

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 2016

Company Number: SC134332

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 2016

Contents	Pages
Directors' Report	1 – 9
Independent Auditor's Report to the Members	10 - 11
Statement of Financial Activities	12 - 13
Balance Sheet	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 - 31

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report
For the year ended 31 March 2016

Reference and Administrative Details

Charity No. SC018884
Company No. SC134332
Registered Office: 200 Sir Harry Lauder Road, Edinburgh, EH15 2QA

Directors and Trustees

D Alexander
A Forrester
J G Moore (Managing Director)
P W Randall

B Wilcox
G Wilson
W Rae
W Mason
J Ackerman

Secretary

J G Moore

Accountants

Johnston Smillie Ltd
Chartered Accountants
6 Redheughs Rigg
Edinburgh
EH12 9DQ

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

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Directors' Report (Cont'd) For the year ended 31 March 2016

The directors are pleased to present their annual report, together with the consolidated financial statements of the company and its subsidiary, for the year ending 31 March 2016, which are prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102).

Structure, Governance and Management

Governing document

Lothian Community Transport Services is a company limited by guarantee and is registered as a charity in Scotland. It is governed by its Memorandum and Articles of Association, which were last reviewed and amended in 2014. The company was first incorporated on 4 October 1991.

Appointment of directors and trustees

All directors are elected or appointed to the Executive Committee under the terms of the company's Articles of Association. The minimum number of directors is five and the maximum is eleven, except in so far as the directors have the power to co-opt up to four further directors. All directors, except the Managing Director, retire at each AGM but are eligible to stand for re-election. The directors also act as charity trustees.

All members of the company are circulated with an invitation to nominate directors/trustees prior to the AGM. At 31 March 2016, there were 201 group members (2015: 217) and 7 individual members (2015: 7). Each member agrees to contribute £1 in the event of the company winding up.

When considering the co-option of directors/trustees, the Executive Committee has regard to the requirement for any specialist skills.

Induction and Training

New directors receive an induction pack, which includes a copy of the company's Memorandum and Articles of Association, a profile of current directors, the business plan, a fleet profile, an organisational profile, a staff chart, the employee handbook, job descriptions, the budget and an outline of the responsibilities of directors and trustees under company and charity law. Copies of other relevant company policies and procedures are also provided.

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

Organisation

The management of the company is undertaken by the Executive Committee, which normally meets bi-monthly. There is a Finance Sub-Committee that normally meets bi-monthly, and a Staffing and Personnel Sub-Committee that meets as and when required. Ad hoc working groups may be established as and when required.

The day to day operational management (including financial and employment matters) of the company has been delegated to a Managing Director. The Managing Director, who is a member of the Executive Committee, is appointed by the directors.

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 relating to the business due for discussion.

Related parties and co-operation with other organisations

The company has a wholly owned trading subsidiary, Transport Training Skills (UK) Limited, which shares its registered office with the company. The company appoints the directors of the trading subsidiary. During the year, the trading subsidiary made a charitable donation of £14,288 (2015: £27,025) to the company.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report (Cont'd)
For the year ended 31 March 2016

Structure, Governance and Management (Cont'd)

In Edinburgh, the company has worked in partnership with four other third sector providers of community transport services under the auspices of the Edinburgh Community Transport Operators Group (ECTOOG). ECTOOG is an informal forum which seeks to establish common operational standards within a mutually supportive relationship.

The company, along with other ECTOOG members, anticipates entering into a three-year Community Transport Public Social Partnership with the City of Edinburgh Council from 1 April 2016. The principal aim of this new relationship is, in general terms, to improve the design and delivery of community and accessible transport services by working in partnership to maximise benefit to the community.

The company has continued to work closely with both the City of Edinburgh Council and Midlothian Council to identify the need for driver training courses for each local authority. The design and delivery of new training programmes then takes place via the company's wholly owned trading subsidiary.

In West Lothian, the company has worked with West Lothian Council and Optima (a federation of third sector providers of day care for older people) to scope a specification for a local community transport resource capable of meeting Optima's needs on a sustainable basis. The company is hopeful that this may lead to an opportunity for it to expand the level of service it provides in West Lothian.

In all three of its operating areas, the company works in partnership with other third sector bodies through various fora, and local policy and strategy groups.

Pay policy for senior staff

All directors, except the Managing Director, give their time freely and receive no remuneration other than expenses (see the notes to the accounts).

The pay of the Managing Director, along with all other employees, is reviewed annually by the Executive Committee. If a pay award is implemented, it is based on a percentage increase which applies to all employees.

Risk management

The directors have a risk management strategy which comprises:

- An annual review of the principal risks and uncertainties that the company and its wholly owned trading subsidiary face.
- The establishment of policies, procedures and systems to mitigate those risks identified in the annual review.
- The implementation of procedures designed to minimise or manage any potential impact on the company should those risks materialise.

The company's Risks Register sets out the risks to which the company is exposed. The principal risks relate to the lack of long-term funding agreements with the company's local authority partners, and the possibility of service interruption due to an inability to secure funding to replace the company's vehicles.

These risks have been mitigated to varying degrees by:

- A reasonable expectation of the company entering into a three-year funded Community Transport Public Social Partnership with the City of Edinburgh Council from 1 April 2016.
- A two-year funding agreement with West Lothian Council from 1 April 2016.
- A reasonable expectation that the wholly owned trading subsidiary will identify new income generating opportunities in the next three years.

Overall, the directors are satisfied that systems are in place to mitigate and manage the major risks to which the company may be exposed.

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Directors' Report (Cont'd) For the year ended 31 March 2016

Objectives and Activities

The general purpose of the company is to provide community transport services within Edinburgh, the Lothians and the surrounding environs.

The charitable objectives of the company are to promote, organise, provide and manage transport services in the interests of social welfare, the relief of poverty and the advancement of education.

The company's overarching aim is to deliver, promote and support high quality accessible passenger transport services in Edinburgh, Midlothian and West Lothian

In furtherance of this aim, the company's strategy is to provide the following services:

- A vehicle hire service, which may include the management of vehicles on behalf of other agencies, targeted at not-for-profit community and voluntary organisations that are members of the company.
- Community bus services in areas with little or no commercial bus service.
- Training, advice and information on the design and delivery of community and accessible transport services.

