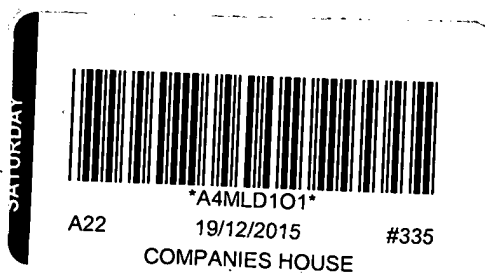


Halton Borough Transport Limited

**Directors' report and financial
statements**

Registered number 1994122

31 March 2015



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Directors' report

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2015.

Principal activity

The principal activity of the company continues to be the provision of commercial local bus services in the Halton (Widnes & Runcorn) area. Services extend to Liverpool, St. Helens and Warrington. A number of tendered local bus services operate on behalf of Halton Borough Council and Merseytravel.

Principal risks and uncertainties

The main risks to profitability of the business are large increases in diesel prices together with changes in government legislation that either has changed or is likely to which will restrict the operation of commercial bus services and indeed tendered services. In addition insurance costs and accident claim costs can be volatile.

Performance and development

The Company's turnover for the year is £6,099,765 which is an increase of £284,277 against the prior year (2014: £5,815,488). The profit margin has decreased by 0.8% to 15.2% (2014: 16%).

This reduction in margin resulted from fuel cost increases. The year began with rapid increases in the cost of fuel, which at the time when our fuel hedge was taken out locked the Company in at a higher price. However fuel prices then decreased to less than one pound per litre. This saw the Company paying a higher price for the full year on 50% of our fuel. When coupled with an increase in our mileage operated, this has seen fuel costs increase by £70,473 (5%) to £1,439,195 (2014: £1,368,722). Unfortunately insurance reserves were also increased during the year as a result of a single large claim that came in, the Company is defending this in the courts, and an increase in the claims generally in the year.

Growth in the commercial local bus business is very restricted by a lack of opportunities in the region as the supply of bus services is adequate for the demand. As part of the Department for Transport commitment to improve air quality we were able to obtain funding to convert more of our vehicles to meet euro V standard emissions, this now means more than 90% of our fleet meets this standard in addition to this 14 four year old buses were purchased which allowed the early withdrawal of all our non DDA compliant buses making our fleet 100% DDA compliant. Our tendered bus business within Merseyside however has grown. We have also seen a slight growth within the Halton area as the Company has retained its commitment to quality with a modern, environmentally friendly, low floor fleet of buses on all regular bus services

During September 2014 we implemented a number of service revisions which saw more passenger journeys introduced covering areas that we had not previously served to build up our passenger number, our fares within the Halton Region were held for the third year running. In the main cost lines are well controlled with increases only as a result of increased service provisions. Apart from fuel and insurance, all other cost categories are well within expectations.

We continue to enjoy passenger number growth within the Halton and Merseyside within the concessionary scheme we have however been affected by both schemes reducing the amount of reimbursement which forced us to lock in to a fixed pot scheme for both areas.

Performance through the year has been measured against cash flow forecasts which are reviewed regularly when important changes are identified (e.g. rapid fluctuations in fuel prices).

Dividends

The directors do not recommend payment of a final dividend, (2014: *£nil*). the loss for the year retained in the company is £82,489 (2014: *profit* £50,882).

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the company is not significantly different than the book values of those assets.

Directors' report (*continued*)

Directors

The directors who held office during the year were as follows:

A Macmanus (appointed 15 Jun 2012)
B Stevenson (appointed 1 April 2014)
J Stockton (appointed 1 April 2014)
C Stafford (appointed 1 April 2011)
A Cookson (appointed 1 Mar 2012)
MA Richardson (appointed 1 Dec 1987)
WT Woolfall (appointed 01Feb2013)
KP Wainwright (Chairman)
K Morley (appointed 15Jun2012)
M Wharton (appointed 18 Sep 2006)
P Wallace (resigned 22 Jul 2014)

Political and charitable contributions

Political and charitable contributions in the year amounted to £nil (2014: £nil).

