

**BLACKPOOL TRANSPORT SERVICES
LIMITED**

Report and Financial Statements
29 March 2009

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BLACKPOOL TRANSPORT SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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BLACKPOOL TRANSPORT SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr T G Roberts	(appointed 1 June 2009)
Mr S J Burd	(resigned 31 May 2009)
Mrs S Kennerley	
Mr D J Hislop	
Mr O S Howarth	
Mr J S Kearsley	(non executive)
Councillor N E Hardy	(non executive)
Councillor D A Brown	(non executive)
Councillor A J Lee	(non executive)
Councillor H Mitchell	(non executive) (resigned 16 December 2008)
Councillor R E Wynne	(non executive)
Councillor S Ridyard	(non executive) (appointed 16 December 2008)

SECRETARY

Mrs S Kennerley

REGISTERED OFFICE

Rigby Road
Blackpool
FY1 5DD

BANKERS

National Westminster Bank plc
PO Box 1
20 Corporation Street
Blackpool
FY1 1EL

SOLICITORS

Donns
PO Box 41
The Observatory
Chapel Walks
Manchester
M60 1DZ

Brabners Chaffe Street LLP
7-8 Chapel Street
Preston
PR1 8AN

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the 52 weeks ended 29 March 2009.

ACTIVITIES

The group's principal activity is the provision of public passenger transport services on Lancashire's Fylde Coast which it fulfils through its metro coastlines bus fleet and the famous coastal tramway system.

REVIEW OF THE BUSINESS

Group Results

The directors are pleased to report a further satisfactory year achieving a profit on ordinary activities of £1,352,092 before taxation and charges incurred as a result of compliance with FRS 17 as explained below.

This result was greater than expectations as the budgeted profit for the same period was £516,849.

Turnover for the 52 week period was £24,624,122, which was an increase of 7% on the previous 52 week period (2008: £23,018,824). The bus business has remained strong throughout the period with the company benefiting from the changes to the national Senior Citizen Concessionary Fare Scheme which has resulted in more people using the bus services in the Fylde coast area. However, the tram business continues to struggle with the general decline in visitor numbers to Blackpool.

Direct costs have increased from £17,178,139 to £18,676,178, an increase of 8.7%, with the increase in the cost of diesel presenting the major challenge in the control of expenditure.

Operating profit was £1,189,413 (2008: £1,351,026) which is a decrease of £161,613 or 12%.

Interest receivable and similar income has fallen during the period due to lower interest rates on deposits. Interest payable and similar charges have increased as a result of higher borrowings representing an increased investment in the bus fleet.

The figures shown in the profit and loss account have been affected by the requirement to comply with FRS17 'Retirement Benefits'. The group's profit on ordinary activities before taxation of £1,310,092 (2008: £1,852,107) is after a net charge of £42,000 (2008: net gain of £76,000) as a result of compliance with FRS 17 as shown in note 25. The profit after the adjustment for FRS17 and after taxation for the period ending 29 March 2009 was £890,680 (2008: £1,407,081).

Financial Position

Borrowings relating to finance leases and hire purchase obligations, have been increased from £1,504,739 to £1,715,821 due to capital investment during the period.

Cash balances at the end of the period have increased to £2,830,797 from £2,108,685 at the end of last period. The directors consider that the company has adequate financial resources to continue to operate successfully into the future despite the current uncertain economic circumstances.

The shareholders' funds for the group have decreased from £7,862,050 to £5,592,850. The value of shareholders' funds has been adversely affected by the valuation of the final salary pension scheme as at March 2009 as required by FRS17 'Retirement Benefits' resulting in a net recognised loss of £2,504,880 (2008: £472,480) in the current year as detailed in the consolidated statement of total recognised gain and losses.

DIRECTORS' REPORT (continued)

FUTURE PROSPECTS

The directors are confident about the future prospects of the business.

During the year, the company purchased 6 new Optare solos, 2 second hand Dennis Tridents and 5 second hand Optare Excels for a total cost of £864,890 to be used on various routes of the bus network.

The planned fleet replacement policy will continue as will the revision and updating of services to meet the requirements of present and potential customers. The directors continue to monitor the progress of the network making changes where demand or potential demand suggests that a better overall service can be given, thereby encouraging passenger growth.

The company has committed to purchase 7 new Optare solos and a new bus wash during the year ending March 2010 at a total cost of £823,042.

During the year, the company has continued to work on the refurbishment of the illuminated tramcar, the Western Train. The Heritage Lottery fund is providing £278,000 towards the restoration of the vehicle which is due for completion in 2009.

The company continues to work on the development of Quality Partnerships with both Blackpool Borough Council and Lancashire County Council.

The directors are confident of the overall financial position of the company and are monitoring performance and curtailing costs where practical.

RISKS AND UNCERTAINTIES

Blackpool Borough Council and Lancashire County Council entered a bid with the Department for Transport for funding to bring the tramway up to LRT standards. In June 2009, the Department for Transport announced its decision to fund £68.3 million towards a proposed £100 million scheme for the refurbishment of the Blackpool to Fleetwood tram service. Blackpool Borough Council and Lancashire County Council will be required to contribute £33.4 million towards the upgrade to LRT standards. The two Councils contributions will be delivered from their own funds and both are looking into the most cost effective ways of achieving this. The directors can report, however, that there is no present prospect of a notice being served under the present tramway lease which would place any additional financial burden upon the group and consequently it is the view of the directors that no financial provision is necessary.