The mix of services provided by the company is different in each of its three operating areas.

Edinburgh

The company manages a fleet of seven minibuses, which can be hired on a self-drive or a with-driver basis by member organisations, from a base in the Portobello area of Edinburgh. Four of the minibuses are owned by the company; three are owned by the City of Edinburgh Council, but are deployed by the company under the terms of its funding contract with the Council. All seven vehicles are operated in the company's corporate livery.

The company employs two part-time drivers to deliver its with-driver vehicle hire service in Edinburgh. This service is augmented by the occasional deployment of a volunteer and sessional drivers.

The company also provides a wide range of training courses in the city, including:

- Driver assessor/trainer training.
- Driver training.
- Passenger assistant trainer training.
- Passenger assistant training.
- Emergency evacuation procedures from a minibus, bus or coach.
- D1 driving entitlement.

In addition, the company is able to provide advice and information on:

- Accessible minibus specification and purchase.
- Design and delivery of passenger community transport services.
- Driver licensing legislation for 9-16 passenger seat minibuses.
- Maintenance checks for 9-16 passenger seat minibuses.
- Safe and legal operation of 9-16 passenger seat minibuses.

All the above services are provided with core funding from the City of Edinburgh Council.

Midlothian

The company manages a fleet of six minibuses, which can be hired on a self-drive or a with-driver basis by member organisations, from a base in Dalkeith. Four of the minibuses are owned by the company; two are owned by Midlothian Council, but are deployed by the company under the terms of its funding agreement with the Council. All six vehicles are operated in the company's corporate livery.

The fleet is also used by the company to operate five registered and timetabled community bus services in Midlothian. Two of the routes operate on Mondays and three on Thursdays. The primary purpose of these services is to provide a link between isolated communities and local shopping centres.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report and Financial Statements
For the year ended 31 March 2016

Objectives and Activities (Cont'd)

Midlothian(Cont'd)

The company employs four part-time drivers to deliver its direct transport services in Midlothian. This is augmented by the deployment of a small pool of volunteers and sessional drivers.

The company also provides the same range of training, advice and information services in the area as it does in Edinburgh.

All the above services are provided with core funding from Midlothian Council.

West Lothian

The company delivers a Community Driver Training Project in West Lothian, the purpose of which is to help ensure a supply of suitably qualified volunteer minibuss drivers and passenger assistants for local voluntary and community groups. This service is administered from the company's base in Edinburgh.

The company also provides the same range of training, advice and information services in the area as it does in Edinburgh and Midlothian.

All the above services are provided with core funding from West Lothian Council.

Our Core Values

The company has identified three areas around which it has established its core values. These are as follows:

- Organisational: to be a centre of excellence, to be pioneering and innovative, and to do everything with passion and commitment.
- Operational: to do everything to as high a standard as possible, to be reliable and flexible, and with everything underpinned by a teamwork approach.
- People: to seek to improve the lives of those using our services, to be rooted in our communities, and to be trusted and respected by the people we serve.

Achievements and Performance

Edinburgh

The company's minibus hire service delivered 22,167 passenger trips during 905 hires on behalf of 106 member groups in Edinburgh. These outputs were slightly lower than in the previous year due to the changing needs of user-groups. For example, there has been an increased demand for the carriage of passengers with various mobility aids, which necessitates the removal of seats in order to create safe storage areas: also, a group with multiple hires on the same day asked for them to be consolidated into a single hire (which meant the same level of service continued to be provided, but the way the number of hires was measured changed).

97% of the minibus hire service was delivered in the company's primary operating area of east Edinburgh. This demonstrates the company's continued commitment of the ethos of ECTOG, whereby four third sector group travel providers target their services in four quadrants covering the city.

Several user-groups continued to have difficulty finding anyone with the necessary driving licence entitlement to enable hiring on a self-drive basis. The directors would like the company to be able to meet such needs through an enhanced with-driver hire service, but the current economic situation is unlikely to result in additional funding that would enable the recruitment of more part-time drivers. Nevertheless, the directors expect that this issue will be explored further under the auspices of the Community Transport Public Social Partnership with the City of Edinburgh Council from 1 April 2016.

An eleven-year old minibus was replaced during the year, which resulted in a higher quality service being provided to user-groups and which also led to savings in the budget for repairs and maintenance. The new minibus was part financed by a grant from the Reshaping Care for Older People Fund, and also by a contribution from the company's Vehicle Replacement Fund.

The surplus generated by the company for the year ending 31 March 2016 has been allocated to the Vehicle Replacement Fund to enable the replacement of another eleven-year old minibus, which will have the dual purpose of driver training and self-drive hire to member organisations.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report and Financial Statements
For the year ended 31 March 2016

Achievements and Performance (Cont'd)

Edinburgh(Cont'd)

The company's training services continued to be successful in Edinburgh, with 313 (2015: 346) delegates attending a training course. The vast majority attended MiDAS or Passenger Assistance training sessions. Overall, the company met its target for training as set out in its contract with the City of Edinburgh Council.

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 particular, the company had a lead role in raising such issues within the Third Sector Strategy Group and the Equalities Transport Advisory Group.

Midlothian

The company's minibs hire service delivered 33,452 passenger trips during 1,615 hires on behalf of 91 member groups in Midlothian. These outputs were slightly lower than in the previous year due to a number of factors: for example, some user-groups experienced significant funding reductions and had to cut back on their transport needs; there was a continued increase in the number of passengers travelling in wheelchairs (with a consequential impact on the number of available seats) and also in the amount of vehicle and driver time that some groups needed for the transportation of passengers with complex or high-level care needs.

The community bus network undertook 2,853 passenger trips, with 95% of users being holders of a national entitlement card enabling free transport.

