

**BLACKPOOL TRANSPORT SERVICES
LIMITED**

**Report and Financial Statements
For the 52 weeks ended
28 March 2010**

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BLACKPOOL TRANSPORT SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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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)
Mr A G Pollock	(non executive) (appointed 1 April 2010)
Mrs S Kennerley	
Mr D J Hislop	
Mr O S Howarth	(resigned 31 August 2009)
Mr J S Kearsley	(non executive) (resigned 31 March 2010)
Councillor N E Hardy	(non executive)
Councillor D A Brown	(non executive)
Councillor A J Lee	(non executive)
Councillor R E Wynne	(non executive)
Councillor S Ridyard	(non executive)

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 Statutory 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 28 March 2010

ACTIVITIES

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

REVIEW OF THE BUSINESS

The Blackpool Transport Services Group consists of Blackpool Transport Services Limited, Fylde Transport Limited and Seagull Coaches Limited. Blackpool Transport Services Limited is the only trading entity, with the other two companies being dormant in both the current and prior year. As such, the Directors' Report refers solely to Blackpool Transport Services Limited rather than the group.

Group Results

The Directors have to report a difficult trading year for the period ending 28 March 2010 with the recession affecting the outturn as it has affected many other businesses.

Turnover for the 52 week period was £23,061,519, which was a decrease of 6.3% on the previous 52 week period (2009 £24,624,122). In addition to the general economic downturn, reduced reimbursement from the national Senior Citizen Concessionary Fare Scheme has resulted in a reduction in turnover of £585,000 in the period. In addition, major road works in Blackpool Town Centre and the closure of the tramway for upgrading to the new light rail system has had an adverse effect on farebox income on buses and trams respectively. Turnover has also been affected by a 26% reduction in advertising revenue in comparison with the previous 52 week period. As a result of the difficulties faced by the Company, the Directors have reviewed the bus network and have made various changes to early morning, evening and weekend services in order to make savings whilst only affecting a minority of passengers. These changes were made in February 2010 and have resulted in over 50 drivers taking voluntary redundancy.

Both Direct Costs and Administration Expenses have increased during the period and include costs relating to driver redundancies of £459,000 and associated FRS17 pension curtailment costs of £528,000. The Directors are confident that the savings relating to these changes will improve the Company's profitability into the future.

The Company made an Operating Loss of £1,175,771 which is a decrease of £2,365,184 (2008 Operating Profit of £1,189,413).

Interest receivable and similar income has fallen during the period due to lower interest rates on deposits and lower cash balances to invest. Interest payable and similar charges have also decreased as a result of lower borrowings.

The figures shown in the Profit and Loss Account have been affected by the requirement to comply with FRS17 'Retirement Benefits'. The Company's loss on ordinary activities before taxation of £1,647,192 (2009 profit of £1,310,092) is after a net charge of £1,062,000 (2009 £42,000) as a result of compliance with FRS 17 as shown in note 25. As stated above, the driver redundancies during the year have led to an FRS17 pension curtailment cost of £528,000 which represents the additional liability which has resulted from the early retirement of drivers who volunteered for redundancy and will not occur in future periods.

The loss after the adjustment for FRS17 and after taxation for the period ending 28 March 2010 was £1,192,682 (2009 profit of £890,680).

Financial Position

Borrowings have decreased from £1,715,821 to £1,505,893 during the period due to the repayments made in the year.

Cash Balances at the end of the period have decreased from £2,830,797 to £2,077,028 as a result of the difficult trading year.

The shareholder's funds for the group have decreased from £5,592,850 to £4,389,368. The value of shareholder's funds has been adversely affected by the valuation of the final salary pension scheme as at March 2010 as required by FRS17 'Retirement Benefits' and detailed in Note 25 to the accounts.

