

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 2017

Company Number: SC134332

Charity Number: SC018884



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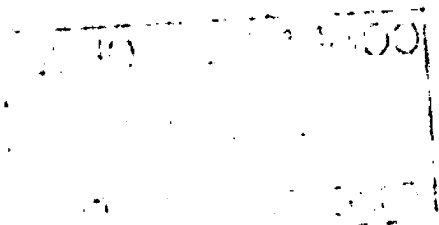


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LOTHIAN COMMUNITY TRANSPORT SERVICES
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Directors' Report and Financial Statements
For the year ended 31 March 2017

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Directors' Report
For the year ended 31 March 2017

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	B Wilcox
A Forrester	G Wilson
J G Moore (Managing Director)	W Rae
P W Randall	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 5AH

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

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Directors' Report (Cont'd) For the year ended 31 March 2017

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 2017, 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: these were reviewed by the directors during the year, and no amendments were identified as being necessary. The company was first incorporated on 4 October 1991.

Appointment of directors and trustees

All directors are elected or appointed to an 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 a director/trustee prior to the AGM. At 31 March 2017, there were 193 group members (2016: 201) and 7 individual members (2016: 7). Each member agrees to contribute £1 in the event of the company being wound 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 £18,441 (2016: £14,288) to the company.

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 (ECTOG).

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Related parties and co-operation with other organisations (Cont'd)

ECTOOG is an informal forum which seeks to establish common operational standards within a mutually supportive relationship.

The company, along with other ECTOG members, entered 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 in each local authority. The design and delivery of new training programmes then takes place via the company's wholly owned trading subsidiary.

In March 2017, the company entered a three-year Community Transport Public Social Partnership with West Lothian Council and Optima (a federation of third sector providers of day care for older people). The primary aim of the partnership is to co-produce the design and delivery of a quality assured local minibuss hire service which is capable of meeting the transport needs of Optima and other third sector groups. The directors anticipate that a key outcome from the partnership will be an opportunity for the company to expand the level of service it provides in West Lothian.

In all three of its operating areas, the company has continued to work 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 approved, it is based on a percentage increase for all employees.

Risk management

The directors have a risk management strategy which comprises:

- An annual review of the principal risks and uncertainties faced by the company and its wholly owned trading subsidiary.
- The establishment of policies, procedures and systems to mitigate those risks identified by 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 stable long-term funding agreements with the company's local authority partners, and the possibility of service interruption due to an inability to secure funds for vehicle replacement.

These risks have been mitigated to varying degrees by:

- The company entering a three-year Community Transport Public Social Partnership with the City of Edinburgh Council from April 2016, during which the current level of funding is protected.
- The company entering a three-year Community Transport Public Social Partnership with West Lothian Council from March 2017, during which the company hopes to identify opportunities for growth.
- 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.

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Directors' Report For the year ended 31 March 2017

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 sessional drivers.

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

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

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.

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.

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For the year ended 31 March 2017

Midlothian (Cont'd)

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

Provided there is sufficient demand, the company can deliver 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 19,378 passenger trips during 825 hires on behalf of 101 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 a sustained increase in demand for the carriage of passengers with various mobility aids, which not only necessitates the removal of seats in order to create safe storage areas, but also means that more vehicle and driver time is required to complete the hire. Moreover, some groups have experienced cuts in funding, leading to a reduction in their services.

98% 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 D1 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.

A twelve-year old minibus was replaced in February 2017. The new 15-passenger seat minibus, which can carry up to two passengers in wheelchairs, was financed by the company's Vehicle Replacement Fund. The vehicle has been designed to enable it to be driven by someone without D1 driving entitlement (e.g. young drivers), and also for training drivers to the D1 test standard.

