

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)
Company Registered in Scotland No. SC134332

Directors' Report and Financial Statements
For the year to 31 March 2012

Charity Number: SC018884

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LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report and Financial Statements
For the year ended 31 March 2012

Contents	Pages
Director's Report	1 - 6
Independent Auditor's Report to the Members	7 - 8
Income and Expenditure Account	9
Statement of Financial Activities	10
Balance Sheet	11
Notes to the Financial Statements	12 - 17

Directors

D Alexander
A Forrester
J G Moore (Managing Director)
P Davidson (resigned 30 June 2011)

P W Randall
B Wilcox
G Wilson
S Wright (resigned 30 June 2011)
W Rae
W Mason
J Ackerman (appointed 28 April 2011)

Secretary

J G Moore

Accountants

Johnston Smillie Ltd
Chartered Accountants
22 Craigmount Avenue
Edinburgh
EH12 8HQ

Auditors

Charles Burrows & Co
Chartered Accountants and Statutory Auditors
7 Palmerston Place
Edinburgh
EH12 2QA

Bankers

Bank of Scotland
7 Wolseley Place
Edinburgh
EH8 7AD

Solicitors

Shepherd and Wedderburn WS
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

Registered Office

200 Sir Harry Lauder Road
Edinburgh
EH15 2QA

Charity No. SC018884
Company No. SC134332

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report

For the year ended 31 March 2012

The directors submit their annual report and audited financial statements for the year ended 31 March 2012.

Structure, governance and management

Lothian Community Transport Services is a company limited by guarantee and is registered as a charity in Scotland. The management of the company is the responsibility of the directors who are elected or appointed under the terms of the Memorandum and Articles of Association, and who also act as charity trustees. All directors, except the Managing Director, retire at each AGM but are eligible to stand for re-election.

The Board of Directors meets bi-monthly and comprises the Managing Director and up to fourteen persons elected from the company's membership. The company has a Finance Sub-Committee that meets bi-monthly, and a Staffing and Personnel Sub-Committee that meets as and when required. The day to day management of the company has been delegated to the Managing Director.

The behaviour of directors is regulated by the company's Code of Conduct, which includes a Register of Interests. Agendas for board meetings include a standing item under which directors are required to declare any interests in the business due for discussion. The Code of Conduct was reviewed in February to take account of provisions in *The Bribery Act 2010*.

The company's Employee Handbook was updated during the year to reflect changes in good practice and employment legislation. The company's health and safety policy was reviewed in February, and a number of amendments were agreed.

The company successfully maintained its Investor in People status after the annual review in August, and was also successful in retaining the Investing in Volunteering standard after the triennial review in October.

Induction and Training

New directors receive an induction pack, which includes a copy of the company's Memorandum and Articles of Association, the business plan, a staff chart and an outline of the responsibilities of directors and trustees under company and charity law. Copies of relevant company policies and procedures are also provided.

Training opportunities for all directors are monitored throughout the year, with relevant courses notified as appropriate.

The company reviewed its induction procedures for new directors during the year and made some improvements concerning information about operating procedures at each base.

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.

Objectives and activities

The company's overarching aim, which is set out in its business plan, is to deliver, promote and support high quality accessible passenger transport services in Edinburgh, Midlothian and West Lothian.

The overall objectives of the company are to promote, organise, provide and manage, whether as principal or otherwise, transport services in the interests of social welfare, the relief of poverty and the advancement of education, to those who have a transport needs.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report

For the year ended 31 March 2012

Objectives and activities (continued)

The company's business plan, which is reviewed in June each year, sets out the principal objectives, the key steps and the timeframe for their achievement over the next twelve months. For 2011/12, two principal objectives were established: firstly, to review the company's services in partnership with the City of Edinburgh Council, Midlothian Council and West Lothian Council so as to secure funding agreements for 2012/13 and beyond; secondly, to maintain a culture of good governance, open communication and quality assurance within the company.

Achievements and performance

In Edinburgh, the company achieved 1,157 vehicle hires providing 23,507 passenger trips. Although the number of hires remained similar to the previous year, the number of passenger trips fell due to lower passenger loadings by user-groups.

Overall, 95.9% (up from 92.7% in the previous year) of the vehicle hire service was delivered in the company's primary operating area of east Edinburgh. This continues to demonstrate the company's commitment to the ethos of the Edinburgh Community Transport Operators Group, whereby four group travel providers target their services in their own quadrants of the city.