DIRECTORS' REPORT (continued)

FUTURE PROSPECTS

Despite the downturn in profitability in the period ending 28 March 2010, the Directors remain confident about the future prospects of the business

Projections for the financial year ending March 2011 show a more positive outlook and the Directors are already making plans to ensure the continued stability of the Company

Further service changes on the bus network were made in July 2010 which will balance more effectively supply to demand along with a more punctual and reliable service whilst ensuring further cost savings and minimising the impact on passenger numbers

During the year, the Company purchased 7 new Optare Solos at cost of £784,042 and have committed to purchase 5 second hand Volvo Wright Eclipse buses for £405,000 in the financial year ending March 2011

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

The Directors will continue to monitor performance and curtail 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 Company and consequently it is the view of the Directors that no financial provision is necessary.

The Directors entered into a three year financial fuel hedging agreement for the purchase of a percentage of its total annual fuel requirement in October 2008. This deal has enabled the Company to fix its fuel at a price it can afford until October 2011.

The reduction in reimbursement for participating in the national Senior Citizen Concessionary Fare scheme has had a major impact on the Company's profitability in the current period. The Lancashire District Councils reduced the rate payable to operators by 9.2% for the year commencing 1 April 2009. This revised rate has been agreed at the same level for the year commencing 1 April 2010 and will then be renegotiated. Any further reduction will have a detrimental effect on income and the Directors may need to take further action to continue to secure the future of the Company.

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 a network of services throughout the area to satisfy customer need and by working closely with the local authorities in order to meet the demands of passengers.

The Company's projections for the financial year ending March 2011 have been prepared having taken into account these risks and uncertainties and the effect of the national recession. The Directors have not approved a dividend for 2010 and have agreed with the shareholder that the remainder of the dividend outstanding for 2009 of £491,250 will be paid when the Company is in a more stable financial position and the savings relating to the service changes have started to come through.

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.

TRAINING AND DEVELOPMENT

The Company is committed to the training and development of all staff. A total of 134 drivers have now qualified at NVQ Level 2 in Road Passenger Transport, with 14 currently working towards the qualification.

BLACKPOOL TRANSPORT SERVICES LIMITED

DIRECTORS' REPORT (continued)

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

In light of the current trading conditions, the Directors have not approved a dividend for 2010 (2009 £655,000 or 23 48p per share)

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 effected 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 small charitable donations totalling £546 (2009 £851) to various 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

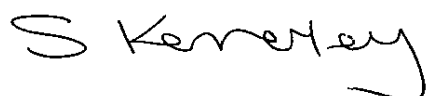
AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006

Approved by the Board of Directors on 20 August 2010 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). 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 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 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 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 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 financial statements of Blackpool Transport Services Limited for the 52 week period ended 28 March 2010 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, the notes to the consolidated cash flow statement and the related notes 1 to 27. 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).

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 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

As explained more fully in the Statement of Directors' Responsibilities, 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 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

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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 28 March 2010 and of its loss for the 52 week period 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.

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
- the 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.



Alan Fendall (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom

24 August 2010

BLACKPOOL TRANSPORT SERVICES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the 52 weeks ended 28 March 2010

	Note	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
TURNOVER	3	23,061,519	24,624,122
Cost of sales		(19,056,124)	(18,676,178)
GROSS PROFIT		4,005,395	5,947,944
Administrative expenses		(5,647,631)	(5,243,694)
Other operating income	4	466,465	485,163
OPERATING (LOSS)/PROFIT		(1,175,771)	1,189,413
Interest receivable and similar income	6	13,424	77,500
Interest payable and similar charges	7	(125,845)	(194,821)
Other finance (cost)/income	25	(359,000)	238,000
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,647,192)	1,310,092
Taxation on loss/(profit) on ordinary activities	9	454,510	(419,412)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD	22, 23	(1,192,682)	890,680

All results derive from continuing operations

BLACKPOOL TRANSPORT SERVICES LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the 52 weeks ended 28 March 2010