The company's training services continued to be successful in Edinburgh, with 234 (2016: 313) delegates attending a training course. The vast majority attended MiDAS or Passenger Assistance training sessions; however, there was a reduction in the demand for MiDAS, which is due to the difficulty that some members have in identifying someone eligible to drive on a self-drive hire. 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

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Directors' Report For the year ended 31 March 2017

Edinburgh (Cont'd)

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 minibus hire service delivered 32,359 passenger trips during 1,584 hires on behalf of 87 member groups in Midlothian. These outputs were slightly lower than in the previous year due to a number of factors: for example, 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 2,858 passenger trips, with 93% 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 15½ hours a week, and they undertook 11% of the with-driver minibus 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 D1 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 continues to work with the local Volunteer Centre, as well as investigating other recruitment opportunities, in an effort to attract more volunteer drivers.

Of the four minibuses that the company owns and operates in Midlothian, three are under three years old and one is nearly eleven years old. The directors have identified an urgent need to raise funds to enable the replacement of the oldest minibus because it is becoming increasingly unreliable and expensive to maintain. It is in the nature of the minibus 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 cash surplus generated by the company for the year ending 31 March 2017 has been allocated to the Vehicle Replacement Fund to help fund the replacement of the eleven-year old minibus. However, this will leave a shortfall, and the directors intend that the company will seek top-up funding from charitable trusts.

The company provided training sessions for 130 (2016: 162) delegates in Midlothian, mainly for MiDAS and Passenger Assistance. As in Edinburgh, there was a reduction in demand for MiDAS training.

West Lothian

After discussions with West Lothian Council, it was agreed that, instead of continuing to deliver the Community Driver Training Project, the company should focus on establishing a Community Transport Public Social Partnership with the Council and Optima. Much of the year was, therefore, taken up with procedural matters leading to the formation of such a partnership in March 2017. The company also worked closely with Optima to update its understanding of the transport needs of third sector providers of day care for older people.

The company also continued to raise its profile in West Lothian through attendance at Voluntary Sector Forum and Third Sector Strategy Group meetings.

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 Directors & Trustees, 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

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Overall (Cont'd)

annual review. It was particularly gratifying to have the company recognised as a person-centred organisation with a strong culture of teamwork.

In November, the directors held a special event for stakeholders to celebrate the company's 25th anniversary. A celebratory publication was produced, which showed that, although the company became independent in 1991, it had a history stretching back to 1971.

The company has performance evaluation procedures in place for all its key services and consistently scores highly on user feedback. For delegates who completed a training evaluation form, the results were as follows:

- Very good: 69% (2016: 83.1%).
- Good: 28% (2016: 16.1%).
- Average: 2% (2016: 0.8%).
- Poor: 1% (2016: 0.0%).

95% (2016: 95%) of delegates completed such a form during the year. Whilst the directors were disappointed to note a deteriorating performance compared to the previous year, further investigation showed that this was closely linked to the fact that several delegates had been sent on training courses by their employer, but seemingly against their will.

The annual user-group survey showed that, overall, the minibus hire service was rated as follows:

- Very good: 91% (2016: 90%)
- Good: 9% (2016: 10%)

Just after 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 2017/18.

Financial Review

The group made a surplus of £11,062 (2016: deficit of £22,625) during the year, as shown in the Consolidated Statement of Financial Activities.

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 directors resolved to freeze all service charges 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.

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.

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Reserves policy and going concern (Cont'd)

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 £269,064. 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 cash surplus should be allocated to the Vehicle Replacement Fund to help enable the replacement of a minibus, with the consequence that Unrestricted Group General Funds at 31 March 2017 were £177,377. Of this total, £40,932 relates to un-depreciated general funds expended on fixed assets, which means that the unexpended Unrestricted General Funds balance was £136,445.

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 2017/18, 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. One option that will be considered is the formation of a Public Social Partnership between the company and the Council. An important priority for the company is raising the finance for 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 work to achieve its primary objective through the newly created three-year Community Transport Public Social Partnership.

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Directors' Report
For the year ended 31 March 2017

Directors' Responsibilities in Relation to the 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.

Statement of Disclosure to the 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.

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
31 August 2017

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Independent Auditors' Report to the Members and Trustees For the year ended 31 March 2017

We have audited the financial statements of Lothian Community Transport Services for the year ended 31 March 2017 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 9, 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 2017 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).