The directors are grateful for the contribution made by the volunteer drivers in Midlothian. Between them they contributed an average of 14½ hours a week, and they undertook 13% of the with-driver minibs hires. In common with many other community transport organisations, the company is finding it increasingly difficult to recruit and retain the number of volunteer drivers that it has had in the past. This is largely due to the cumulative effects of EU driver licensing legislation, whereby new car licence holders no longer have automatic entitlement to drive minibuses; but is also due to the changing nature of volunteering, whereby people often wish to volunteer for specific activities and for specific periods of time. The company is working with the local Volunteer Centre, as well as investigating other recruitment opportunities, in an effort to attract more volunteer drivers.

In August, the company took delivery of a new minibs that was 40% funded by grants from charitable trusts, with the balance met from the company's Vehicle Replacement Fund. The directors are grateful to the trusts that supported this endeavour: without their contributions it would've been impossible to place the order.

Of the four minibuses that the company owns and operates in Midlothian, three are now under two years old and one is nearly ten years old. The directors have identified an urgent need to raise funds to enable the replacement of the oldest minibs because it is becoming increasingly unreliable and expensive to maintain. It is in the nature of the minibs hire service that, although annual mileages are not especially high, each vehicle works very hard in a relatively small geographic area with lots of stop-start short trips with multiple passenger pick-ups and drop-offs. Such an operating environment has an adverse impact on engine and equipment longevity, with the consequence that maintenance costs rise steeply as a vehicle ages.

The company provided training sessions for 162 (2015: 166) delegates in Midlothian, mainly for MiDAS and Passenger Assistance.

West Lothian

The company's Community Driver Training Project provided 58 delegate places on various training courses in West Lothian, including MiDAS, Passenger Assistance and Out in 3 (which covers emergency evacuation procedures from a minibs). Overall, the company exceeded the target in its funding agreement with West Lothian Council.

In accordance with the objectives set out in its business plan, the company continued to raise its profile in the area through attendance at Voluntary Sector Forum meetings. The company also continued to work with Optima and the Council to establish how best the former's transport needs could be met by a local community transport facility.

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Directors' Report and Financial Statements For the year ended 31 March 2016

Achievements and Performance (Cont'd)

Overall

One of the company's key objectives in its business plan is to maintain a culture of good governance, open communication and quality assurance in the organisation.

As part of this commitment, the directors reviewed a number of policies and procedures during the year, including the Code of Conduct for Executive Committee Members, the Employee Handbook and the Health & Safety Policy. Every company policy is marked with a "last reviewed" date and a rolling programme of reviews is undertaken by the directors during the year.

The directors are pleased that the company successfully maintained its Investor in People status after the annual review. It was particularly gratifying to have the company recognised as an industry leader with a strong culture of teamwork.

The company has performance evaluation procedures in place for all its key services and consistently scores highly on user feedback. The directors are pleased to see that performance levels have increased on a like-for-like basis compared with the previous year. For delegates who completed a training evaluation form, the results were as follows:

- Very good: 83.1% (2015: 72.1%).
- Good: 16.1% (2015: 27.2%).
- Average: 0.8% (2015: 0.7%).

95% (2015: 96.8%) of delegates completed such a form during the year. The annual user-group survey showed that, overall, the minibus hire service was rated as follows:

- Very good: 90% (2015: 84%)
- Good: 10% (2015: 15%)
- Fair: 0% (2015: 1%)

Towards the end of the year, the directors held their annual strategic planning event, the outcomes of which were used to inform the business plan for 2016/17.

Financial Review

The group made a deficit of £22,625 (2015: surplus of £145,611) during the year, as shown in the Consolidated Statement of Financial Activities. Unlike in the previous year, no capital grants were received to assist with funding the replacement of vehicles.

Investment powers and policy

The directors, having regard to the liquidity requirements of the company, have sought to keep available funds in interest-bearing accounts. As part of the annual review of the company's Internal Financial Controls Manual, the directors authorised a number of changes to the amounts that are kept in fixed-day-notice and fixed-maturity-date accounts.

Pricing policy

The company's pricing policy is designed to make all services as affordable as possible, bearing in mind that service users are primarily other third sector groups, many of which are experiencing their own budgetary pressures. The majority of service charges were, therefore, frozen at the previous year's level.

The transport legislation under which the company operates its minibus hire service prohibits profit-making charges. However, even if charges were based on the level of full-cost recovery that is allowed by the law, the company's target user-groups would be unable to afford them. It is in the very nature of community transport that it needs a public subsidy in order to meet the needs of local communities.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Directors' Report and Financial Statements
For the year ended 31 March 2016

Financial Review (Cont'd)

Reserves policy and going concern

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 funding agreement payments and, in the event of closure, 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.

The directors have determined that there must be sufficient free reserves to:

- Cover a minimum of three months' operating costs so as to maintain the organisation's financial stability.
- Provide employees with appropriate notice and redundancy pay should cutbacks or closure of the organisation occur.
- Enable the payment of creditors in full in the event of closure.
- Meet the cost of the crystallisation of any employer debt liability arising from the organisation's withdrawal from The Pensions Trust.

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 directors reviewed the Reserves Policy during the year and determined that, in order to meet all the company's obligations in the event of closure, the level of free reserves would need to be £265,120. However, the directors are of the opinion that closure is not likely in the foreseeable future, and there is an overriding operational requirement to fund the replacement of ageing (and expensive to maintain) vehicles. The directors, therefore, resolved that the year's surplus should be allocated to the Vehicle Replacement Fund to enable the replacement of a minibus during 2016/17, with the consequence that Unrestricted Group General Funds at 31 March 2016 were £158,202. Of this total, £42,381 relates to un-depreciated general funds expended on fixed assets, which means that the unexpended Unrestricted General Funds balance was £115,821.

The directors acknowledge the critically important contribution made to the company's financial stability by the surplus generated from the wholly owned trading subsidiary.

Plans for the Future

In adopting the Business Plan 2016/17, the directors have established the company's primary objective as being to secure stable funding agreements with the City of Edinburgh Council, Midlothian Council and West Lothian Council that will enable the company to provide its services on a long-term and sustainable basis.

In Edinburgh, this objective will be pursued under the auspices of a three-year Community Transport Public Social Partnership between five local community transport providers and the City of Edinburgh Council. A key motivation for the company entering into this arrangement is that the partners will have an opportunity to consider the merits of a long-term strategic partnership to enable the co-design, delivery and development of community and accessible transport services across the city.