Unfortunately, the company was unable to secure funding to replace any of the five vehicles that it owns and operates in Edinburgh. This is a matter of significant concern to the directors, especially since the cost of maintaining an ageing fleet remained high during the year.

368 delegates attended a training course provided by the company in Edinburgh. The vast majority attended various MiDAS training sessions: in addition, 56 drivers underwent a vehicle familiarisation and 19 people attended a Passenger Assistance Training course. Overall, the target for training in the funding agreement with the City of Edinburgh Council was met.

As in previous years, the company continued to work with various fora in Edinburgh in order to raise the profile and understanding of community and accessible transport issues in strategic planning processes.

In Midlothian, the company achieved 2,026 vehicle hires providing 43,208 passenger trips, which represented increases of 11.5% and 13.7% respectively compared to the previous year.

After consultation with Midlothian Council and passengers, the company registered some route and timetable revisions in October for its Community Bus network. The network, which comprises five routes each operating one day a week taking people from isolated communities to local shopping centres, undertook 3,267 passenger trips during the year, which was slightly fewer than in the previous year.

The company continued to operate a fleet of six wheelchair accessible vehicles in Midlothian, two of which were owned by Midlothian Council but deployed by the company as part of its Service Level Agreement with the Council. Unfortunately, severe budgetary pressures meant that the Council was unable to replace its two vehicles during the year; nevertheless, the company was pleased that the Council was able to continue repairing and maintain the vehicles during the year.

As with the Edinburgh fleet, the directors are concerned about the company's inability to raise capital to replace the four vehicles it owns and operates in Midlothian: a situation that is exacerbated by the rapidly escalating cost of maintaining an ageing fleet.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report

For the year ended 31 March 2012

Achievements and performance (continued)

The company provided a range of training sessions (e.g. MiDAS and Passenger Assistance Training) for 156 delegates in Midlothian, which was an increase of 71.5% on the previous year.

In West Lothian, the company met its targets in its funding agreement with West Lothian Council concerning the management and operation of a Community Driver Project in partnership with Voluntary Sector Gateway West Lothian. 36 people completed MiDAS training; 11 people attended *Out in 3* training; and 14 people attended Emergency 1st Aid training. The company also ran a bespoke training session for a local voluntary group on transport legislation and good practice procedures for operating a minibus.

The company continued to raise its profile in the area by representing transport interests on the West Lothian Voluntary Sector Strategic Group, which links directly into the local community planning process. The company was also one of four voluntary sector representatives on the West Lothian Compact Working Group, which oversees the implementation of the West Lothian Compact.

Overall, the company had another successful year, which was largely predicated on the service restructuring that was implemented in 2010.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report

For the year ended 31 March 2012

Financial review

The company made a surplus of £16,891 (2011: £9,416) during the year, after funds were released from the Capital fund. This release is based on the expected life of assets funded by specific grants and agreements.

Connected company

The company has a wholly owned trading subsidiary, Transport Training Skills (UK) Limited, which shares its registered office with the company. During the year the trading subsidiary made a charitable donation of £8,120 (2011: £20,327) to the company. Consolidated accounts have not been prepared as the subsidiary is not considered material.

Reserves policy

The company recognises the need to hold reserves in order to maintain its financial stability. Experience has shown that sometimes there are delays in receiving grant payments and, in the last resort, the company must have the resources necessary to pay off creditors and make redundancy payments. Furthermore, the company has short-term property leases and may be obliged to incur additional costs in moving to new premises.

In addition, since none of the core revenue local authority payments received by the company include an amount to replace vehicles owned by the company, a Vehicle Replacement Fund has been created to help fund future acquisitions.

The annual surplus generated by the company's wholly owned trading subsidiary is a critical factor in enabling the company to meet its financial obligations.

The company reviewed its Reserves Policy during the year and confirmed that the overriding objective for the short-term future was to build up free reserves to cover three months' operating costs, with a target of £125,000. Free reserves at 31 March 2012 were £99,673. The directors also took the opportunity to review the company's designated unrestricted funds and resolved to allocate additional sums to the Vehicle Replacement Fund in the hope that this would assist in securing new funds from charitable trusts.

Risk management

The company has a Risks Register that assesses the major risks to which the company is exposed; in particular those related to the operations and financing of the company. The register was reviewed during the year and the directors have identified the major risks that need to be managed during the short to mid-term.