Statement of disclosure of information to auditors

The directors who held office at the date of approval of the directors' report confirm that so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


C Stafford
Director

Moor Lane
WIDNES
Cheshire

29 July 2015

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of Halton Borough Transport Limited

We have audited the financial statements of Halton Borough Transport Limited for the year ended 31 March 2015 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK 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

A description of the scope of an audit of the financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss 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 requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

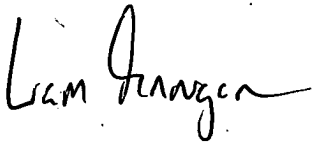
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Halton Borough Transport Limited *(continued)*

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 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
Preston

3rd August

2015

Profit and loss account
for the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	2	6,099,765	5,815,488
Cost of sales		(5,170,426)	(4,884,719)
Gross profit		929,339	930,769
Administrative expenses		(808,208)	(801,194)
Operating profit	4	121,131	129,575
(Loss)/profit on sales of fixed assets		(6,409)	51,519
Interest payable and similar charges	6	(137,267)	(136,786)
(Loss)/profit on ordinary activities before taxation		(22,545)	44,308
Tax on (loss)/profit on ordinary activities	7	(59,944)	6,574
(Loss)/profit on ordinary activities after taxation		(82,489)	50,882

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The Company has no recognised gains or losses during the current or preceding year other than those recognised in the profit and loss account above.

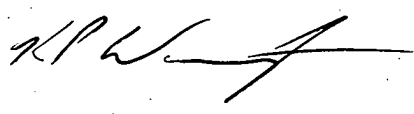
Balance sheet

At 31 March 2015

	Note	2015	2014
		£	£
Fixed assets			
Tangible assets	9	2,916,589	2,419,093
Current assets			
Stocks	10	75,538	79,633
Debtors	11	588,223	271,224
Cash at bank and in hand		123,770	60,305
		<u>787,531</u>	<u>411,162</u>
Creditors: amounts falling due within one year	12	(1,661,025)	(1,214,285)
Net current liabilities		(873,494)	(803,123)
Total assets less current liabilities		2,043,095	1,615,970
Creditors: amounts falling due after more than one year	13	(1,230,673)	(784,828)
Provisions for liabilities and charges	14	(117,272)	(53,503)
Net assets		695,150	777,639
Capital and reserves			
Called up share capital	15	430,100	430,100
Profit and loss account	16	265,050	347,539
Shareholders' funds	17	695,150	777,639

These financial statements were approved by the board of directors on 29 July 2015 and were signed on its behalf by:


C Stafford
Director


K Wainwright
Chairman

Registered number 1994122

Cash flow statement

for the year ended 31 March 2015

	Note	2015 £	2014 £
Net cash inflow from operating activities	19	785,920	630,372
Returns on investments and servicing of finance	21	(137,267)	(136,786)
Taxation		-	-
Capital expenditure	21	(264,137)	(21,728)
		<u>384,516</u>	<u>471,858</u>
Equity dividends paid		-	-
Financing	21	(321,051)	133,596
		<u>63,465</u>	<u>605,454</u>
Increase in cash	20		

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently, except where stated, in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules.

Going concern

In presenting the financial statements on a going concern basis, the directors have considered the Company's business activities together with factors likely to affect future performance and financial position. These include outflows and the risks and uncertainties relating to the company's business activities particularly in light of the government Comprehensive Spending Review.

The Company is reliant on its current bank overdraft facility which is due for review on 28 November 2015. The directors have no reason to believe that this facility will not be renewed. In addition the Company's 100% shareholder has provided a letter of support to confirm their continued financial support should it be needed.

After making appropriate enquiries the directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in the preparation of these financial statements.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2% per annum
Plant and machinery and office equipment	-	20% per annum
Motor vehicles	-	write down to 5% of cost over 15 years on a straight line basis

No depreciation is provided on freehold land.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes (continued)

1 Accounting policies (continued)

Pension costs

The Company pays contributions to personal money purchase schemes for eligible employees, and accounts for the amount due in each year as a cost in the profit and loss account.

The Company also participates in a funded pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and consumables the first in first out (FIFO) method is used.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made in full for deferred tax liabilities in accordance with FRS 19. Deferred tax assets are recognised to the extent that, on the basis of all available evidence it is more likely than not that all amounts are recoverable.

Turnover

Turnover represents cash revenue from bus fares and the amounts (excluding value added tax) derived from the provision of goods and services (less returns and allowances) to customers during the year.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Related party transactions

The directors have taken advantage of the exemption in Financial Reporting Standard 8 paragraph 3(c) and have not disclosed related party transactions with the company's parent undertaking, Halton Borough Council, which has a controlling interest in the company.

2 Analysis of turnover and loss on ordinary activities before taxation

Turnover and pre tax loss arose entirely within the United Kingdom and from the provision of bus services.

3 Remuneration of directors

	2015 £	2014 £
Directors' emoluments	197,318	193,098
Pension	5,145	5,190
	<hr/> 202,463	<hr/> 198,288

No directors (2014: none) are accruing benefits under defined contribution schemes.