In Midlothian, the company will seek to build on the very positive relationship it already has with Midlothian Council. An important priority is financing a new minibus to replace one that is becoming increasingly uneconomic to maintain. The directors intend to seek funds from targeted appeals to charitable trusts, but also expect to make a significant contribution from the company's own income generating activities, including the surplus from the wholly owned trading subsidiary.

In West Lothian, the company will continue to work with Optima and West Lothian Council to determine the rationale and opportunity for establishing a local and sustainable community transport facility.

In order to maintain the company's reputation for good governance and open communication, the directors intend to review the company's website, with the intention that the Director's Report and Financial Statements can be downloaded.

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Directors' Report (Cont'd) For the year ended 31 March 2016

Plans for the Future (Cont'd)

Next year marks the 25th anniversary of the company's incorporation: it will also be the 21st anniversary of the base in Dalkeith. The directors will consider how best to celebrate this twin anniversary through various profile raising activities.

Our Directors' Responsibilities in Relation to our Financial Statements

The directors are responsible for preparing their annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The directors are responsible for keeping proper accounting records that 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 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Our Statement of Disclosure to our Auditors

In so far as the directors and trustees are aware at the time of approving our annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the groups' auditor is unaware, and
- The directors, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Our Auditors

A resolution to re-appoint Charles Burrows & Co. Chartered Accountants and Statutory Auditors as the company's auditors will be proposed at the Annual General Meeting.

By order of the board of directors



**J G Moore
Secretary**

25 August 2016

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Independent Auditors' Report to the Members and Trustees For the year ended 31 March 2016

We have audited the financial statements of Lothian Community Transport Services for the year ended 31 March 2016 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet, Consolidated Statement of Cash Flows 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), including Financial Reporting Standard 102.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and the parent charitable company's affairs as at 31 March 2016 and of the group's 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 (cont'd)
For the year ended 31 March 2016

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 parent 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 parent charitable company 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:*29.8.16*.....

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

**Consolidated Statement of Financial Activities
(Including Consolidated Income and Expenditure Account)
For the year ended 31 March 2016**

		Unrestricted General	Unrestricted Designated	Restricted Funds	2016 Total Funds	2015 Total Funds (Restated)
	Notes	£	£	£	£	£
Income and endowments from:						
Donations and legacies	2	-	-	-	-	49
Charitable activities:	3					
Edinburgh		71,424	-	150,591	222,015	229,636
Midlothian		79,977	-	133,900	213,877	219,798
West Lothian		280	-	17,439	17,719	17,165
Other trading activities	4&6	53,797	-	-	53,797	69,386
Capital grants		-	-	-	-	104,555
Investments	5	664	-	-	664	846
Total		<u>206,142</u>	<u>-</u>	<u>301,930</u>	<u>508,072</u>	<u>641,435</u>
Expenditure on:						
Raising funds	7	7,008	-	-	7,008	7,281
Charitable activities:	8					
Edinburgh		24,618	-	193,494	218,112	232,135
Midlothian		37,823	-	191,907	229,730	202,657
West Lothian		123	-	20,625	20,748	16,350
Other trading activities		39,509	-	-	39,509	42,361
Total		<u>109,081</u>	<u>-</u>	<u>406,026</u>	<u>515,107</u>	<u>500,784</u>
Net income/(expenditure)		97,061	-	(104,096)	(7,035)	140,651
Transfer between funds	21	(92,327)	(1,101)	93,428	-	-
Other gains/(losses):						
Gain on sale of fixed assets		-	6,000	-	6,000	6,580
Re-measurement of pension deficit		(21,590)	-	-	(21,590)	(1,620)
Net movement in funds		(16,856)	4,899	(10,668)	(22,625)	145,611
Reconciliation of funds:						
Total funds brought forward		<u>175,058</u>	<u>47,515</u>	<u>121,081</u>	<u>343,654</u>	<u>198,043</u>
Total funds carried forward	21	<u>158,202</u>	<u>52,414</u>	<u>110,413</u>	<u>321,029</u>	<u>343,654</u>

All activities of the group relate to continuing operations.

The notes on pages 16 to 31 form part of the accounts

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Charity Statement of Financial Activities
(Including Income and Expenditure Account)
For the year ended 31 March 2016

		Unrestricted General	Unrestricted Designated	Restricted Funds	2016 Total Funds	2015 Total Funds (Restated)
	Notes	£	£	£	£	£
Income and endowments from:						
Donations and legacies	2	14,288	-	-	14,288	27,074
Charitable activities:	3					
Edinburgh		71,424	-	150,591	222,015	229,636
Midlothian		79,977	-	133,900	213,877	219,798
West Lothian		280	-	17,439	17,719	17,165
Capital grants		-	-	-	-	104,555
Investments	5	664	-	-	664	846
Total		<u>166,633</u>	<u>-</u>	<u>301,930</u>	<u>468,563</u>	<u>599,074</u>
Expenditure on:						
Raising funds	7	7,008	-	-	7,008	7,281
Charitable activities:	8					
Edinburgh		24,618	-	193,494	218,112	232,135
Midlothian		37,823	-	191,907	229,730	202,657
West Lothian		123	-	20,625	20,748	16,350
Total		<u>69,572</u>	<u>-</u>	<u>406,026</u>	<u>475,598</u>	<u>458,423</u>
Net income/(expenditure)		97,061	-	(104,096)	(7,035)	140,651
Transfer between funds	21	(92,327)	(1,101)	93,428	-	-
Other gains/(losses):						
Gain on sale of fixed assets		-	6,000	-	6,000	6,580
Re-measurement of pension deficit		(21,590)	-	-	(21,590)	(1,620)
Net movement in funds		(16,856)	4,899	(10,668)	(22,625)	145,611
Reconciliation of funds:						
Total funds brought forward		175,113	47,515	121,081	343,709	198,098
Total funds carried forward	21	<u>158,257</u>	<u>52,414</u>	<u>110,413</u>	<u>321,084</u>	<u>343,709</u>