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**Independent Auditors' Report to the Members and Trustees (cont'd)
For the year ended 31 March 2017**

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: 6.9.17

LOTHIAN COMMUNITY TRANSPORT SERVICES

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**Consolidated Statement of Financial Activities
(Including Consolidated Income and Expenditure Account)
For the year ended 31 March 2017**

		Unrestricted General	Unrestricted Designated	Restricted Funds	2017 Total Funds	2016 Total Funds
	Notes	£	£	£	£	£
Income and endowments from:						
Donations and legacies	2	-	-	-	-	-
Charitable activities:	3					
Edinburgh		73,228	-	150,591	223,819	222,015
Midlothian		82,173	-	134,300	216,473	213,877
West Lothian		125	-	15,423	15,548	17,719
Other trading activities	4&6	52,287	-	-	52,287	53,797
Capital grants		-	-	14,000	14,000	-
Investments	5	1,185	-	-	1,185	664
Total		<u>208,998</u>	<u>-</u>	<u>314,314</u>	<u>523,312</u>	<u>508,072</u>
Expenditure on:						
Raising funds	7	7,063	-	-	7,063	7,008
Charitable activities:	8					
Edinburgh		17,051	-	204,294	221,345	218,112
Midlothian		28,302	-	206,016	234,318	229,730
West Lothian		-	-	16,007	16,007	20,748
Other trading activities		33,846	-	-	33,846	39,509
Total		<u>86,262</u>	<u>-</u>	<u>426,317</u>	<u>512,579</u>	<u>515,107</u>
Net income/(expenditure)		122,736	-	(112,003)	10,733	(7,035)
Transfer between funds	21	(101,890)	(4,414)	106,304	-	-
Other gains/(losses):						
Gain on sale of fixed assets		-	2,000	-	2,000	6,000
Re-measurement of pension deficit		(1,671)	-	-	(1,671)	(21,590)
Net movement in funds		19,175	(2,414)	(5,699)	11,062	(22,625)
Reconciliation of funds:						
Total funds brought forward		<u>158,202</u>	<u>52,414</u>	<u>110,413</u>	<u>321,029</u>	<u>343,654</u>
Total funds carried forward	21	<u>177,377</u>	<u>50,000</u>	<u>104,714</u>	<u>332,091</u>	<u>321,029</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 2017

		Unrestricted General	Unrestricted Designated	Restricted Funds	2017 Total Funds	2016 Total Funds
	Notes	£	£	£	£	£
Income and endowments from:						
Donations and legacies	2	18,441	-	-	18,441	14,288
Charitable activities:	3					
Edinburgh		73,228	-	150,591	223,819	222,015
Midlothian		82,173	-	134,300	216,473	213,877
West Lothian		125	-	15,423	15,548	17,719
Capital grants		-	-	14,000	14,000	-
Investments	5	1,185	-	-	1,185	664
Total		<u>175,152</u>	<u>-</u>	<u>314,314</u>	<u>489,466</u>	<u>468,563</u>
Expenditure on:						
Raising funds	7	7,063	-	-	7,063	7,008
Charitable activities:	8					
Edinburgh		17,051	-	204,294	221,345	218,112
Midlothian		28,302	-	206,016	234,318	229,730
West Lothian		-	-	16,007	16,007	20,748
Total		<u>52,416</u>	<u>-</u>	<u>426,317</u>	<u>478,733</u>	<u>475,598</u>
Net income/(expenditure)		122,736	-	(112,003)	10,733	(7,035)
Transfer between funds	21	(101,890)	(4,414)	106,304	-	-
Other gains/(losses):						
Gain on sale of fixed assets		-	2,000	-	2,000	6,000
Re-measurement of pension deficit		(1,671)	-	-	(1,671)	(21,590)
Net movement in funds		19,175	(2,414)	(5,699)	11,062	(22,625)
Reconciliation of funds:						
Total funds brought forward		<u>158,257</u>	<u>52,414</u>	<u>110,413</u>	<u>321,084</u>	<u>343,709</u>
Total funds carried forward	21	<u>177,432</u>	<u>50,000</u>	<u>104,714</u>	<u>332,146</u>	<u>321,084</u>