The uncertainties surrounding the increasing cost of fuel during 2008 has been a major concern for the company. During the first half of the year the cost of a litre of derv fluctuated considerably and was increasing.. To mitigate this risk, on 1 October 2008, the company entered into a three year financial fuel hedging agreement for the purchase of a percentage of its total annual fuel requirement. This deal has enabled the company to fix its fuel at a price it can afford.

The main competitor to the bus business is Stagecoach plc who operates passenger services in certain areas of the Fylde Coast. The company attempts to manage this risk by providing an excellent network of services throughout the area and by working closely with the local authorities in order to meet the demands of passengers.

Going forward, the greatest risk to the business is the level of reimbursement which the company receives for participating in the national Senior Citizen Concessionary Fare scheme. The Lancashire District Councils have reduced the rate payable to operators by 19.8% for the year commencing 1 April 2009. This reduction will have a major negative impact on profitability. Therefore, the directors will be submitting appropriate appeals to the Secretary of State for Transport in order to preserve the financial viability of the company into the medium term future.

The company's projections for the financial year ending March 2010 have been prepared having taken into account these risks and uncertainties. The directors consider that the company has adequate financial resources to continue to operate successfully into the future despite these circumstances and continue to adopt the going concern basis in the preparation of the annual report and accounts.

DIRECTORS' REPORT (continued)

TRAINING AND DEVELOPMENT

The company is committed to the training and development of all staff. A total of 127 drivers have now qualified at NVQ Level 2 in Road Passenger Transport, with 34 currently working towards the qualification.

ENVIRONMENTAL POLICY

The company has introduced an environmental policy and seeks to adopt practices which cause least damage to the environment and is continually exploring methods of recycling materials where practical.

DIVIDENDS

During the year the directors declared a dividend for 2009 of £655,000 or 23.48p per share (2008: £555,000 or 19.90p). There were no interim dividends paid during the year (2008: £100,000).

DIRECTORS

The membership of the Board is set out on page 1. None of the directors had any interests in the shares of the company.

DIRECTORS' LIABILITY INSURANCE

The company has affected a policy of Directors' Liability Insurance indemnifying the directors against liability at law for damages arising from any wrongful act committed by them in their respective capacities as directors but excluding any liability or claim arising from Blackpool Borough Council.

DONATIONS

The company made four small charitable donations totalling £851 (2008: £1,138) to local organisations.

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the company that disabled persons shall be considered for employment, training, career development and promotion, on the basis of their aptitudes and abilities, in common with all employees.

EMPLOYEE INVOLVEMENT

The company has a policy of keeping employees informed on a regular basis, through a Consultative Committee, briefing meetings and everyday communications between management and staff, of current activities, progress and general matters of company interest.

BLACKPOOL TRANSPORT SERVICES LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

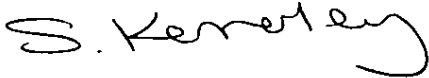
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware: and
- each of the directors has taken steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008, Deloitte & Touche LLP changed their name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as the company's auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting in accordance with section 384 of the Companies Act 1985.

Approved by the Board of Directors on 21 August 2009
and signed on behalf of the Board.



S Kennerley
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKPOOL TRANSPORT SERVICES LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Blackpool Transport Services Limited for the 52 week period ended 29 March 2009 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net funds, notes to the consolidated cash flow statement and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report, as defined in the contents page, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 29 March 2009 and of the group's profit for the 52 week period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP

Chartered Accountants and Registered Auditors

Manchester

United Kingdom

26 August 2009

BLACKPOOL TRANSPORT SERVICES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 52 weeks ended 29 March 2009

		52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
	Note		
TURNOVER	3	24,624,122	23,018,824
Cost of sales		(18,676,178)	(17,178,139)
GROSS PROFIT		5,947,944	5,840,685
Administrative expenses		(5,243,694)	(4,999,591)
Other operating income	4	485,163	509,932
OPERATING PROFIT		1,189,413	1,351,026
Interest receivable and similar income	6	77,500	142,242
Interest payable and similar charges	7	(194,821)	(112,161)
Other finance income	25	238,000	471,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,310,092	1,852,107
Taxation on profit on ordinary activities	9	(419,412)	(445,026)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD	22,23	890,680	1,407,081

All results derive from continuing operations.

BLACKPOOL TRANSPORT SERVICES LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the 52 weeks ended 29 March 2009

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Profit for the financial period attributable to the members	890,680	1,407,081
Actuarial loss relating to pension scheme (note 25)	(3,479,000)	(682,000)
Deferred tax attributable to actuarial loss (see below)	974,120	209,520
	<u> </u>	<u> </u>
Total recognised gains and losses for the period	<u>(1,614,200)</u>	<u>934,601</u>

Included within the credit from deferred tax attributable to the actuarial loss in the 52 weeks ended 30 March 2008 is £18,560 as a result of the corporation tax rate change from 30% to 28% effective from 1 April 2008 (see note 9).