The emoluments for the highest paid director were £76,500 (2014: £70,416) and the pension contributions by the Company for this Director were £2,250 (2014: £2,113).

Notes (continued)

4 (Loss)/profit on ordinary activities before taxation

	2015 £	2014 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of non leased assets	317,557	178,234
Depreciation of assets held under finance leases and hire purchase	189,576	219,569
Auditors' remuneration		
- in respect of audit work	13,000	13,000
- in respect of tax services	2,400	2,400
	<u>317,557</u>	<u>178,234</u>

5 Staff numbers and costs

The average number of persons employed by the Company (including executive directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Traffic	111	99
Engineering	16	17
Administration	13	11
	<u>140</u>	<u>127</u>

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	3,336,286	3,089,366
Social security costs	287,872	278,839
Other pension costs	129,875	129,710
	<u>3,754,033</u>	<u>3,497,915</u>

6 Interest payable and similar charges

	2015 £	2014 £
On debenture loan	3,404	4,894
Interest element of finance lease rental payments	133,863	131,892
	<u>137,267</u>	<u>136,786</u>

Notes (continued)

7 Taxation on (loss)/profit on ordinary activities

	2015 £	2014 £
Current tax:		
UK corporation tax at 20% (2014: 20%)	(3,825)	-
Under provision in prior year	-	-
	<hr/>	<hr/>
Total current tax credit	(3,825)	-
Deferred taxation (see note 14)	63,769	(6,574)
	<hr/>	<hr/>
Tax charge/(credit) on (loss)/profit on ordinary activities	59,944	(6,574)
	<hr/>	<hr/>

Tax reconciliation

	2015 £	2014 £
(Loss)/profit on ordinary activities before taxation	(22,545)	44,308
	<hr/>	<hr/>
(Loss)/profit on ordinary activities multiplied by the rate of corporation tax in the UK at 20% (2014: 20%)	(4,509)	8,862
Effects of:		
Capital allowances in excess of depreciation	1,229	(39,617)
Other timing differences	(545)	(2,478)
Tax losses carried back	-	-
Tax losses carried forward	-	33,233
	<hr/>	<hr/>
	(3,825)	-
	<hr/>	<hr/>

8 Dividends

	2015 £	2014 £
Interim dividend on ordinary shares	-	-
	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

	Freehold Land and buildings £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost					
At beginning of year	272,571	139,795	6,539,811	121,507	7,073,684
Additions	19,132	374	992,206	1,327	1,013,039
Disposals	-	-	(168,182)	-	(168,182)
At end of year	291,703	140,169	7,363,835	122,834	7,918,541
Depreciation					
At beginning of year	112,502	137,475	4,309,007	95,607	4,654,591
Charge for year	5,328	1,058	491,542	9,205	507,133
On disposals	-	-	(159,772)	-	(159,772)
At end of year	117,830	138,533	4,640,777	104,812	5,001,952
Net book value					
At 31 March 2015	173,873	1,636	2,723,058	18,022	2,916,589
At 31 March 2014	160,069	2,320	2,230,804	25,900	2,419,093

Included within the net book value of freehold land and buildings is freehold land at £25,269 (2014: £25,269) which is not depreciated.

The net book value of motor vehicles includes £1,920,460 (2014: £1,696,572) in respect of assets held under finance leases and hire purchases. The depreciation charge for the year on leased assets amounted to £189,576 (2014: £219,569).

10 Stocks

	2015 £	2014 £
Raw materials and consumables	75,538	79,633

11 Debtors: amounts falling due within one year

	2015 £	2014 £
Trade debtors	185,154	64,477
Other debtors	84,493	40,148
Prepayments and accrued income	314,751	166,599
Corporation tax debtor	3,825	-
	588,223	271,224

Notes (continued)

12 Creditors: amounts falling due within one year

	2015	2014
	£	£
Debenture loans (note 13)	21,286	21,286
Bank overdraft (secured)	-	-
Trade creditors	95,134	66,544
Other creditors including taxation and social security:		
Corporation tax	-	-
Other taxes and social security	79,244	68,116
Taxation and social security	79,244	68,116
Other creditors	96,966	96,407
	<u>176,210</u>	<u>164,523</u>
Accruals and deferred income	703,003	604,236
Obligations under finance leases and hire purchase (note 13)	215,338	235,346
Grant	440,938	113,246
Other loans	9,116	9,104
	<u>1,661,025</u>	<u>1,214,285</u>

13 Creditors: amounts falling due after more than one year

	2015	2014
	£	£
Debenture loan	81,930	103,216
Less: amount falling due within one year	(21,286)	(21,286)
	<u>60,644</u>	<u>81,930</u>
Obligations under finance leases and hire purchase	1,151,897	675,586
Other loans	18,132	27,312
	<u>1,230,673</u>	<u>784,828</u>

The debenture loan is secured on the freehold land and buildings and is repayable at par over 25 years by equal half year instalments from March 1992 at a rate of interest established by the Council under paragraph 15 of Schedule 13 of the Local Government Act 1972. Instalments amounting to £nil (2014: £nil) are repayable in more than five years.