A particular concern is a potential reduction in funding from local authorities. The directors have, therefore, continued their exploration new business models and the development of a social enterprise approach to service delivery. Overall, the directors are satisfied that systems are in place to mitigate exposure to the major risks.

Taxation

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

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report

For the year ended 31 March 2012

Plans for the future

During the next year, the company will:

- Continue to deliver a range of high quality services as set out in various funding agreements in order to meet the targets contained therein.
- Work to secure satisfactory funding agreements with the City of Edinburgh Council, Midlothian Council and West Lothian Council from 1 April 2013.
- Set up a short-life working group to explore new business opportunities.
- Update its website.
- Work to attain the CTA Quality Mark and confirm Investor In People accreditation.
- Seek funding to enable the purchase and maintenance of a computerised vehicle booking system.
- Seek funding to enable the replacement of vehicles owned by the company.

Directors' responsibilities

The Directors are responsible for preparing the annual report 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 (United Kingdom Accounting Standards and applicable law).

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 charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and 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 as disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable and ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

- As far as they are aware, there is no relevant audit information of which the charity's auditors are unaware, and
- Each Director has taken all the steps he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report

For the year ended 31 March 2012

Auditors

A resolution to appoint Charles Burrows & Co. Chartered Accounts as auditors will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

By order of the board



Secretary
J G Moore

Edinburgh 30 August 2012

Lothian Community Transport Services
(a company limited by guarantee)

Independent Auditors' Report to the Members and Trustees

For the year ended 31 March 2012

We have audited the financial statements of Lothian Community Transport Services for the year ended 31 March 2012 which comprise the Statement of Financial Activities, Balance Sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made exclusively to the members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's trustees 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 charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors (who are also the trustees of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Lothian Community Transport Services
(a company limited by guarantee)

Independent Auditors' Report to the Members and Trustees - continued

For the year ended 31 March 2012

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Michael T. Soutar (Senior Statutory Auditor)
Michael T Soutar BA CA
For and on behalf of
Charles Burrows & Co
Statutory Auditor
Chartered Accountants
7 Palmerston Place
Edinburgh

Dated: 30 August 2012

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Income and Expenditure Account

For the year ended 31 March 2012

	Notes	2012 Total Funds £	2011 Total Funds £
Income			
Grants	2	289,150	296,485
Charitable donation		8,120	20,327
Other income		166,805	141,417
Bank interest		983	508
Total income		465,058	458,737
Expenditure			
Fundraising	3	3,318	3,862
Charitable activities	3	431,644	426,958
Governance costs	3	13,205	18,501
Total expenditure		448,167	449,321
Surplus for the year		16,891	9,416

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 12 to 17 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 2012

	Notes	Unrestricted General £	Unrestricted Designated £	Restricted Funds £	2012 Total Funds £	2011 Total Funds £
Incoming resources						
Incoming resources from generated funds:						
-Investment income		983	-	-	983	508
-Donations		8,120	-	-	8,120	20,327
Activities for generating funds:						
-Membership		2,662	-	-	2,662	2,865
Incoming resources from charitable activities:						
-Grants	2	-	-	289,150	289,150	296,485
-Fees and vehicle hire		164,143	-	-	164,143	138,552
-Gain on sale of minibuses		-	-	-	-	-
Total incoming resources		<u>175,908</u>	<u>-</u>	<u>289,150</u>	<u>465,058</u>	<u>458,737</u>
Resources expended						
Cost of generating funds	3	-	-	3,318	3,318	3,862
Charitable activities	3	140,393	-	291,251	431,644	426,958
Governance costs	3	-	-	13,205	13,205	18,501
Total resources expended	3	<u>140,393</u>	<u>-</u>	<u>307,774</u>	<u>448,167</u>	<u>449,321</u>
Net incoming/(outgoing) resources for the year before transfers		35,515	-	(18,624)	16,891	9,416
Gross transfers between funds		<u>(8,000)</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		27,515	8,000	(18,624)	16,891	9,416
Total funds at 1 April 2011		<u>72,158</u>	<u>10,260</u>	<u>30,526</u>	<u>112,944</u>	<u>103,528</u>
Total funds at 31 March 2012	12	<u>99,673</u>	<u>18,260</u>	<u>11,902</u>	<u>129,835</u>	<u>112,944</u>

All activities of the company relate to continuing operations.