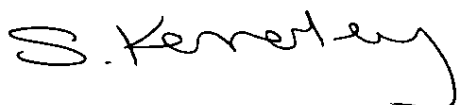
BLACKPOOL TRANSPORT SERVICES LIMITED

CONSOLIDATED BALANCE SHEET As at 29 March 2009

	Note	29 March 2009 £	£	30 March 2008 £	£
FIXED ASSETS					
Tangible assets	12	9,230,508		9,305,964	
			9,230,508		9,305,964
CURRENT ASSETS					
Stocks	14	340,384		294,785	
Debtors	15	1,479,726		1,585,284	
Cash at bank and in hand		2,830,797		2,108,685	
		4,650,907		3,988,754	
CREDITORS: amounts falling due within one year	16	(3,661,023)		(3,298,266)	
NET CURRENT ASSETS			989,884		690,488
TOTAL ASSETS LESS CURRENT LIABILITIES			10,220,392		9,996,452
CREDITORS: amounts falling due after more than one year	17		(1,130,622)		(1,208,705)
PROVISIONS FOR LIABILITIES	20		(1,659,480)		(1,614,737)
NET ASSETS EXCLUDING PENSION (LIABILITY)/ASSET			7,430,290		7,173,010
Pension (liability)/asset	25		(1,837,440)		689,040
NET ASSETS			5,592,850		7,862,050
CAPITAL AND RESERVES					
Called up share capital	21		2,789,000		2,789,000
Profit and loss account	23		2,803,850		5,073,050
TOTAL SHAREHOLDERS' FUNDS	22		5,592,850		7,862,050

These financial statements were approved by the Board of Directors on 21 August 2009.

Signed on behalf of the Board of Directors:



S Kennerley
Director

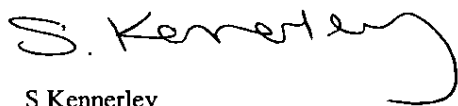
BLACKPOOL TRANSPORT SERVICES LIMITED

COMPANY BALANCE SHEET As at 29 March 2009

	Note	29 March 2009 £	£	30 March 2008 £	£
FIXED ASSETS					
Tangible assets	12	9,230,508		9,305,964	
Investments	13	<u>285,678</u>		<u>285,678</u>	
			9,516,186		9,591,642
CURRENT ASSETS					
Stocks	14	340,384		294,785	
Debtors	15	1,689,487		1,795,045	
Cash at bank and in hand		<u>2,830,797</u>		<u>2,108,685</u>	
		4,860,668		4,198,515	
CREDITORS: amounts falling due within one year	16	<u>(4,156,462)</u>		<u>(3,793,705)</u>	
NET CURRENT ASSETS			704,206		404,810
TOTAL ASSETS LESS CURRENT LIABILITIES			10,220,392		9,996,452
CREDITORS: amounts falling due after more than one year	17		(1,130,622)		(1,208,705)
PROVISIONS FOR LIABILITIES	20		<u>(1,659,480)</u>		<u>(1,614,737)</u>
NET ASSETS EXCLUDING PENSION (LIABILITY)/ASSET			7,430,290		7,173,010
Pension (liability)/asset	25		<u>(1,837,440)</u>		<u>689,040</u>
NET ASSETS			<u>5,592,850</u>		<u>7,862,050</u>
CAPITAL AND RESERVES					
Called up share capital	21		2,789,000		2,789,000
Profit and loss account	23		<u>2,803,850</u>		<u>5,073,050</u>
TOTAL SHAREHOLDERS' FUNDS	22		<u>5,592,850</u>		<u>7,862,050</u>

These financial statements were approved by the Board of Directors on 21 August 2009.

Signed on behalf of the Board of Directors:



S Kennerley

Director

BLACKPOOL TRANSPORT SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the 52 weeks ended 29 March 2009

	Note	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Cash inflow from operating activities	1	2,820,943	2,926,541
Returns on investments and servicing of finance	2a	(117,321)	30,081
Taxation		(522,960)	(744,041)
Capital expenditure and financial investment	2b	(268,957)	(596,576)
Equity dividends paid		(455,000)	(1,180,000)
Cash inflow before use of liquid resources and financing		1,456,705	436,005
Financing	2c	(734,593)	(998,542)
Increase/(decrease) in cash in the period		<u>722,112</u>	<u>(562,537)</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

For the 52 weeks ended 29 March 2009

	Note	£	52 weeks ended 29 March 2009 £	£	52 weeks ended 30 March 2008 £
Increase/(decrease) in cash in the period	3	722,112		(562,537)	
Net cash outflow from financing	2c	734,593		998,542	
Change in net funds resulting from cash flows			1,456,705		436,005
New hire purchase agreements			(945,675)		(1,298,200)
Movement in net funds in the period			511,030		(862,195)
Net funds at start of period			603,946		1,466,141
Net funds at end of period			1,114,976		603,946

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO CONSOLIDATED CASH FLOW STATEMENT For the 52 weeks ended 29 March 2009

Note 1 – Reconciliation of operating profit to operating cash flows

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Operating profit	1,189,413	1,351,026
Depreciation	1,371,985	1,260,155
Amortisation of grant and legacy	(35,207)	(35,207)
Profit on sale of tangible fixed assets	(13,824)	(14,017)
(Increase)/decrease in stocks	(45,599)	13,627
Decrease in debtors	105,558	195,378
Decrease in creditors	(19,383)	(141,421)
Movement in pension commitment (see note 25)	268,000	297,000
Net cash inflow from operating activities	<u>2,820,943</u>	<u>2,926,541</u>