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

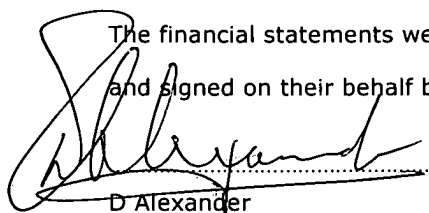
LOTHIAN COMMUNITY TRANSPORT SERVICES
Consolidated Balance Sheet
As at 31 March 2017

		Group 2017	Group 2016	Company 2017	Company 2016
	Notes	£	£	£	£
Fixed Assets					
Tangible Assets	14	135,222	152,794	135,222	152,794
Investments	15	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
		135,222	152,794	135,225	152,797
Current Assets					
Debtors	16	36,750	44,816	43,774	55,934
Cash at bank and in hand		<u>242,600</u>	<u>206,347</u>	<u>234,028</u>	<u>191,929</u>
		279,350	251,163	277,802	247,863
Creditors: amounts falling due within one year	17	<u>(28,758)</u>	<u>(26,189)</u>	<u>(27,158)</u>	<u>(22,837)</u>
Net current assets		<u>250,592</u>	<u>224,974</u>	<u>250,644</u>	<u>225,029</u>
Creditors: Amounts falling due after more than one year					
Pension provision	25	<u>(53,723)</u>	<u>(56,739)</u>	<u>(53,723)</u>	<u>(56,739)</u>
Total Net Assets		<u>332,091</u>	<u>321,029</u>	<u>332,146</u>	<u>321,084</u>
Reserves					
Unrestricted funds:					
General funds		177,377	158,202	177,432	158,257
Designated funds		<u>50,000</u>	<u>52,414</u>	<u>50,000</u>	<u>52,414</u>
		227,377	210,616	227,432	210,671
Restricted funds		<u>104,714</u>	<u>110,413</u>	<u>104,714</u>	<u>110,413</u>
		<u>332,091</u>	<u>321,029</u>	<u>332,146</u>	<u>321,084</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 31 August 2017

and signed on their behalf by:



Director

D Alexander

Company No. SC134332

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 2017

	Note	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Net cash provided by operating activities	24	<u>76,674</u>	<u>36,369</u>	<u>82,520</u>	<u>51,198</u>
Cash flows from investing activities:					
Interest and dividends		1,185	664	1,185	664
Purchase of property, plant & equipment		<u>(41,606)</u>	<u>(92,978)</u>	<u>(41,606)</u>	<u>(92,978)</u>
Net cash used in investing activities		<u>(40,421)</u>	<u>(92,314)</u>	<u>(40,421)</u>	<u>(92,314)</u>
Change in cash and cash equivalents in the year		<u>36,253</u>	<u>(55,945)</u>	<u>42,099</u>	<u>(41,116)</u>
Cash and cash equivalents brought forward		<u>206,347</u>	<u>262,292</u>	<u>191,929</u>	<u>233,045</u>
Cash and cash equivalents carried forward		<u>242,600</u>	<u>206,347</u>	<u>234,028</u>	<u>191,929</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 2017

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.

Going concern

The charity depends on grant funding from outside sources to finance its activities and has committed funding until March 2018. 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.

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 FRS 102 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.

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Notes to the Financial Statements Cont'd For the year ending 31 March 2017

1. Accounting Policies (Cont'd)

Expenditure Allocation (Cont'd)

- 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.

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.