The notes on pages 12 to 17 form part of these financial statements

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

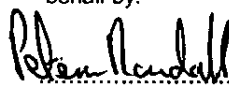
Balance Sheet

As at 31 March 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	7		10,114		28,436
Investments	8		3		3
Current assets					
Debtors	9	40,319		48,533	
Cash at bank and in hand		111,441		73,827	
		<u>151,760</u>		<u>122,360</u>	
Creditors: amounts falling due within one year	10	<u>(32,042)</u>		<u>(37,855)</u>	
Net current assets			119,718		84,505
Net assets			<u>129,835</u>		<u>112,944</u>
Reserves					
Unrestricted funds					
- General	12		99,673		72,158
- Designated	12		18,260		10,260
			<u>117,933</u>		<u>82,418</u>
Restricted funds	12		11,902		30,526
			<u>129,835</u>		<u>112,944</u>

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were authorised for issue by the Board of Directors on 30 August 2012 and signed on their behalf by:

 Director
P Randall

Company No. SC134332

The notes on pages 12 to 17 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 2012

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historic cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom, with Charities Accounts (Scotland) regulations 2006 and Statement of Recommended Practice – Accounting and Reporting by Charities (2005).

Going concern

The charity depends on grant funding from outside sources to finance its activities and has committed funding until March 2012. The Board have fully considered the going concern position of the charity at the date of approving the financial statements. As a consequence the Board have prepared the financial statements on the going concern basis.

Consolidation

The company is exempt from the requirements to prepare group accounts by virtue of section 398 of the Companies Act 2006. These financial statements therefore present information about the company as an individual and not about its group.

Cash flow statement

The Charity qualifies as a small entity under the provision of FRS 1 and accordingly has not presented a cash flow statement.

Incoming Resources

Incoming resources have been credited to the accounts when they are receivable. Any income which relates to a period outwith the one under review is treated as deferred.

Grants

Revenue 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 and West Lothian Council.

Capital grants are credited to a capital fund and released over the life of the asset.

Expenditure Allocation

Where possible expenditure has been charged direct to charitable expenditure or governance costs. Where this is not possible the expenditure has been allocated on the basis of time spent by staff on each activity.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.
- Cost of generating funds includes all costs associated with generating incoming resources from all sources other than from undertaking charitable activities.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Operating leases

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

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements - continued

For the year ended 31 March 2012

1. Accounting Policies (continued)

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.

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.

Pension

The company participates in a defined contributions pension scheme with the Pensions Trust. 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.

2. Grant income		2012	2011
		£	£
City of Edinburgh Council	- Revenue	150,591	150,591
Midlothian Council	- Revenue	123,136	123,136
West Lothian Council	- Revenue	15,423	16,584
Future Jobs	- Revenue	-	6,174
		289,150	296,485

In addition to the grants received from local authorities, the company has the use of 3 free issue minibuses from the City of Edinburgh Council and 2 free issue minibuses from Midlothian Council. The vehicles are not owned by the company. Neither the value nor the benefit of these vehicles is specified in the funding agreements the company has with the two local authorities, so the directors are of the opinion that this can't be quantified.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements - continued

For the year ended 31 March 2012

3. Analysis of expenditure	Cost of generating funds £	Charitable £	Governance Costs £	Total 2012 £	Total 2011 £
Salaries and associated staff costs	2,209	252,325	6,627	261,161	261,583
Supplies and services	1,109	41,507	-	42,616	41,167
Vehicle costs	-	98,008	-	98,008	89,637
Auditors' remuneration	-	-	2,500	2,500	2,075
Accountancy fees	-	-	2,771	2,771	9,550
Depreciation	-	19,393	-	19,393	19,724
Other costs	-	20,411	1,307	21,718	25,585
Total expenditure	3,318	431,644	13,205	448,167	449,321
4. Net movement in funds				2012	2011
This is stated after charging:				£	£
Depreciation				19,393	19,724
Gain of disposal of fixed assets				-	-
Auditors' remuneration – audit fees				2,500	2,075
5. Staff costs and numbers				2012	2011
				£	£
Directors' emoluments				39,957	41,944

J Moore, director, received remuneration and expenses during the year for his role as managing director. One director (2011: 2) received reimbursement of travel and subsistence expenses totalling £1,172 (2011: £1,089) during the year.