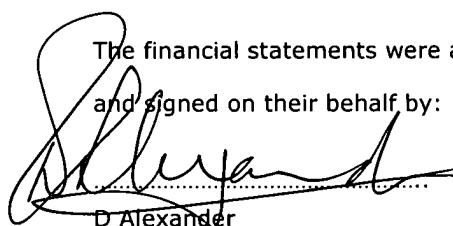
All activities of the company relate to continuing operations
The notes on pages 16 to 31 form part of the accounts

LOTHIAN COMMUNITY TRANSPORT SERVICES
Consolidated Balance Sheet
As at 31 March 2016

		Group 2016	Group 2015 (Restated)	Company 2016	Company 2015 (Restated)
	Notes	£	£	£	£
Fixed Assets					
Tangible Assets	14	152,794	110,672	152,794	110,672
Investments	15	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
		152,794	110,672	152,797	110,675
Current Assets					
Debtors	16	44,816	45,693	55,934	69,594
Cash at bank and in hand		<u>206,347</u>	<u>262,292</u>	<u>191,929</u>	<u>233,045</u>
		251,163	307,985	247,863	302,639
Creditors: amounts falling due within one year	17	<u>(26,189)</u>	<u>(35,762)</u>	<u>(22,837)</u>	<u>(30,364)</u>
Net current assets		<u>224,974</u>	<u>272,223</u>	<u>225,026</u>	<u>272,275</u>
Creditors: Amounts falling due after more than one year					
Pension provision	25	<u>(56,739)</u>	<u>(39,241)</u>	<u>(56,739)</u>	<u>(39,241)</u>
Total Net Assets		<u>321,029</u>	<u>343,654</u>	<u>321,084</u>	<u>343,709</u>
Reserves					
Unrestricted funds:					
General funds		158,202	175,058	158,257	175,113
Designated funds		<u>52,414</u>	<u>47,515</u>	<u>52,414</u>	<u>47,515</u>
		210,616	222,573	210,671	222,628
Restricted funds		<u>110,413</u>	<u>121,081</u>	<u>110,413</u>	<u>121,081</u>
		<u>321,029</u>	<u>343,654</u>	<u>321,084</u>	<u>343,709</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 44 of the Charities and Trustee Investment (Scotland) Act 2005. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were authorised for issue by the Board of Directors on 25 August 2016
and signed on their behalf by:

 Director
D Alexander

Company No. SC234332

The notes on pages 16 to 31 form part of the accounts

LOTHIAN COMMUNITY TRANSPORT SERVICES

Statement of Cash Flows and Consolidated Statement of Cash Flows For the year ending 31 March 2016

	Note	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Net cash provided by operating activities	24	<u>36,369</u>	<u>189,629</u>	<u>51,198</u>	<u>182,023</u>
Cash flows from investing activities:					
Interest and dividends		664	846	664	846
Purchase of property, plant & equipment		<u>(92,978)</u>	<u>(64,957)</u>	<u>(92,978)</u>	<u>(64,957)</u>
Net cash used in investing activities		<u>(92,314)</u>	<u>(64,111)</u>	<u>(92,314)</u>	<u>(64,111)</u>
Change in cash and cash equivalents in the year		<u>(55,945)</u>	<u>125,518</u>	<u>(41,116)</u>	<u>117,912</u>
Cash and cash equivalents brought forward		<u>262,292</u>	<u>136,774</u>	<u>233,045</u>	<u>115,133</u>
Cash and cash equivalents carried forward		<u>206,347</u>	<u>262,292</u>	<u>191,929</u>	<u>233,045</u>

The notes on pages 16 to 31 form part of the accounts

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements
For the year ending 31 March 2016

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Lothian Community Transport Services meets the definition of a public benefit entity under FRS 102.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy note.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, the restatement of comparative items was required. At the date of transition in applying the requirement to recognise the pension deficit contributions payable in respect of the multi-employer pension scheme accounted for as a defined contribution scheme as a liability in the accounts, the net present value of the deficit contributions payable was recognised.

In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided:

	1 April 2014	
	£	
	Group	Company
Total Funds as previously stated	239,169	239,224
Recognition of provision for pension deficit	(41,126)	(41,126)
Fund balance as restated	198,043	198,098

	31 March 2015	
	£	
	Group	Company
Total funds as previously stated	382,895	382,950
Unwinding of discount factor (interest expense)	(1,091)	(1,091)
Deficit contribution paid in the year	4,596	4,596
Re-measurement	(1,620)	(1,620)
Reduction in funds brought forward from 31 March 2014	(41,126)	(41,126)
Fund balance as restated	343,654	343,709

Going concern

The charity depends on grant funding from outside sources to finance its activities and has committed funding until March 2017. The Board has fully considered the going concern position of the charity at the date of approving the financial statements. As a consequence the Board has prepared the financial statements on the going concern basis.

Basis of Consolidation

The financial statements consolidate the results of the charity and its wholly owned subsidiary Transport Training Skills (UK) Ltd on a line by line basis.

The results of the subsidiary undertaking are consolidated from the date of acquisition.

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Notes to the Financial Statements Cont'd For the year ending 31 March 2016

Incoming Resources

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Any income which relates to a period out-with 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 recognised in the Statement of Financial Activities, as a restricted fund when they are receivable. The funds will be reduced over the useful economic life of the asset in line with its depreciation. This treatment accords with the requirements under the accounting standards for the recognition of assets and liabilities and provides the most appropriate interpretation of SSAP 4 for charities.

Debtors

Trade and other debtors are recognised at the settlement amount due.

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.

Fixed assets and depreciation

In practice items under £1,000 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.

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Notes to the Financial Statements Cont'd For the year ending 31 March 2016

1. Accounting Policies (cont'd)

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the liability can be measured reliably.

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 Board of Directors 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.

The company participates in The Pensions Trust Growth Plan, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is classified as a last man standing arrangement. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rates detailed in note 23. The unwinding of the discount rate is recognised as a finance cost.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2016

	Edinburgh	Midlothian	West Lothian	Trading Activities	Total 2016	Total 2015
	£	£	£	£	£	£
2. Income from Donations and legacies						
Group						
Donations	-	-	-	-	-	49
	-	-	-	-	-	49
Company						
Donations	-	-	-	-	-	49
Donation from subsidiary	-	-	-	14,288	14,288	27,025
	-	-	-	14,288	14,288	27,074

Income from donations and legacies for the group was £Nil (2015: £49). The income from donations and legacies for the charity was £14,288 (2015: £27,074) of which £14,288 was unrestricted (2015: £27,074) and £Nil was restricted (2015: £Nil).