LOTHIAN COMMUNITY TRANSPORT SERVICES

(a company limited by guarantee)

Notes to the Financial Statements Cont'd For the year ending 31 March 2017

1. Accounting Policies (cont'd)

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 25. 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 2017

	Edinburgh	Midlothian	West Lothian	Trading Activities	Total 2017	Total 2016
	£	£	£	£	£	£
2. Income from Donations and legacies						
Group						
Donations	-	-	-	-	-	-
	-	-	-	-	-	-
Company						
Donations	-	-	-	-	-	-
Donation from subsidiary	-	-	-	18,441	18,441	14,288
	-	-	-	18,441	18,441	14,288

Income from donations and legacies for the group was £nil (2016: £nil). The income from donations and legacies for the charity was £18,441 (2016: £14,288) of which £18,441 was unrestricted (2016: £14,288) and £nil was restricted (2016: £nil).

3. Income from Charitable Activities

Group and Company

Membership	965	870	125	-	1,960	2,005
Revenue grants:	150,591	134,300	15,423	-	300,314	301,930
Service Fees	72,263	81,303	-	-	153,566	149,676
Capital grants:						
Edinburgh Health & Social Care Partnership	14,000	-	-	-	14,000	-
	237,819	216,473	15,548	-	469,840	453,611

Income from charitable activities was £469,840 (2016: £453,611), of which £155,526 was unrestricted (2016: £151,681) and £314,314 was restricted (2016: £301,930).

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 2017

	Edinburgh	Midlothian	West Lothian	Trading Activities	Total 2017	Total 2016
	£	£	£	£	£	£
4. Income from other trading activities						
Group						
Training courses	-	-	-	52,287	52,287	53,797
	-	-	-	52,287	52,287	53,797
Company						
Trading activities	-	-	-	-	-	-
	-	-	-	-	-	-

Income from other trading activities for the group was £52,287 (2016: £53,797), of which £52,287 was unrestricted (2016: £53,797) and £nil was restricted (2016: £Nil). The income from other trading activities for the charity was £nil (2016: £nil).

5. Income from Investments

Group and Company

Bank Interest	1,185	-	-	-	1,185	664
	1,185	-	-	-	1,185	664

Income from investments was £1,185 (2016: £664), of which £1,185 was unrestricted (2016: £664) and £nil was restricted (2016: £Nil).

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2017

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.

	2017	2016
	£	£
Turnover	52,287	53,797
Cost of sales and administration costs	(33,846)	(39,509)
Net Profit	18,441	14,288
Amount gift aided to the charity	(18,441)	(14,288)
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	19,994	21,775
Current liabilities	(20,046)	(21,827)
Total net assets	(52)	(52)
Aggregate share capital and reserves	(52)	(52)

7. Expenditure on raising funds

Group and Company

	Total 2017	Total 2016
	£	£
Salaries and associated staff costs	7,063	7,008

Expenditure on raising funds was £7,063 (2016: £7,008) of which £7,063 was unrestricted (2016: £7,008) and £nil was restricted (2016: £nil).

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2017

8. Analysis of Expenditure

Group

	Basis of Allocation	Edinburgh	Midlothian	West Lothian	Trading Activities	Total 2017	Total 2016
		£	£	£	£	£	£
Salaries and associated staff costs	Time spent	115,392	133,050	12,967	20,886	282,295	283,181
Supplies and services	Direct	4,686	3,812	259	6,607	15,364	24,846
Vehicle costs	Direct	24,671	34,948	714	-	60,333	67,455
Interest	Direct	516	594	-	-	1,110	642
Property costs	Direct	24,963	9,071	-	-	34,034	33,350
Depreciation	Direct	28,862	30,316	-	-	59,178	50,857
Governance costs							
(See note 9)	Time spent	9,923	10,828	983	3,100	24,834	21,352
Support costs							
(See note 9)	Time spent	12,332	11,699	1,084	3,253	28,368	26,416
		221,345	234,318	16,007	33,846	505,516	508,099