The total salary and associated staff costs were as follows:

	2012 £	2011 £
Salaries and wages	232,532	232,102
Social Security costs	18,350	19,881
Pension costs	7,180	7,159
Travel & Conference Training Costs	3,099	2,441
	261,161	261,583
	Number	Number
Chief Executive	1	1
Administration and support	2	2
Transport drivers	13	13
	16	16

No employee received emoluments above £60,000.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements - continued

For the year ended 31 March 2012

6. Indemnity Insurance

The company arranged indemnity insurance cover in respect of the directors and officers at a cost of £1,097 (2011: £1,087).

7. Tangible fixed assets

	Motor Vehicles £	Fixtures & fittings £	Total £
Cost			
Balance at 31 March 2011	411,652	32,056	443,708
Additions	-	1,071	1,071
Balance at 31 March 2012	411,652	33,127	444,779
Depreciation			
Balance at 31 March 2011	383,803	31,469	415,272
Charge for year	18,624	769	19,393
Depreciation on disposals	-		
Balance at 31 March 2012	402,427	32,238	434,665
Net book value			
At 31 March 2012	9,225	889	10,114
At 31 March 2011	27,849	587	28,436

8. Investments

The company has a wholly owned trading subsidiary, Transport Training Skills (UK) Limited, which shares its registered office with the company.

9. Debtors

	2012 £	2011 £
Trade debtors	18,588	14,421
Amounts due from subsidiary	8,120	20,327
Prepayments and accrued income	13,611	13,785
	40,319	48,533

10. Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	17,365	16,325
Other creditor	3,672	1,881
Other taxes and social security costs	6,916	10,719
Accruals and deferred income	4,089	8,930
	32,042	37,855

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements - continued
For the year to 31 March 2012

11. Leasing commitments

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 March 2012 were as set out below:

	2012 £ Land and buildings	2011 £ Land and buildings
Operating leases which expire: Within two to five years	4,200	4,200
	<u>4,200</u>	<u>4,200</u>

12. Reserves

	Balance at 31 March 2011 £	Incoming Resources £	Resources Expended £	Transfers £	Balance at 31 March 2012 £
Unrestricted funds – General	72,158	175,908	(140,393)	(8,000)	99,673
Unrestricted funds – Designated					
Midlothian Project Fund (a)	7,000	-	-	(7,000)	-
Vehicle Replacement Fund (b)	3,260	-	-	15,000	18,260
	<u>10,260</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>18,260</u>
Restricted funds					
City of Edinburgh (c)	-	150,591	(150,591)	-	-
Midlothian (d)	-	123,136	(123,136)	-	-
West Lothian (e)	-	15,423	(15,423)	-	-
Capital Fund (f)					
- General	30,526	-	(18,624)	-	11,902
	<u>30,526</u>	<u>289,150</u>	<u>(307,774)</u>	<u>-</u>	<u>11,902</u>
	<u>112,944</u>	<u>465,058</u>	<u>(448,167)</u>	<u>-</u>	<u>129,835</u>

- (a) The directors have resolved that there is no need for a Midlothian Project Fund and have determined that the residual balance should be transferred to the Vehicle Replacement Fund.
- (b) The directors have resolved to designate additional funds to aid the replacement of vehicles owned by the company.
- (c) The purpose of the City of Edinburgh Council restricted funds is for the provision of community transport services in Edinburgh.
- (d) The purpose of the Midlothian Council restricted fund is for the provision of community transport services in Midlothian.
- (e) The purpose of the West Lothian Council restricted fund is for the provision of community transport services in West Lothian.
- (f) The Capital Fund, set up under the requirements of SORP 2005, will fund future depreciation of fixed assets which were originally purchased using capital grants received for this purpose.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements - continued
For the year to 31 March 2012

13. Analysis of net assets

	General Fund £	Designated Funds £	Restricted Funds £	Total £
Fixed assets	889	-	9,225	10,114
Investments	3	-	-	3
Net current assets	98,781	18,260	2,677	119,718
	<u>99,673</u>	<u>18,260</u>	<u>11,902</u>	<u>129,835</u>

14. Contingent liabilities

The Pension Trust

The company participates in a defined contributions pension scheme with the Pensions Trust. The Scheme Actuary estimated the liability to the company upon withdrawal from the Growth Plan at 30 September 2011 as being £70,907 and that the liability is likely to have increased by approximately 9% at 31 March 2012. The company has no intentions to withdraw from the Growth Plan.

15. Taxation

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

16. Related party transactions

During the year the trading subsidiary made a charitable donation of £8,120 (2011: £20,327) to the company. This was the balance outstanding at the year end.