3. Income from Charitable Activities

Group and Company

Membership	830	895	280	-	2,005	2,150
Revenue grants:	150,591	133,900	17,439	-	301,930	299,514
Service Fees	70,594	79,082	-	-	149,676	164,935
Capital grants:						
Reshaping care for older people change fund	-	-	-	-	-	43,555
Scottish government change fund	-	-	-	-	-	40,000
Bank of Scotland Foundation	-	-	-	-	-	11,000
The Robertson Trust	-	-	-	-	-	10,000
	222,015	213,877	17,719	-	453,611	571,154

Income from charitable activities was £453,611 (2015: £571,154), of which £151,681 was unrestricted (2015: £165,405) and £301,930 was restricted (2015: £405,749).

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 Cont'd
For the year ending 31 March 2016

	Edinburgh	Midlothian	West Lothian	Trading Activities	Total 2016	Total 2015
	£	£	£	£	£	£
4. Income from other trading activities						
Group						
Training courses	-	-	-	53,797	53,797	69,386
	-	-	-	53,797	53,797	69,386
Company						
Trading activities	-	-	-	-	-	-
	-	-	-	-	-	-

Income from other trading activities for the group was £53,797 (2015: £69,386), of which £53,797 was unrestricted (2015: £69,386) and £Nil was restricted (2015: £Nil). The income from other trading activities for the charity was £nil (2015: £nil).

5. Income from Investments

Group and Company

Bank Interest	664	-	-	-	664	846
	664	-	-	-	664	846

Income from investments was £664 (2015: £846), of which £664 was unrestricted (2015: £846) and £Nil was restricted (2015: £Nil).

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2016

6. Income earned from other trading activities

The wholly owned trading subsidiary Transport Training Skills (UK) Ltd is incorporated in the United Kingdom (company number SC162240) and pays all of its profits to the charity under the gift aid scheme. Transport Training Skills (UK) Ltd undertakes the training and provides advice and information on the design and delivery of community and accessible transport services. A summary of the trading results is shown below.

	2016	2015
	£	£
Turnover	53,797	69,386
Cost of sales and administration costs	(39,509)	(42,361)
Net Profit	14,288	27,025
Amount gift aided to the charity	(14,288)	(27,025)
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	21,775	36,592
Current liabilities	(21,827)	(36,644)
Total net assets	(52)	(52)
Aggregate share capital and reserves	(52)	(52)

7. Expenditure on raising funds

Group and Company

	Total	Total
	2016	2015
	£	£
Salaries and associated staff costs	7,008	7,281

Expenditure on raising funds was £7,008 (2015: £7,281) of which £7,008 was unrestricted (2015: £7,281) and £nil was unrestricted (2015: £nil).

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Notes to the Financial Statements Cont'd **For the year ending 31 March 2016**

8. Analysis of Expenditure

Group

	Basis of Allocation	Edinburgh	Midlothian	West Lothian	Trading Activities	Total 2016	Total 2015
		£	£	£	£	£	£
Salaries and associated staff costs	Time spent	120,277	126,281	15,980	20,643	283,181	290,649
Supplies and services	Direct	6,548	5,108	1,023	12,167	24,846	62,782
Vehicle costs	Direct	26,451	39,616	1,388	-	67,455	70,542
Interest	Direct	295	315	32	-	642	1,091
Property costs	Direct	23,327	10,023	-	-	33,350	-
Depreciation	Direct	20,541	30,316	-	-	50,857	30,205
Governance costs (See note 9)	Time spent	8,886	8,371	995	3,100	21,352	13,965
Support costs (See note 9)	Time spent	11,787	9,700	1,330	3,599	26,416	24,269
		218,112	229,730	20,748	39,509	508,099	493,503

Company

	Basis of Allocation	Edinburgh	Midlothian	West Lothian	Trading Activities	Total 2016	Total 2015
		£	£	£	£	£	£
Salaries and associated staff costs	Time spent	120,277	126,281	15,980	-	262,538	269,833
Supplies and services	Direct	6,548	5,108	1,023	-	12,679	46,222
Vehicle costs	Direct	26,451	39,616	1,388	-	67,455	70,542
Interest	Direct	295	315	32	-	642	1,091
Property costs	Direct	23,327	10,023	-	-	33,350	-
Depreciation	Direct	20,541	30,316	-	-	50,857	30,205
Governance costs (See note 9)	Time spent	8,886	8,371	995	-	18,252	10,965
Support costs (See note 9)	Time spent	11,787	9,700	1,330	-	22,817	22,284
		218,112	229,730	20,748	-	468,590	451,142

Expenditure on charitable activities for the group was £508,099 (2015: £493,503), of which £102,073 was unrestricted (2015: £122,396) and £406,026 was restricted (2015: £371,107). Expenditure on charitable activities for the charity was £468,590 (2015: £451,142) of which £62,564 was unrestricted (2015: £80,035) and £406,026 restricted (2015: £371,107).