Note 2 - Analysis of cash flows for headings netted in the cash flow statement

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Note 2a – Returns on investments and servicing of finance		
Interest received	77,500	142,242
Interest element of finance lease and hire purchase payments	<u>(194,821)</u>	<u>(112,161)</u>
Net cash (outflow)/inflow for returns on investments and servicing of finance	<u>(117,321)</u>	<u>30,081</u>
Note 2b – Capital expenditure and financial Investment		
Purchase of tangible fixed assets	(353,639)	(765,919)
Sales of tangible fixed assets	16,605	29,169
Receipt of grant	<u>68,077</u>	<u>140,174</u>
Net cash outflow for capital expenditure and financial investment	<u>(268,957)</u>	<u>(596,576)</u>
Note 2c - Financing		
Refinancing of hire purchase agreement	-	-
Repayment of hire purchase agreements	-	-
Capital element of finance lease and hire purchase payments	<u>(734,593)</u>	<u>(998,542)</u>
Net cash outflow from financing	<u>(734,593)</u>	<u>(998,542)</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued) For the 52 weeks ended 29 March 2009

Note 3 - Analysis of net funds

	At 30 March 2008 £	Cash flow 2009 £	Other non cash charges 2009 £	At 29 March 2009 £
Cash in hand and bank	2,108,685	722,112	-	2,830,797
Finance lease and hire purchase obligations	(1,504,739)	734,593	(945,675)	(1,715,821)
	<u>603,946</u>	<u>1,456,705</u>	<u>(945,675)</u>	<u>1,114,976</u>

NOTES TO THE ACCOUNTS

For the 52 weeks ended 29 March 2009

1. ACCOUNTING POLICIES

The Financial Statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior period.

The Financial Statements are prepared under the historical cost convention.

Basis of preparation

Given the current economic circumstances and the guidance issued by the Financial Reporting Council, additional disclosures are presented in the Directors' report around the basis on which the directors have continued to adopt the going concern basis in preparing these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries Seagull Coaches Limited and Fylde Transport Limited.

Acquisitions and goodwill

On the acquisition of a business, fair values are attributed to the group's share of net assets.

Prior to the introduction of FRS10 where the cost of acquisition exceeded the values attributable to such assets, the difference was treated as purchased goodwill and was written off directly to reserves in the year of the acquisition. There have been no acquisitions since FRS10 was introduced.

Tangible fixed assets

Depreciation is not provided on freehold land.

On other assets it is provided on cost in equal annual instalments over the estimated useful lives as follows:

Freehold buildings	– 50 years
Short leasehold buildings	– 20 years
Buses, trams and motor vehicles	– 3 to 20 years
Second-hand buses and coaches	– on the estimated useful lives of the vehicles
Plant, equipment, fixtures and fittings	– 3 to 10 years

The company has a programme for the major refurbishment of tramcars so as to extend their useful service lives. Such refurbished trams are being written down over fifteen years.

The company has also put in place a programme for the refurbishment of part of its bus fleet, to extend the life of the vehicles by five years and the costs are being depreciated over this period.

Assets under construction are not subject to depreciation until the assets are brought into use.

Grants

Capital grants are shown in deferred income less amounts transferred to revenue on the same basis as the relevant assets are depreciated.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

NOTES TO THE ACCOUNTS (continued)
For the 52 weeks ended 29 March 2009

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the contract. The excess of the payments over the recorded obligations are treated as finance charges which are amortised over each contract term to give a constant rate of charge on the remaining balance of the obligation. Operating lease rentals are charged to profit and loss in equal annual amounts over the lease term.

Pension costs

For the defined benefit scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other financial costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Contributions for employees who transferred from Blackpool Borough Council on 20 October 1986 are paid into a defined benefit scheme run by Lancashire County Council. The defined benefit scheme is funded by contributions of the company and employees. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Contributions for employees who have joined the company since 20 October 1986 and for eligible employees who transferred from subsidiary companies are paid into a defined contribution scheme. The pension cost represents contributions payable by the company to the fund. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. ACQUISITION AND GOODWILL

The cumulative amount of goodwill written off to reserves is £209,962 (2008: £209,962).

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 29 March 2009

3. TURNOVER

Turnover represents the cash receipts for fares, plus the invoiced amounts for services under contract and for private hire and income net of commissions on advertising contracts. All turnover is derived from UK operations (2008: same) and is recognised when the service is delivered.

4. OTHER OPERATING INCOME

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Engineering recharges	312,479	316,278
Other income	172,684	193,654
	<u>485,163</u>	<u>509,932</u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Directors' emoluments	<u>310,608</u>	<u>263,190</u>
	No.	No.
Number of executive directors who were members of a defined benefit pension scheme during the period	<u>1</u>	<u>1</u>

The emoluments for the highest paid director were £94,892 for the 52 weeks ended 29 March 2009 (52 weeks ended 30 March 2008: £98,406).

The non-Executive Directors received no emoluments from the company for the 52 weeks ended 29 March 2009 (52 weeks ended 30 March 2008: £nil).

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 29 March 2009

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

The contributions made by the company into a money purchase pension scheme on behalf of directors is £10,818 (2008: £8,758). For the highest paid director the contributions by the company to a money purchase pension scheme were £4,317 (2008: £4,543).

