

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 2004



LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report and Financial Statements

For the year ended 31 March 2004

Contents	Pages
Director's Report	1 - 3
Independent Auditor's Report to the Members	4
Income and Expenditure Account	5
Statement of Financial Activities	6
Balance Sheet	7
Notes to the Financial Statements	8 - 13

Directors

J K S Booker	J G Moore (Managing Director)
R M Clark	A Pottage
J Cook (Chairman)	P W Randall
J Dunse	S Tennent
B Henderson	B Wilcox
M MacLeod (resigned 29 April 2004)	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 2004

The directors submit their annual report and audited financial statements for the year ended 31 March 2004.

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.

In Edinburgh, the Company was able to use its position as the City of Edinburgh Council's Voluntary Sector Partner in the planning and development of social and community transport to help secure £960,000 of new investment in the local voluntary transport sector. The Company will receive £188,000 from 2003-2006, which will enable the replacement of two minibuses and the acquisition of an accessible MPV-type vehicle, with the balance being used to help build the partnership approach to working that is being developed under the umbrella of the Edinburgh Community Transport Operators Group (ECTOOG). The Company is a signatory to the *ECTOOG Working in Partnership Statement*, which sets out the framework for developing a co-ordinated network of four minibus pools that is based on common, quality assured, operational standards.

Also in Edinburgh, the Company has been heavily involved in developing a *Community & Accessible Transport Strategy* in partnership with the Council, NHS Lothian and ECTOG. It is anticipated that this will be the subject of a consultation exercise within the local voluntary sector during 2004.

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 2005. This means that the funds that the Company had set aside for this purpose can now be used to help maintain the service in the following year.

Also in Midlothian, the Company's Community Bus network is now fully integrated into the minibus hire service. Some routes on the network are now operating at close to capacity: overall, Community Bus service passenger trips increased by 76% on the previous year. The Company intends to submit a further application to the Scottish Executive's Rural Community Transport Initiative to sustain the network from 2005/08.

During the year, Midlothian Council undertook a survey of passengers on the Company's minibus hire service: 100% of respondents found the service reliable, and every "additional comment" either praised the service in general or the professional and helpful nature of the drivers in particular.

In March 2003, the Company relocated its Midlothian office to a site in Dalkeith that includes a secure yard for minibus parking. It is anticipated that this will lead to a significant reduction in the overnight vandalism to which the fleet was regularly subjected.

In West Lothian, the Company continued to operate the Community Driver Project in partnership with Volunteer Centre West Lothian: 30 different local organisations used a volunteer driver from the project during the year. The Company has identified the need to strengthen its presence in West Lothian, and anticipates that this will be achieved in the context of a Best Value review that will be carried out by West Lothian Council during 2004/05.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report

For the year ended 31 March 2004

Principal activities and review of business continued

The Company operated a fleet of 13 minibuses (14 in 2002/03) during the year: 7 (8 in 2002/03) from the base in Edinburgh and 6 from the base in Midlothian. One of the three minibuses in the Edinburgh fleet that are owned by other voluntary organisations, but are managed on their behalf by the Company, was sold by the owner at the start of the year. Both the remaining managed vehicles are in urgent need of replacement, and the Company intends to explore ways of achieving this with their owners during 2004/05. Two of the minibuses in the Midlothian fleet are owned by Midlothian Council, and the Company was pleased when they were both finally replaced with new vehicles in October. The directors have authorised the purchase of a new minibus for the Edinburgh fleet using money set aside in the *Minibus Replacement Fund*.

As part of its ongoing commitment to quality assurance, the Company achieved *Investors in People* accreditation in early 2004. During the process leading up to accreditation the Company reviewed its Business Vision & Objectives, and drafted both an Internal Communication Plan and a Training Development Plan. The Company will be designing a website during 2004/05.

The company made a surplus of £20,769 during the year, most of which has been allocated to the Midlothian with-driver minibus hire service fund and Minibus replacement fund.

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 £25,549 (2003 - £9,478) to the company.

Reserves policy

The directors have identified the level of free reserves required to meet commitments as they fall due is £90,000. Free reserves at 31 March 2004 were £60,771. 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.

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Directors' Report

For the year ended 31 March 2004

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

Edinburgh 2 September 2004

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Independent Auditors' Report to the members
For the year ended 31 March 2004

We have audited the financial statements of Lothian Community Transport Services for the year ended 31 March 2004 set out on pages 5 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8 and 9.