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2016

9. Analysis of Support & Governance Costs

Group	Governance Costs £	Support Costs £	Total 2016 £
Legal fees	1,544	-	1,544
Auditors remuneration	3,600	-	3,600
Accountancy fees	9,200	-	9,200
Salaries and associated staff costs	7,008	-	7,008
Executive Committee expenses	-	315	315
Telephone	-	5,266	5,266
Postage, printing & stationery	-	3,529	3,529
Volunteer expenses	-	913	913
Subscriptions	-	3,385	3,385
Insurance	-	8,200	8,200
Travel	-	1,187	1,187
Other	-	3,621	3,621
	21,352	26,416	47,768

Company	Governance Costs £	Support Costs £	Total 2016 £
Legal fees	1,544	-	1,544
Auditors remuneration	2,400	-	2,400
Accountancy fees	7,300	-	7,300
Salaries and associated staff costs	7,008	-	7,008
Executive Committee expenses	-	315	315
Telephone	-	5,005	5,005
Postage, printing & stationery	-	3,309	3,309
Volunteer expenses	-	913	913
Subscriptions	-	3,235	3,235
Insurance	-	7,341	7,341
Travel	-	-	-
Other	-	2,699	2,699
	18,252	22,817	41,069

LOTHIAN COMMUNITY TRANSPORT SERVICES*(a company limited by guarantee)***Notes to the Financial Statements Cont'd
For the year ending 31 March 2016****10. Net Movement in Funds**

	Group	
	2016	2015
	£	£
The deficit is stated after charging:		
Depreciation	50,857	30,205
Gain on disposal of fixed asset	6,000	6,580
Re-measurement of pension deficit	21,590	1,620
Auditor's remuneration	3,600	4,765

11. Staff Costs and Numbers

	2016	2015
	£	£
Directors emoluments	<u>42,329</u>	<u>43,922</u>

J Moore, director, received remuneration and expenses during the year for his role as managing director. One director (2015: one) received reimbursement of travel and subsistence expenses totalling £582 (2015: £777) during the year.

The total salary and associated staff costs were as follows:

	2016	2015
	£	£
Salaries and wages	264,589	264,279
Social security costs	18,298	19,268
Pension costs	9,857	9,474
Travel & conference training costs	1,998	5,121
Accrued holiday pay	<u>2,455</u>	<u>-</u>
	<u>297,197</u>	<u>298,142</u>
	2016	2015
Chief Executive	1	1
Administration and support	3	3
Operational staff	<u>15</u>	<u>14</u>
	<u>19</u>	<u>18</u>

No employees received emoluments above £60,000.

12. Indemnity Insurance

The company arranged indemnity insurance cover in respect of the directors and officers at a cost of £1,259 (2015: £1,219).

13. Auditor's Remuneration

The auditor's remuneration constituted an audit fee of £3,600 (2015: £4,765).

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2016

14. Tangible Fixed Assets Group and Company

	Motor Vehicles	Fixtures & Fittings	Total
	£	£	£
Cost			
Balance at 1 April 2015	386,074	38,922	424,996
Additions	92,978	-	92,978
Disposals	<u>(100,761)</u>	<u>-</u>	<u>(100,761)</u>
Balance at 31 March 2016	<u>378,291</u>	<u>38,922</u>	<u>417,213</u>
Depreciation			
Balance at 1 April 2015	279,747	34,576	314,323
Charge for the year	49,408	1,449	50,857
Depreciation on disposals	<u>(100,761)</u>	<u>-</u>	<u>(100,761)</u>
Balance at 31 March 2016	<u>228,394</u>	<u>36,025</u>	<u>264,419</u>
Net book value			
At 31 March 2016	<u><u>149,897</u></u>	<u><u>2,897</u></u>	<u><u>152,794</u></u>
At 31 March 2015	<u><u>106,326</u></u>	<u><u>4,346</u></u>	<u><u>110,672</u></u>

15. Investments

The company has a wholly owned trading subsidiary undertaking, Transport Training Skills (UK) Limited, a company registered in Scotland which shares its registered office with the company. The company provides training courses in order to support the work of the charity. In the year to 31 March 2016 the company had turnover of £53,797 (2015: £69,386), expenditure of £39,509 (2015: £42,361) and generated a surplus of £14,288 (2015: £27,025). All the surplus is donated to the parent charity by way of gift aid reducing the surplus to £Nil (2015: £Nil). At 31 March 2016 the aggregate amount of assets, liabilities and funds was a deficit of £52 (2015: £52).

16. Debtors

	Group 2016	Group 2015	Company 2016	Company 2015
	£	£	£	£
Trade debtors	30,912	27,679	23,540	20,333
Amounts due from subsidiary	-	-	18,490	31,247
Prepayments and accrued income	<u>13,904</u>	<u>18,014</u>	<u>13,904</u>	<u>18,014</u>
	<u><u>44,816</u></u>	<u><u>45,693</u></u>	<u><u>55,934</u></u>	<u><u>69,594</u></u>

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

**Notes to the Financial Statements Cont'd
For the year ending 31 March 2016**

17. Creditors

	Group	Group	Company	Company
Amounts falling due within one year:	2016	2015	2016	2015
	£	£	£	£
Trade creditors	10,857	9,024	10,826	8,784
Other creditors	3,687	3,190	2,688	3,190
Other taxes and social security costs	6,790	18,717	4,468	14,539
Accruals	<u>4,855</u>	<u>4,831</u>	<u>4,855</u>	<u>3,851</u>
	<u>26,189</u>	<u>35,762</u>	<u>22,837</u>	<u>30,364</u>

18. Creditors: Amounts falling due after more than one year

	Group	Group	Company	Company
	2016	2015	2016	2015
	£	£	£	£
Provision for pension deficit	<u>56,739</u>	<u>39,241</u>	<u>56,739</u>	<u>39,241</u>

19. Leasing Commitments

The group's annual commitments for rental payments under non-cancellable operating leases at 31 March 2016 were as set out below:

	2016	2016	2015	2015
	£	£	£	£
	Equipment	Land & Buildings	Equipment	Land & Buildings
Operating leases which expire:				
Within one year	1,694	4,200	3,400	4,200
Within two to five years	<u>6,252</u>	<u>-</u>	<u>937</u>	<u>-</u>
	<u>7,946</u>	<u>4,200</u>	<u>4,337</u>	<u>4,200</u>

20. Related Party transactions

During the year the trading subsidiary made a charitable donation of £14,288 (2015: £27,025) to the company. The balance is outstanding at the year end and is disclosed as part of note 16, amounts due from subsidiary.