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Employee costs during the period:		
Wages and salaries	14,180,441	13,446,208
Social security costs	1,261,574	1,196,101
Other pension costs (note 25)	606,628	700,130
	<u>16,048,643</u>	<u>15,342,439</u>

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Average number of persons employed:		
Traffic and engineering	696	669
Administration	52	52
	<u>748</u>	<u>721</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Interest on deposit account	77,374	140,908
Other interest	126	1,334
	<u>77,500</u>	<u>142,242</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued) For the 52 weeks ended 29 March 2009

7. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Finance charges – finance leases and hire purchase contracts	142,571	112,161
Other interest	52,250	-
	<u>194,821</u>	<u>112,161</u>

8. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Profit on disposal of fixed assets	(13,824)	(14,017)
Depreciation:		
Owned assets	1,024,201	849,818
Assets held under leases and hire purchase contracts	<u>347,784</u>	<u>410,337</u>
	1,371,985	1,260,155
Amortisation of grant and legacy	(35,207)	(35,207)
Operating lease rentals	37,340	37,340
Fees payable to the company's auditors for the audit of the company's annual accounts	33,000	30,650
Fees payable to the company's auditors for other services:		
- the audit of the company's subsidiaries pursuant to legislation	-	1,000
- tax services	23,200	22,250
- other services pursuant to legislation	2,400	2,300
- pension audit	<u>5,050</u>	<u>4,900</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued) For the 52 weeks ended 29 March 2009

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Profit and loss account

	52 weeks ended 29 March 2009 £	52 weeks ended 30 March 2008 £
<i>Analysis of tax charge on ordinary activities</i>		
United Kingdom Corporation Tax at 28% (2008: 30%) based on profit for the period	(430,711)	(449,632)
Adjustment in respect of prior period	(35,970)	(1,280)
	<u>(466,681)</u>	<u>(450,912)</u>
Deferred tax		
Timing differences, origination and reversal (notes 20, 25)	60,540	5,886
Adjustments in respect of prior period	(13,271)	-
	<u>(419,412)</u>	<u>(445,026)</u>

Factors affecting tax charge for the current period

The current tax assessed for the period is higher (2008: lower) than that resulting from applying the standard rate of corporation tax in the UK at 28% (2008: 30%).

The differences are explained below:

	52 weeks ended 29 March 2009 %	52 weeks ended 30 March 2008 %
Standard rate of tax as a percentage of profits	28.0	30.0
Effects of:		
Expenses not deductible for tax purposes	0.3	0.3
Capital allowances in excess of depreciation	4.5	(3.7)
Movement in short term timing differences	0.1	0.4
Prior period adjustments	2.7	0.1
Other deferred tax movements	-	(2.8)
	<u>35.6</u>	<u>24.3</u>
Current tax charge for period		

10. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit after tax for the financial period amounted to £890,680 (2008: £1,009,253).

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued) For the 52 weeks ended 29 March 2009

11. EQUITY DIVIDENDS DECLARED

	2009 £	2008 £
23.48p per ordinary share (2008: 19.90p)	655,000	555,000

The prior year dividend included £100,000 declared as an interim dividend paid during the prior year. There was no interim dividend declared in the current period.

12. TANGIBLE FIXED ASSETS

The Group and Company

	Total £	Land & buildings freehold £	Land & buildings short leasehold £	Buses trams & motor vehicles £	Plant equipment, fixtures & fittings £	Assets under construction £
Cost						
At 31 March 2008	23,682,483	1,317,170	160,567	18,417,160	3,332,715	454,871
Additions	1,299,310	-	-	872,618	90,685	336,007
Disposals	(516,507)	-	-	(286,147)	(230,360)	-
Transfers	-	-	-	307,886	-	(307,886)
At 29 March 2009	24,465,286	1,317,170	160,567	19,311,517	3,193,040	482,992
Accumulated depreciation						
At 31 March 2008	14,376,519	263,143	26,710	11,576,751	2,509,915	-
Provided during the period	1,371,985	18,568	8,028	1,089,741	255,648	-
Disposals	(513,726)	-	-	(285,944)	(227,782)	-
At 29 March 2009	15,234,778	281,711	34,738	12,380,548	2,537,781	-
Net book value						
At 29 March 2009	9,230,508	1,035,459	125,829	6,930,969	655,259	482,992
At 31 March 2008	9,305,964	1,054,027	133,857	6,840,409	822,800	454,871

The net book value of fixed assets at 29 March 2009 includes £2,778,105 (2008: £2,065,467) in respect of assets held under finance lease and hire purchase contracts.

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 29 March 2009

13. INVESTMENTS

The Company	Shares in subsidiary undertakings £
Cost	
At 31 March 2008 and 29 March 2009	683,506
Provision for impairment	
At 31 March 2008 and 29 March 2009	397,828
Net book value	
At 31 March 2008 and 29 March 2009	285,678

The investment represents the purchase of 100% of the share capital of Seagull Coaches Limited, a holding company which owns 100% of the share capital of Fylde Transport Limited, a dormant company. Both companies are registered in England and Wales. The prior year impairment of £397,828 reflects the reduction of the investment in Seagull Coaches Limited to its net realisable value.

14. STOCKS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Raw materials and consumables	340,384	294,785	340,384	294,785

There is no material difference between the balance sheet value of stocks and their replacement cost.