Obligations under finance leases and HP agreements mature as follows:

	£	£
Within one year	215,338	235,346
In the second to fifth years inclusive	1,151,897	675,586
	<u>1,367,235</u>	<u>910,932</u>

Notes (continued)

14 Provisions for liabilities and charges

	2015 £
<i>Deferred taxation</i>	
At beginning of year	53,503
Release for the year in the profit and loss account	63,769
	<hr/>
At end of year	117,272
	<hr/>

The amounts provided for deferred taxation arise wholly in respect of the difference between accumulated depreciation and amortisation and capital allowances and other timing differences.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

15 Called up share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	430,100	430,100
	<hr/>	<hr/>

16 Reserves

	Profit and loss account £
At 31 March 2014	347,539
Retained loss for the year	(82,489)
Dividends paid	-
	<hr/>
At 31 March 2015	265,050
	<hr/>

17 Reconciliation of movements in shareholders' funds

	2015 £
Profit for the financial year	(82,489)
	<hr/>
Decrease in shareholders' funds	(82,489)
Shareholders' funds at beginning of year	777,639
	<hr/>
Shareholders' funds at end of year	695,150
	<hr/>

Notes (continued)

18 Pension schemes (Defined Benefit and Defined Contribution)

Defined contributions

The Company pays contributions to personal money purchase schemes for eligible employees. Contributions for the year ended 31 March 2015 were £129,875 (2014: £107,011). The amounts outstanding at the year end were £857 (2014: £9,515).

Defined benefit

Certain employees participate in the Cheshire Pension Fund, part of the local government pension scheme, a defined benefit scheme administered by Cheshire West and Chester Council in accordance with the Local Government Regulations 1997 as amended.

Halton Borough Transport Limited is a wholly owned subsidiary of Halton Borough Council and the liability of the pension fund ultimately rests with Halton Borough Council.

Halton Borough Council have taken over the liability of the past service cost but Halton Borough Transport will continue to be liable for future service costs. Therefore the Cheshire Pension Fund will be now treated as a multi employer scheme and treated as a defined contribution scheme and contributions payable charged to the profit and loss account. Contributions for the year ended 31 March 2015 were £ 50,000 (2014: £48,421) and the amounts outstanding at the year end was £640 (2014: £2,951).

19 Reconciliation of operating profit to net cash inflow from operating activities

	2015 £	2014 £
Operating profit	121,131	129,575
Depreciation charges	507,133	397,803
Decrease in stocks	4,095	1,949
(Increase)/decrease in debtors	(313,175)	27,928
Increase in creditors	466,736	73,117
	<u>785,920</u>	<u>630,372</u>

20 Reconciliation of net cash flow to movement in net debt

	£
Increase in cash in the year	63,465
Change in net debt	(425,849)
Net debt at 1 April 2014	(990,259)
	<u>(1,352,643)</u>
Net debt at 31 March 2015	<u>(1,352,643)</u>

Notes (continued)

21 Gross cash flows

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest paid	3,404	(4,894)
Interest element of finance lease rental payments	133,863	(131,892)
	<u>137,267</u>	<u>(136,786)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(266,138)	(92,978)
Proceeds	2,001	71,250
	<u>(264,137)</u>	<u>(21,728)</u>
Financing		
Issue of debenture loan	-	100,000
Debenture repayments	(30,454)	(21,284)
Long term borrowing repayments	-	(9,104)
Finance lease receipts/(payments)	(290,597)	63,984
	<u>(321,051)</u>	<u>133,596</u>

22 Analysis of changes in net debt

	At 1 April 2014 £	Cash flows £	At 31 March 2015 £
Cash in hand, at bank and bank account	60,305	63,465	123,770
Debt due within one year	(21,286)	-	(21,286)
Debt due after one year	(81,930)	21,286	(60,644)
Finance leases	(910,932)	(456,303)	(1,367,235)
Other loans	(36,416)	9,168	(27,248)
	<u>(990,259)</u>	<u>(362,384)</u>	<u>(1,352,643)</u>

23 Controlling shareholders

The controlling shareholder of Halton Borough Transport is Halton Borough Council which owns 430,099 shares.