1,906.

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 2002	235,261	21,509	256,770
Additions	-	6,514	6,514
Balance at 31 March 2003	<u>235,261</u>	<u>28,023</u>	<u>263,284</u>
Depreciation			
Balance at 1 April 2002	145,176	16,520	161,696
Charge for year	41,417	3,576	44,993
Balance at 31 March 2003	<u>186,593</u>	<u>20,096</u>	<u>206,689</u>
Net book value			
At 31 March 2003	48,668	7,927	56,595
At 31 March 2002	<u>90,085</u>	<u>4,989</u>	<u>95,074</u>

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Notes to the Financial Statements - continued

For the year to 31 March 2003

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 £9,478 (2002 - £13,430) to the company.

9. Debtors	2003 £	2002 £
Trade debtors	14,352	9,320
Community Transport Consultancy and Training Limited	9,479	13,430
Other debtors	-	452
Prepayments	14,298	10,954
	<u>38,129</u>	<u>34,156</u>

10. Creditors: Amounts falling due within one year	2003 £	2002 £
Trade creditors	9,945	12,074
Community Transport Consultancy and Training Limited	77	167
Accruals	3,720	47,082
	<u>13,742</u>	<u>59,323</u>

11. Reserves		Balance at 31 March 2002 £	Incoming Resources £	Resources Expended & transfers £	Balance at 31 March 2003 £
<i>Unrestricted funds – General</i>		38,834	318,131	(297,567)	59,398
<i>Unrestricted funds – Designated</i>					
Contingency fund (a)		9,962	-	1,543	11,505
Managed Vehicles Fund (b)		4,017	10,759	(14,776)	-
Midlothian with – driver minibus hire service (c)		13,582	-	4,062	17,644
Minibus replacement fund (d)		-	-	46,625	46,625
		<u>27,561</u>	<u>10,759</u>	<u>37,454</u>	<u>75,774</u>
<i>Restricted funds</i>					
Midlothian Transport Action Group (e)		150	-	(27)	123
Capital Fund (f)		92,523	30,746	(72,902)	50,367
Coalfields Regeneration Trust Fund (g)		-	-	4,478	4,478
		<u>92,673</u>	<u>30,746</u>	<u>(68,451)</u>	<u>54,968</u>
		<u>159,068</u>	<u>359,636</u>	<u>(328,564)</u>	<u>190,140</u>

LOTHIAN COMMUNITY TRANSPORT SERVICES

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Notes to the Financial Statements - continued

For the year to 31 March 2003

11. Reserves continued

- (a) The directors have designated a contingency fund.
- (b) As a result of changes in the number of managed minibuses, together with the fact that the remaining two such vehicles are now at the end of their economically viable lives, the Managed Vehicles Fund has been exhausted.
- (c) The directors have designated funds to enable the Midlothian with-driver minibus hire service to be sustained at current levels during 2004/05, after the expiry of the grant from the Coalfields Regeneration Trust.
- (d) The directors have designated funds to enable the replacement of minibuses owned by the company.
- (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.
- (g) The balance of the Coalfields Regeneration Trust Fund will be expended during 2003/04 in accordance with the terms of the grant award.

12. Analysis of net assets

	Restricted Funds					Total £
	General Fund £	Designated Funds £	Midlothian Transport Action Fund £	Capital Fund £	Coalfield Fund £	
Fixed assets	6,228	-	-	50,367	-	56,595
Investments	3	-	-	-	-	3
Net current assets	53,167	75,774	123	-	4,478	133,542
	<u>59,398</u>	<u>75,774</u>	<u>123</u>	<u>50,367</u>	<u>4,478</u>	<u>190,140</u>

13. Exceptional item

The operating surplus of the year, £73,228, is stated after crediting £43,497 in respect of an accrual for leases no longer required.