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.

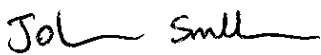
Basis of opinion

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 2004 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

10/9 2004

LOTHIAN COMMUNITY TRANSPORT SERVICES*(a company limited by guarantee)***Income and Expenditure Account****For the year ended 31 March 2004**

	Notes	2004 Total Funds £	2003 Total Funds £
Income			
Grants	2	295,215	276,408
Charitable donation		25,549	9,478
Other income		115,172	113,379
Bank interest		2,417	2,527
Total income		438,353	401,792
Expenditure			
Fundraising	3	8,539	7,264
Direct charitable activities	3	384,069	300,223
Management and administration	3	24,976	21,077
Total expenditure		417,584	328,564
Surplus for the year		20,769	73,228

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 8 to 13 form part of these financial statements

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Statement of Financial Activities

For the year ended 31 March 2004

	Notes	Unrestricted General £	Unrestricted Designated £	Restricted Funds £	2004 Total Funds £	2003 Total Funds £
Income resources						
Donations and membership income		44,822	-	-	44,822	28,194
Incoming resources from the operating activities						
- in furtherance of the objectives	2	207,995	-	156,360	364,355	234,252
- in generating funds		90,182	4,325	1,302	95,809	91,360
Investment income		2,417	-	-	2,417	2,527
Other incoming resources		90	-	-	90	3,303
Total incoming resources		345,506	4,325	157,662	507,493	359,636
Resources expended						
Cost of generating funds	3	7,945	14	580	8,539	7,264
Charitable expenditure						
- activities in furtherance of the charity's objects	3	293,420	729	89,920	384,069	300,223
- management and administration	3	22,545	57	2,374	24,976	21,077
Total resources expended	3	323,910	800	92,874	417,584	328,564
Net incoming/(outgoing) resources for the year before transfers		21,596	3,525	64,788	89,909	31,072
Transfer between funds		(20,223)	20,375	(152)	-	-
Net movement in funds		1,373	23,900	64,636	89,909	31,072
Fund balances at 1 April 2003		59,398	75,774	54,968	190,140	159,068
Fund balances at 31 March 2004		60,771	99,674	119,604	280,049	190,140

The notes on pages 8 to 13 form part of these financial statements

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Balance Sheet

As at 31 March 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	7		97,557		56,595
Investments	8		3		3
Current assets					
Debtors	9	78,098		38,129	
Cash at bank and in hand		289,244		109,155	
		<u>367,342</u>		<u>147,284</u>	
Creditors: amounts falling due within one year	10	<u>(184,853)</u>		<u>(13,742)</u>	
Net current assets			<u>182,489</u>		<u>133,542</u>
Net assets			<u>280,049</u>		<u>190,140</u>
Reserves					
Unrestricted funds					
- General	12		60,771		59,398
- Designated	12		99,674		75,774
			<u>160,445</u>		<u>135,172</u>
Restricted funds	12		119,604		54,968
			<u>280,049</u>		<u>190,140</u>

The financial statements were approved

by the directors on 2 September 2004


..... Director
P Randall

The notes on pages 8 to 13 form part of these financial statements

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Notes to the Financial Statements

For the year ended 31 March 2004

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.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received.

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 2004

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	2004	2003
	£	£
City of Edinburgh Council - Revenue	115,594	113,435
City of Edinburgh - Urban Community Transport Pilot Project grant - Capital & Revenue	30,000	-
City of Edinburgh - City Development grant - Capital	100,000	-
Midlothian Council - Revenue	77,533	76,312
West Lothian Council - Revenue	14,103	13,759
Coalfields Regeneration Trust - Revenue	13,434	17,362
Scottish Executive - Revenue	13,691	13,384
	364,355	234,252
Less: transferred to capital fund	(129,235)	-
Add: released from capital fund	60,095	42,156
	295,215	276,408

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements - continued

For the year ended 31 March 2004

3. Analysis of expenditure	Direct Charitable £	Cost of Generating funds £	Management & administration £	Total 2004 £	Total 2003 £
Salaries and associated staff costs	193,073	3,705	15,154	211,932	195,357
Supplies and services	35,140	3,459	2,759	41,358	42,242
Vehicle costs	71,580	-	-	71,580	22,537
Auditors' remuneration	-	-	1,260	1,260	1,220
Accountancy fees	5,142	99	404	5,645	5,090
Depreciation	58,520	929	3,800	63,249	44,994
Other costs	20,614	347	1,599	22,560	17,124
Total expenditure	384,069	8,539	24,976	417,584	328,564

4. Staff costs and numbers

Directors' emoluments	37,192	34,280

One director received remuneration and expenses as an employee during the year. One director (2003: 1) received reimbursement of travel expenses of £692 during the year.