Company

	Basis of Allocation	Edinburgh	Midlothian	West Lothian	Trading Activities	Total 2017	Total 2016
		£	£	£	£	£	£
Salaries and associated staff costs	Time spent	115,392	133,050	12,967	-	261,409	262,538
Supplies and services	Direct	4,686	3,812	259	-	8,757	12,679
Vehicle costs	Direct	24,671	34,948	714	-	60,333	67,455
Interest	Direct	516	594	-	-	1,110	642
Property costs	Direct	24,963	9,071	-	-	34,034	33,350
Depreciation	Direct	28,862	30,316	-	-	59,178	50,857
Governance costs							
(See note 9)	Time spent	9,923	10,828	983	-	21,734	18,252
Support costs							
(See note 9)	Time spent	12,332	11,699	1,084	-	25,115	22,817
		221,345	234,318	16,007	-	471,670	468,590

Expenditure on charitable activities for the group was £505,516 (2016: £508,099), of which £79,199 was unrestricted (2016: £102,073) and £426,317 was restricted (2016: £406,026). Expenditure on charitable activities for the charity was £471,670 (2016: £468,590) of which £45,353 was unrestricted (2016: £62,564) and £426,317 restricted (2016: £406,026).

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2017

9. Analysis of Support & Governance Costs

Group	Governance Costs	Support Costs	Total 2017
	£	£	£
Legal fees	1,546	-	1,546
Auditors remuneration	5,680	-	5,680
Accountancy fees	10,545	-	10,545
Salaries and associated staff costs	7,063	-	7,063
Executive Committee expenses	-	338	338
Telephone	-	5,275	5,275
Postage, printing & stationery	-	3,340	3,340
Volunteer expenses	-	636	636
Subscriptions	-	6,251	6,251
Insurance	-	7,901	7,901
Travel	-	1,383	1,383
Other	-	3,244	3,244
	24,834	28,368	53,202

Company	Governance Costs	Support Costs	Total 2017
	£	£	£
Legal fees	1,546	-	1,546
Auditors remuneration	4,480	-	4,480
Accountancy fees	8,645	-	8,645
Salaries and associated staff costs	7,063	-	7,063
Executive Committee expenses	-	338	338
Telephone	-	5,014	5,014
Postage, printing & stationery	-	3,187	3,187
Volunteer expenses	-	636	636
Subscriptions	-	6,067	6,067
Insurance	-	7,294	7,294
Travel	-	-	-
Other	-	2,579	2,579
	21,734	25,115	46,849

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2017

10. Net Movement in Funds

	Group	
	2017	2016
	£	£
The deficit is stated after charging:		
Depreciation	59,178	50,857
Gain on disposal of fixed asset	2,000	6,000
Re-measurement of pension deficit	1,671	21,590
Auditor's remuneration	<u>3,600</u>	<u>3,600</u>

11. Staff Costs and Numbers

	2017	2016
	£	£
Directors emoluments	<u>42,636</u>	<u>42,329</u>

J Moore, director, received remuneration and expenses during the year for his role as managing director. One director (2016: one) received reimbursement of travel and subsistence expenses totalling £917 (2016: £582) during the year.

The total salary and associated staff costs were as follows:

	2017	2016
	£	£
Salaries and wages	260,421	264,589
Social security costs	17,818	18,298
Pension costs	10,247	9,857
Travel & conference training costs	5,103	1,998
Accrued holiday pay	<u>2,831</u>	<u>2,455</u>
	<u>296,420</u>	<u>297,197</u>

	2017	2016
Chief Executive	1	1
Administration and support	3	3
Operational staff	<u>12</u>	<u>15</u>
	<u>16</u>	<u>19</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 £1,000 (2016: £1,259).

13. Auditor's Remuneration

The auditor's remuneration constituted an audit fee of £3,600 (2016: £3,600).