15. DEBTORS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	267,563	276,026	267,563	276,026
Blackpool Borough Council	177,891	157,323	177,891	157,323
Amounts owed by group undertaking	-	-	209,764	209,764
Other debtors	102,198	135,227	102,195	135,224
Prepayments and accrued income	932,074	1,016,708	932,074	1,016,708
	1,479,726	1,585,284	1,689,487	1,795,045

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued) For the 52 weeks ended 29 March 2009

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Obligations under finance leases and hire purchase contracts	864,509	541,380	864,509	541,380
Trade creditors	624,798	519,691	624,798	519,691
Blackpool Borough Council	60,457	339,881	60,457	339,881
Amount owed to group undertakings	-	-	495,439	495,439
Corporation tax	196,993	244,872	196,993	244,872
Taxation and social security	246,055	316,074	246,055	316,074
Other creditors	512,441	514,531	512,441	514,531
Accruals and deferred income	466,657	331,630	466,657	331,630
Grant and legacy (see note 18)	34,113	35,207	34,113	35,207
Dividend payable	655,000	455,000	655,000	455,000
	<u>3,661,023</u>	<u>3,298,266</u>	<u>4,156,462</u>	<u>3,793,705</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Obligations under finance leases and hire purchase contracts	851,312	963,359	851,312	963,359
Grant and legacy (see note 18)	279,310	245,346	279,310	245,346
	<u>1,130,622</u>	<u>1,208,705</u>	<u>1,130,622</u>	<u>1,208,705</u>

18. DEFERRED INCOME

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Grants and legacy				
Opening balance	280,553	175,586	280,553	175,586
Released to profit and loss account	(35,207)	(35,207)	(35,207)	(35,207)
Awarded during the period	68,077	140,174	68,077	140,174
Closing balance	<u>313,423</u>	<u>280,553</u>	<u>313,423</u>	<u>280,553</u>
Less: deferred income falling due within one year	<u>(34,113)</u>	<u>(35,207)</u>	<u>(34,113)</u>	<u>(35,207)</u>
Deferred income falling due after more than one year	<u>279,310</u>	<u>245,346</u>	<u>279,310</u>	<u>245,346</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued) For the 52 weeks ended 29 March 2009

19. BORROWINGS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Obligations under hire purchase contracts	1,715,821	1,504,739	1,715,821	1,504,739
	<u>1,715,821</u>	<u>1,504,739</u>	<u>1,715,821</u>	<u>1,504,739</u>
Due within one year	864,509	541,380	864,509	541,380
Due between one and two years	604,763	579,779	604,763	579,779
Due between two and five years	246,549	383,580	246,549	383,580
	<u>1,715,821</u>	<u>1,504,739</u>	<u>1,715,821</u>	<u>1,504,739</u>

20. PROVISIONS FOR LIABILITIES

	Deferred tax	Third party liability	Total
	£	£	£
The Group and the Company			
Opening balance at 31 March 2008	1,040,726	574,011	1,614,737
Utilised in the period	-	(350,359)	(350,359)
Current period (credit)/charge	(60,540)	442,371	381,831
Prior year adjustment	13,271	-	13,271
	<u>993,457</u>	<u>666,023</u>	<u>1,659,480</u>
Closing balance at 29 March 2009			

The third party liability provision represents the amount which may be expected to be paid to third parties in relation to claims made against the company as a result of incidents with those parties.

The amounts of deferred tax provided in the financial statements are:

	Amount provided 2009	Amount provided 2008
	£	£
Capital allowances in excess of depreciation	1,007,269	1,052,947
Other timing differences	(13,812)	(12,221)
	<u>993,457</u>	<u>1,040,726</u>

Movements on deferred taxation balance in the period:

	2009	2008
	£	£
Opening balance	1,040,726	1,084,592
Credit to profit and loss account	(47,269)	(43,866)
	<u>993,457</u>	<u>1,040,726</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued) For the 52 weeks ended 29 March 2009

21. CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised:		
3,500,000 ordinary shares of £1 each	3,500,000	3,500,000
Allotted and fully paid:		
2,789,000 ordinary shares of £1 each	2,789,000	2,789,000

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
The Group		
Profit for the financial period attributable to members	890,680	1,407,081
Dividends declared	(655,000)	(555,000)
Other recognised gains and losses relating to the period (net)	(2,504,880)	(472,480)
Net (reduction in)/addition to shareholders' funds	(2,269,200)	379,601
Opening shareholders' funds	7,862,050	7,482,449
Closing shareholders' funds	5,592,850	7,862,050
The Company		
Profit for the financial period attributable to members	890,680	1,009,253
Dividends declared	(655,000)	(555,000)
Other recognised gains and losses relating to the period (net)	(2,504,880)	(472,480)
Net reduction in shareholders' funds	(2,269,200)	(18,227)
Opening shareholders' funds	7,862,050	7,880,277
Closing shareholders' funds	5,592,850	7,862,050

23. RESERVES

	Group £	Company £
At 31 March 2008	5,073,050	5,073,050
Profit for the period	890,680	890,680
Dividends	(655,000)	(655,000)
Actuarial gains and losses (net)	(2,504,880)	(2,504,880)
At 29 March 2009	2,803,850	2,803,850

NOTES TO THE ACCOUNTS (continued)
For the 52 weeks ended 29 March 2009

24. FINANCIAL COMMITMENTS

Capital commitments are as follows:

	2009 £	2008 £
Group and company		
Contracted for but not provided in the financial statements	823,042	800,122

Annual commitments under non-cancellable leases are as follows:

	2009 Land and buildings £	Other £	2008 Land and buildings £	Other £
Group and company				
Expiry date				
- between two and five years	-	3,840	-	3,840
- after five years	33,500	-	33,500	-

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

25. PENSION COSTS

	2009 £	2008 £
Cost for the pensions schemes were:		
Lancashire County Pension Fund	280,300	395,000
Blackpool Transport Services Limited Retirement Benefit Scheme	326,328	305,130
	606,628	700,130

Lancashire County Pension Fund

The Lancashire County Pension Fund is a defined benefit scheme. Under the definitions set out in FRS 17 'Retirement Benefits', this is a multi-employer scheme. Blackpool Transport Services Limited is able to identify its share of the underlying assets and liabilities of the Fund and so the details given below relate solely to the company's share.

The assets of the scheme are held separately from those of the company. The scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 31 March 2007 using the projected unit funding method.

Based on this valuation, the actuaries advised that the employer's cost of pensions should be nil with effect from 1 April 2008 (4.1% for the three years ended 31 March 2008).

During the period, the company funded additional contributions of £12,423 to enhance the benefits of members who have been allowed to retire early (2008: £44,028).

In determining this pension cost, the most significant assumptions are the differentials between the assumed rate of return from investments and the assumed rates of increase in pensionable pay and pensions. The assumptions are that the future investment returns will be 2.25% higher than the rate of pensionable pay increases, and 4% higher than the rate of future pension increases. The pensions cost was determined using the projected unit method of funding.

As the company is one of many bodies participating in the Fund, it is not appropriate to disclose either the current level of funding in the Fund as a whole, or the market value of the total Fund's assets.

NOTES TO THE ACCOUNTS (continued)
For the 52 weeks ended 29 March 2009

25. PENSION COSTS (continued)

FRS 17 'Retirement Benefits'

In accordance with FRS 17, the actuarial calculations have been carried out using the Projected Unit Method.

The actuarial valuation of the company's defined benefit pension scheme, the 'Lancashire County Pension Fund', was prepared on 31 March 2007 by the appropriate scheme actuary as appointed by the scheme's trustees. This valuation has been updated to 31 March 2009 to take account of FRS 17 requirements. Scheme liabilities have been calculated using a consistent projected unit valuation method and compared to the scheme's assets at their 31 March 2009 market values. The difference between 31 March 2009 and 29 March 2009 is not material. The next actuarial valuation will be as at 31 March 2010.

Based on actuarial advice, the financial assumptions used in calculating the scheme's liabilities and the total value of these liabilities under FRS 17 are:

	Assumptions as at		
	31 March 2009	31 March 2008	31 March 2007
	%	%	%
Discount rate	7.10	6.10	5.40
Inflation rate	3.30	3.60	3.10
LPI pension increases	3.30	3.60	3.10
Salary progression	5.05	5.35	4.85

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the time scale covered, may not necessarily be borne out in practice.

The future contribution rate for the company is nil.

The fair value of assets in the scheme and the expected rates of return on each class of asset, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods, and are thus inherently uncertain, were:

	Long term expected rate of return		Long term expected rate of return		Long term expected rate of return	
	31 March 2009	Value 31 March 2009	31 March 2008	Value 31 March 2008	31 March 2007	Value 31 March 2007
	%	£'000	%	£'000	%	£'000
Equities	7.5	15,401	7.5	20,697	7.5	22,180
Government Bonds	4.0	1,963	4.6	2,363	4.7	2,898
Other Bonds	6.0	3,095	6.1	4,992	5.4	4,312
Property	6.5	1,862	6.5	1,997	6.5	2,415
Cash/ liquidity	0.5	1,233	5.25	1,098	5.25	1,552
Other	7.5	1,610	7.5	2,130	7.5	1,138
		<u>25,164</u>		<u>33,277</u>		<u>34,495</u>

NOTES TO THE ACCOUNTS (continued)
For the 52 weeks ended 29 March 2009

25. PENSION COSTS (continued)

The overall net surplus between the assets of the scheme and the liabilities of the scheme have been included in the financial statements under FRS 17 as follows:

	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000
Total fair value of scheme's assets	25,164	33,277	34,495
Present value of scheme's liabilities	(27,716)	(32,320)	(33,030)
Scheme (deficit)/surplus	(2,552)	957	1,465
Related deferred tax asset/(liability)	715	(268)	(439)
Net pension (liability)/asset	<u>(1,837)</u>	<u>689</u>	<u>1,026</u>

The change in related deferred tax liability includes the impact of the amount credited to the consolidated statement of total recognised gains and losses of £974,120 (2008: £209,520) and the amount credited to the profit and loss account of £8,400 (2008: £37,980 charged).