The total salary costs were as follows:

	£	£
Salaries and wages	183,698	172,116
Social Security costs	16,316	14,424
Pension costs	3,944	4,242
	203,958	190,782

The average number of employees during the year was

Number	Number
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.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements - continued

For the year ended 31 March 2004

7. Tangible fixed assets	Motor Vehicles £	Fixtures & fittings £	Total £
Cost			
Balance at 1 April 2003	235,261	28,023	263,284
Additions	99,598	4,613	104,211
Balance at 31 March 2004	334,859	32,636	367,495
Depreciation			
Balance at 1 April 2003	186,593	20,096	206,689
Charge for year	58,520	4,729	63,249
Balance at 31 March 2004	245,113	24,825	269,938
Net book value			
At 31 March 2004	89,746	7,811	97,557
At 31 March 2003	48,668	7,927	56,595

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 £25,549(2003 - £9,478) to the company.

9. Debtors	2004 £	2003 £
Trade debtors	15,458	14,352
Community Transport Consultancy and Training Limited	25,708	9,479
Other debtors	23,066	-
Prepayments	13,866	14,298
	78,098	38,129

10. Creditors: Amounts falling due within one year	2004 £	2003 £
Trade creditors	131,513	9,945
Community Transport Consultancy and Training Limited	88	77
Accruals	11,274	3,720
Deferred income (note 11)	41,978	-
	184,853	13,742

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements - continued

For the year to 31 March 2004

11.	Deferred Income			£	£
	Balance brought forward			-	-
	Local authority grant and other funding received for 2004/05			41,978	-
				<u>41,978</u>	<u>-</u>
12.	Reserves	Balance at 31 March 2003 £	Incoming Resources £	Resources Expended & transfers £	Balance at 31 March 2004 £
	<i>Unrestricted funds – General</i>	59,398	345,506	(344,133)	60,771
	<i>Unrestricted funds – Designated</i>				
	Contingency fund (a)	11,505	-	-	11,505
	Midlothian with – driver minibus hire service (b)	17,644	4,325	(800)	21,169
	Minibus replacement fund (c)	46,625	-	20,375	67,000
		<u>75,774</u>	<u>4,325</u>	<u>19,575</u>	<u>99,674</u>
	<i>Restricted funds</i>				
	Midlothian Transport Action Group Capital Fund (d)	123	-	(26)	97
	- General (e)	50,367	103,307	(60,095)	93,579
	- Urban Community Transport Pilot Project (f)	-	25,928	-	25,928
	Coalfields Regeneration Trust Fund	4,478	13,434	(17,912)	-
	Scottish Executive Rural Community Transport Initiative (g)	-	14,993	(14,993)	-
		<u>54,968</u>	<u>157,662</u>	<u>(93,026)</u>	<u>119,604</u>
		<u>190,140</u>	<u>507,493</u>	<u>(417,584)</u>	<u>280,049</u>

- (a) The directors have designated a contingency fund.
- (b) The directors have designated funds to enable the Midlothian with-driver minibus hire service to be sustained at current levels after the expiry of specific project grants.
- (c) The directors have designated funds to enable the replacement of minibuses owned by the company. An order for a new minibus costing £38,736 has been placed and will be delivered during 2004/05.
- (d) The company administers a fund on behalf of the Midlothian Transport Action Group.
- (e) 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.
- (f) This grant is for the purchase of a new vehicle which has been ordered and will be delivered in the year to 31 March 2005.
- (g) This is a 3-year grant which supports the work of the company in Midlothian.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements - continued

For the year to 31 March 2004

13. Analysis of net assets

	General Fund £	Designated Funds £	Restricted Funds		Total £
			Midlothian Transport Action Fund £	Capital Fund £	
Fixed assets	3,978	-	-	93,579	97,557
Investments	3	-	-	-	3
Net current assets	56,790	99,674	97	25,928	182,489
	60,771	99,674	97	119,507	280,049

14. Commitments

Two new vehicles costing £64,664 have been ordered and will be delivered during the year to 31 March 2005.