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2016

21. Movement of Funds
Group

	Balance At 31 March 2015 £ (Restated)	Incoming Resources £	Resources Expended £	Gains/ (losses)	Transfers £	Balance At 31 March 2016 £
Unrestricted Funds						
General	175,058	206,142	(109,081)	(21,590)	(92,327)	158,202
Designated: Vehicle Replacement Fund (a)	47,515	-	-	6,000	(1,101)	52,414
	<u>222,573</u>	<u>206,142</u>	<u>(109,081)</u>	<u>(15,590)</u>	<u>(93,428)</u>	<u>210,616</u>
Restricted funds						
City of Edinburgh (b)	-	150,591	(173,678)	-	23,087	-
Midlothian (c)	-	133,900	(162,315)	-	28,415	-
West Lothian (d)	-	17,439	(20,625)	-	3,186	-
Capital Funds:						
General (e)	66,808	-	(49,408)	-	93,013	110,413
Edinburgh reshaping care for older people fund (f)	33,273	-	-	-	(33,273)	-
Bank of Scotland Foundation (g)	11,000	-	-	-	(11,000)	-
The Robertson Trust (h)	10,000	-	-	-	(10,000)	-
	<u>121,081</u>	<u>301,930</u>	<u>(406,026)</u>	<u>-</u>	<u>93,428</u>	<u>110,413</u>
	<u>343,654</u>	<u>508,072</u>	<u>(515,107)</u>	<u>(15,590)</u>	<u>-</u>	<u>321,029</u>

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2016

21. Movement of Funds (Cont'd)

Company

	Balance At 31 March 2015 £ (Restated)	Incoming Resources £	Resources Expended £	Gains/ (losses)	Transfers £	Balance At 31 March 2016 £
Unrestricted Funds						
General	175,113	166,633	(69,572)	(21,590)	(92,327)	158,257
Designated: Vehicle Replacement Fund (a)	47,515	-	-	6,000	(1,101)	52,414
	<u>222,628</u>	<u>166,633</u>	<u>(69,572)</u>	<u>(15,590)</u>	<u>(93,428)</u>	<u>210,671</u>
Restricted funds						
City of Edinburgh (b)	-	150,591	(173,678)	-	23,087	-
Midlothian (c)	-	133,900	(162,315)	-	28,415	-
West Lothian (d)	-	17,439	(20,625)	-	3,186	-
Capital Funds:						-
General (e)	66,808	-	(49,408)	-	93,013	110,413
Edinburgh reshaping care for older people fund (f)	33,273	-	-	-	(33,273)	-
Bank of Scotland Foundation (g)	11,000	-	-	-	(11,000)	-
The Robertson Trust (h)	10,000	-	-	-	(10,000)	-
	<u>121,081</u>	<u>301,930</u>	<u>(406,026)</u>	<u>-</u>	<u>93,428</u>	<u>110,413</u>
	<u>343,709</u>	<u>468,563</u>	<u>(475,598)</u>	<u>(15,590)</u>	<u>-</u>	<u>321,084</u>

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2016

21. Movement of Funds (Cont'd)

Purpose of Funds

- a) The directors have resolved to designate additional funds to aid the replacement of vehicles owned by the company.
- b) The purpose of the City of Edinburgh restricted fund is to support the provision of community transport services in Edinburgh.
- c) The purpose of the Midlothian restricted fund is to support the provision of community transport services in Midlothian.
- d) The purpose of the West Lothian restricted fund is to support the provision of community transport services in West Lothian.
- e) 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.
- f) The balance of the Edinburgh Reshaping Care for Older People Fund was expended during the year to assist with the purchase of a new minibus. The total cost of the new vehicle was £51,630, with a contribution of £8,075 from the company's Vehicle Replacement Fund.
- g) The Bank of Scotland Foundation awarded a capital grant of £11,000 to assist with the purchase of a new minibus, which was fully expended during the year.
- h) The Robertson Trust awarded a capital grant of £10,000 to assist with the purchase of a new minibus, which was fully expended during the year.

22. Capital Commitments

Just after the year end, an order for a new minibus was placed at a cost of £41,606 (excluding VAT), with delivery expected around December 2016. The purchase will be financed by the company's Vehicle Replacement Fund.

23. Analysis of Group Net Assets Between Funds

	General £	Designated £	Restricted £	Total £
Fixed Assets	42,381	-	110,413	152,794
Total Net Assets	115,821	52,414	-	168,235
 Total Assets at 31 March 2016	 158,202	 52,414	 110,413	 321,029

24. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Net movement in funds	(22,625)	145,611	(22,625)	145,611
Add back depreciation charge	50,857	30,205	50,857	30,205
Deduct interest income	(664)	(846)	(664)	(846)
Decrease/(increase) in debtors	877	4,880	13,660	(2,347)
Increase/(decrease) in creditors	(9,574)	11,664	(7,528)	11,285
Increase/(decrease) in pension deficit provision	17,498	(1,885)	17,498	(1,885)
 Net cash provided by operating activities	 36,369	 189,629	 51,198	 182,023

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2016

25. Staff Pension Liability

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

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:
£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April).

From 1 April 2016 to 30 September 2028:
£54,560 per annum (payable monthly and increasing by 3% each on 1st April).

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	31 March 2016	31 March 2015	31 March 2014
Present value of provision	£56,739	£39,241	£41,126

Reconciliation of opening and closing provisions

	Year Ending 31 March 2016	Year Ending 31 March 2015
	£	£
Provision at start of period	39,241	41,126
Unwinding of discount factor (interest expense)	642	1,091
Deficit contribution plan	(4,734)	(4,596)
Remeasurements – impact of any change in assumptions	(887)	1,620
Remeasurements – amendments to the contribution schedule	22,477	-
Provision at end of period	<u>56,739</u>	<u>39,241</u>

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2016

25. Staff Pension Liability (Cont'd)

Income and Expenditure Impact

	Year Ending 31 March 2016 £
Interest expense	642
Remeasurements – impact of any change in assumptions	(887)
Remeasurements – amendments to the contribution schedule	22,477

Assumptions

	31 March 2016	31 March 2015	31 March 2014
	% per annum	% per annum	% per annum
Rate of discount	2.07	1.74	8.82

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

26. Contingent Liability

When an employer withdraws from a multi-employer defined benefit pension scheme where it is in deficit, the employer must – by law – pay its share of the deficit, calculated on a statutory basis known as the buy-out valuation basis.

Lothian Community Transport Services has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the pension scheme based on the financial position of the Scheme as at 30 September 2015. As of this date the estimated employer debt was £90,725 (2015: £96,238).