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2017

14. Tangible Fixed Assets Group and Company

	Motor Vehicles	Fixtures & Fittings	Total
	£	£	£
Cost			
Balance at 1 April 2016	378,291	38,922	417,213
Additions	41,606	-	41,606
Disposals	<u>(38,128)</u>	<u>-</u>	<u>(38,128)</u>
Balance at 31 March 2017	<u>381,769</u>	<u>38,922</u>	<u>420,691</u>
Depreciation			
Balance at 1 April 2016	228,395	36,024	264,419
Charge for the year	57,729	1,449	59,178
Depreciation on disposals	<u>(38,128)</u>	<u>-</u>	<u>(38,128)</u>
Balance at 31 March 2017	<u>247,996</u>	<u>37,473</u>	<u>285,469</u>
Net book value			
At 31 March 2017	<u><u>133,773</u></u>	<u><u>1,449</u></u>	<u><u>135,222</u></u>
At 31 March 2016	<u><u>149,897</u></u>	<u><u>2,897</u></u>	<u><u>152,794</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 2017 the company had turnover of £52,287 (2016: £53,797), expenditure of £33,846 (2016: £39,509) and generated a surplus of £18,441 (2016: £14,288). All the surplus is donated to the parent charity by way of gift aid reducing the surplus to £Nil (2016: £Nil). At 31 March 2017 the aggregate amount of assets, liabilities and funds was a deficit of £52 (2016: £52).

16. Debtors

	Group 2017	Group 2016	Company 2017	Company 2016
	£	£	£	£
Trade debtors	22,080	30,912	10,663	23,540
Amounts due from subsidiary	-	-	18,441	18,490
Prepayments and accrued income	<u>14,670</u>	<u>13,904</u>	<u>14,670</u>	<u>13,904</u>
	<u><u>36,750</u></u>	<u><u>44,816</u></u>	<u><u>43,774</u></u>	<u><u>55,934</u></u>

LOTHIAN COMMUNITY TRANSPORT SERVICES
(a company limited by guarantee)

Notes to the Financial Statements Cont'd
For the year ending 31 March 2017

17. Creditors

	Group	Group	Company	Company
Amounts falling due within one year:	2017	2016	2017	2016
	£	£	£	£
Trade creditors	9,936	10,857	9,336	10,826
Other creditors	5,525	3,687	5,525	2,688
Other taxes and social security costs	7,066	6,790	7,066	4,468
Accruals	<u>6,231</u>	<u>4,855</u>	<u>5,231</u>	<u>4,855</u>
	<u>28,758</u>	<u>26,189</u>	<u>27,158</u>	<u>22,837</u>

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

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Provision for pension deficit	<u>53,723</u>	<u>56,739</u>	<u>53,723</u>	<u>56,739</u>

19. Leasing Commitments

The group's commitments for rental payments under non-cancellable operating leases at 31 March 2017 were as set out below:

	2017	2016
	£	£
Total commitments	<u>10,025</u>	<u>12,146</u>

20. Related Party transactions

During the year the trading subsidiary made a charitable donation of £18,441 (2016: £14,288) to the company. The balance is outstanding at the year end and is disclosed as part of note 16, amounts due from subsidiary.

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Notes to the Financial Statements Cont'd
For the year ending 31 March 2017

21. Movement of Funds
Group

	Balance At 31 March 2016 £	Incoming Resources £	Resources Expended £	Gains/ (losses)	Transfers £	Balance At 31 March 2017 £
Unrestricted Funds						
General	158,202	208,998	(86,262)	(1,671)	(101,890)	177,377
Designated: Vehicle Replacement Fund (a)	52,414	-	-	2,000	(4,414)	50,000
	<u>210,616</u>	<u>208,998</u>	<u>(86,262)</u>	<u>329</u>	<u>(106,304)</u>	<u>227,377</u>
Restricted funds						
City of Edinburgh (b)	-	150,591	(172,581)	-	21,990	-
Midlothian (c)	-	134,300	(176,424)	-	42,124	-
West Lothian (d)	-	15,423	(16,007)	-	584	-
Capital Funds:						
General (e)	110,413	-	(57,729)	-	41,606	94,290
Edinburgh health & social care partnership (f)	-	14,000	(3,576)	-	-	10,424
	<u>110,413</u>	<u>314,314</u>	<u>(426,317)</u>	<u>-</u>	<u>106,304</u>	<u>104,714</u>
	<u>321,029</u>	<u>523,312</u>	<u>(512,579)</u>	<u>329</u>	<u>-</u>	<u>332,091</u>

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21. Movement of Funds (Cont'd)