Analysis of amounts included within operating profit

	31 March 2009 £'000	31 March 2008 £'000
Current service costs	280	264
Past service costs	-	131
Total operating charge	<u>280</u>	<u>395</u>

Analysis of amount credited to net finance income

	31 March 2009 £'000	31 March 2008 £'000
Expected return on scheme assets	2,176	2,225
Interest on pension scheme liabilities	(1,938)	(1,754)
Net finance gain	<u>238</u>	<u>471</u>

Amounts recognised in the statement of total recognised gains and losses

	31 March 2009 £'000	31 March 2008 £'000
Difference between actual and expected return on scheme assets	(8,922)	(2,726)
Experience gains and losses on scheme liabilities	5,443	1,583
Changes in assumptions underlying the present value of the scheme liabilities	-	461
Actuarial loss recognised in the statement of total recognised gains and losses	<u>(3,479)</u>	<u>(682)</u>

The actual return on scheme assets was £6,746,000 (2008: £500,000).

NOTES TO THE ACCOUNTS (continued)
For the 52 weeks ended 29 March 2009

25. PENSION COSTS (continued)

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is a recognised loss of £3,593 (2008: £114,000).

Five-year history of experience adjustments is as follows:

	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2006 £'000	31 March 2005 £'000
Present value of defined benefit obligations	27,716	32,320	33,030	34,136	28,347
Fair value of scheme assets	25,164	33,277	34,495	34,340	28,707
Surplus/(deficit) in the scheme	(2,552)	957	1,465	204	360
Experience adjustments on scheme liabilities	5,443	1,583	-	(471)	1,078
Percentage of scheme liabilities (%)	19.6%	4.9%	-	(1.4%)	3.8%
Experience adjustments on scheme assets	(8,922)	(2,726)	(240)	4,786	6,356
Percentage of scheme assets (%)	(35.5%)	(8.2%)	(0.7%)	13.9%	4.7%

The estimated amounts of contributions expected to be paid to the scheme during the current financial year is £nil.

Movements in the present value of defined benefit obligations were as follows:

	31 March 2009 £'000	31 March 2008 £'000
At 1 April 2008	32,320	33,030
Service cost	280	264
Interest cost	1,938	1,754
Contributions from scheme members	73	69
Past service cost	-	131
Actuarial gains and losses	(5,443)	(1,502)
Benefits paid	(1,452)	(1,426)
At 31 March 2009	27,716	32,320

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued) For the 52 weeks ended 29 March 2009

25. PENSION COSTS (continued)

Movements in the fair value of schemes assets were as follows:

	31 March 2009 £'000	31 March 2008 £'000
At 1 April 2008	33,277	34,495
Expected return on scheme assets	2,176	2,225
Actuarial gains and losses	(8,922)	(2,184)
Employer contribution	12	98
Contributions from scheme members	73	69
Benefits paid	(1,452)	(1,426)
31 March 2009	<u>25,164</u>	<u>33,277</u>

At 31 March 2009 the assets have been valued at realisable values as opposed to fair value. The prior period comparatives have not been restated as the resulting increase to the asset value of £69,000 is not material. This movement is included with the current year actuarial loss.

Blackpool Transport Services Limited Retirement Benefit Scheme

On 1 September 1996, the company introduced a new pension scheme, the Blackpool Transport Services Limited Retirement Benefit Scheme, for those employees not eligible to be members of the Local Government Superannuation Scheme. In doing this, the company has closed the scheme administered by Save and Prosper and transferred all members to the new scheme where the funds are invested with AXA Sun Life. The scheme was administered by Jardine Lloyd Thompson Benefit Consultants until 1 September 2008 when the administration role was transferred to WFS Consulting.

The Blackpool Transport Services Limited Retirement Benefit Scheme is a defined contribution scheme with members opting to pay contributions at 3%, 4% or 5% of pensionable earnings with the company matching the employee's level of contributions.

As at 29 March 2009, contributions of £44,156 (2008: £35,340) due in respect of the current reporting period had not been paid over to the scheme.

26. DERIVATIVES NOT INCLUDED AT FAIR VALUE

During the current year the company took out a derivative to hedge exposure to changes in fuel prices. Derivatives are not included at fair value in the accounts but in accordance with the Companies Act 1985 the fair value is disclosed below.

	Fair value	
	2009 £	2008 £
Energy swap contracts - liability	<u>1,408,549</u>	<u>-</u>

The valuation of the derivative at the balance sheet date was performed by a third party.

NOTES TO THE ACCOUNTS (continued)
For the 52 weeks ended 29 March 2009

27. RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

Blackpool Borough Council owns 100% of the ordinary share capital of Blackpool Transport Services Limited. Blackpool Borough Council is the ultimate controlling party of Blackpool Transport Services Limited. Blackpool Borough Council heads the largest and smallest group for which the results of Blackpool Transport Services Limited are consolidated. Copies of its consolidated financial statements are available to the public from the Chief Financial Officer at PO Box 4, Town Hall, Blackpool, FY1 1NA.

Turnover for the 52 weeks ended 29 March 2009 includes £509,886 (2008: £525,874) received from Blackpool Borough Council in respect of income for contracted services.

Other operating income for the 52 weeks ended 29 March 2009 includes £361,930 (2008: £389,304) charged to Blackpool Borough Council in respect of tram overhead line maintenance, cash counting and other sundry services.

Direct costs for the 52 weeks ended 29 March 2009 include £36,000 (2008: £71,497) charged by Blackpool Borough Council in respect of tramway rental and other charges.

Administration charges for the 52 weeks ended 29 March 2009 include £247,697 (2008: £221,024) charged by Blackpool Borough Council in respect of service charges, rates and other charges.

Amounts due from and owed to Blackpool Borough Council are shown in notes 15 and 16 respectively.