Company

	Balance At 31 March 2016 £	Incoming Resources £	Resources Expended £	Gains/ (losses)	Transfers £	Balance At 31 March 2017 £
Unrestricted Funds						
General	158,257	175,152	(52,416)	(1,671)	(101,890)	177,432
Designated: Vehicle Replacement Fund (a)	52,414	-	-	2,000	(4,414)	50,000
	<u>210,671</u>	<u>175,152</u>	<u>(52,416)</u>	<u>329</u>	<u>(106,304)</u>	<u>227,432</u>
Restricted funds						
City of Edinburgh (b)	-	150,591	(172,581)	-	21,990	-
Midlothian (c)	-	134,300	(176,424)	-	42,124	-
West Lothian (d)	-	15,423	(16,007)	-	584	-
Capital Funds:						
General (e)	110,413	-	(57,729)	-	41,606	94,290
Edinburgh health & social care partnership (f)	-	14,000	(3,576)	-	-	10,424
	<u>110,413</u>	<u>314,314</u>	<u>(426,317)</u>	<u>-</u>	<u>106,304</u>	<u>104,714</u>
	<u>321,084</u>	<u>489,466</u>	<u>(478,733)</u>	<u>329</u>	<u>-</u>	<u>332,146</u>

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Notes to the Financial Statements Cont'd
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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 the Charities SORP FRS 102, will fund future depreciation of fixed assets which were originally purchased using capital grants received for this purpose.
- f) The Edinburgh Health & Social Care Partnership fund represents a grant received during the year to invest in IT infrastructure, the CATSS booking/scheduling system and associate revenue costs.

22. Capital Commitments

There were no capital commitments as at 31 March 2017.

23. Analysis of Group Net Assets Between Funds

	General £	Designated £	Restricted £	Total £
Fixed Assets	40,932	-	94,290	135,222
Total Net Assets	<u>136,445</u>	<u>50,000</u>	<u>10,424</u>	<u>196,869</u>
 Total Assets at 31 March 2017	 <u>177,377</u>	 <u>50,000</u>	 <u>104,714</u>	 <u>332,091</u>

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

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Net movement in funds	11,062	(22,625)	11,062	(22,625)
Add back depreciation charge	59,178	50,857	59,178	50,857
Deduct interest income	(1,185)	(664)	(1,185)	(664)
Decrease/(increase) in debtors	8,066	877	12,160	13,660
Increase/(decrease) in creditors	2,569	(9,574)	4,321	(7,528)
Increase/(decrease) in pension deficit provision	<u>(3,016)</u>	<u>17,498</u>	<u>(3,016)</u>	<u>17,498</u>
 Net cash provided by operating activities	 <u>76,674</u>	 <u>36,369</u>	 <u>82,520</u>	 <u>51,198</u>

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Notes to the Financial Statements Cont'd
For the year ending 31 March 2017

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 2017	31 March 2016	31 March 2015
Present value of provision	<u>£53,723</u>	<u>£56,739</u>	<u>£39,241</u>

Reconciliation of opening and closing provisions

	Year Ending 31 March 2017	Year Ending 31 March 2016
	£	£
Provision at start of period	56,739	39,241
Unwinding of discount factor (interest expense)	1,110	642
Deficit contribution plan	(5,797)	(4,734)
Remeasurements – impact of any change in assumptions	1,671	(887)
Remeasurements – amendments to the contribution schedule	-	22,477
Provision at end of period	<u>53,723</u>	<u>56,739</u>

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Notes to the Financial Statements Cont'd
For the year ending 31 March 2017

25. Staff Pension Liability (Cont'd)

Income and Expenditure Impact

	Year Ending 31 March 2017
	£
Interest expense	1,110
Remeasurements – impact of any change in assumptions	1,671

Assumptions

	31 March 2017	31 March 2016	31 March 2015
	% per annum	% per annum	% per annum
Rate of discount	1.32	2.07	1.74

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 2016. As of this date the estimated employer debt was £111,713 (2016: £90,725).