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
(Loss)/profit for the financial period attributable to the members	(1,192,682)	890,680
Actuarial loss relating to pension scheme (note 25)	(15,000)	(3,479,000)
Deferred tax attributable to actuarial loss	4,200	974,120
Total recognised gains and losses for the period	<u>(1,203,482)</u>	<u>(1,614,200)</u>

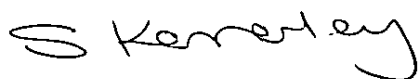
BLACKPOOL TRANSPORT SERVICES LIMITED

CONSOLIDATED BALANCE SHEET As at 28 March 2010

	Note	28 March 2010 £	£	29 March 2009 £	£
FIXED ASSETS					
Tangible assets	12	<u>9,058,273</u>		<u>9,230,508</u>	
			9,058,273		9,230,508
CURRENT ASSETS					
Stocks	14	339,714		340,384	
Debtors	15	1,455,879		1,479,726	
Cash at bank and in hand		<u>2,077,028</u>		<u>2,830,797</u>	
		3,872,621		4,650,907	
CREDITORS: amounts falling due within one year	16	<u>(3,348,224)</u>		<u>(3,661,023)</u>	
NET CURRENT ASSETS			524,397		989,884
TOTAL ASSETS LESS CURRENT LIABILITIES			9,582,670		10,220,392
CREDITORS: amounts falling due after more than one year	17		(995,920)		(1,130,622)
PROVISIONS FOR LIABILITIES	20		<u>(1,708,342)</u>		<u>(1,659,480)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			6,878,408		7,430,290
Pension liability	25		<u>(2,489,040)</u>		<u>(1,837,440)</u>
NET ASSETS			<u>4,389,368</u>		<u>5,592,850</u>
CAPITAL AND RESERVES					
Called up share capital	21		2,789,000		2,789,000
Profit and loss account	23		<u>-1,600,368</u>		<u>2,803,850</u>
TOTAL SHAREHOLDER'S FUNDS	22		<u>4,389,368</u>		<u>5,592,850</u>

These financial statements of Blackpool Transport Services Limited, registered number 2003020, were approved by the Board of Directors and authorised for issue on 20 August 2010

Signed on behalf of the Board of Directors



S Kennerley
Director

BLACKPOOL TRANSPORT SERVICES LIMITED

COMPANY BALANCE SHEET As at 28 March 2010

	Note	28 March 2010 £	£	29 March 2009 £	£
FIXED ASSETS					
Tangible assets	12	9,058,273		9,230,508	
Investments	13	285,678		285,678	
			9,343,951		9,516,186
CURRENT ASSETS					
Stocks	14	339,714		340,384	
Debtors	15	1,665,640		1,689,487	
Cash at bank and in hand		2,077,028		2,830,797	
		4,082,382		4,860,668	
CREDITORS: amounts falling due within one year	16	(3,843,663)		(4,156,462)	
NET CURRENT ASSETS			238,719		704,206
TOTAL ASSETS LESS CURRENT LIABILITIES			9,582,670		10,220,392
CREDITORS: amounts falling due after more than one year	17		(995,920)		(1,130,622)
PROVISIONS FOR LIABILITIES	20		(1,708,342)		(1,659,480)
NET ASSETS EXCLUDING PENSION LIABILITY			6,878,408		7,430,290
Pension liability	25		(2,489,040)		(1,837,440)
NET ASSETS			4,389,368		5,592,850
CAPITAL AND RESERVES					
Called up share capital	21		2,789,000		2,789,000
Profit and loss account	23		1,600,368		2,803,850
TOTAL SHAREHOLDER'S FUNDS	22		4,389,368		5,592,850

These financial statements of Blackpool Transport Services Limited, registered number 2003020, were approved by the Board of Directors and authorised for issue on 20 August 2010

Signed on behalf of the Board of Directors



S Kennerley

Director

BLACKPOOL TRANSPORT SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the 52 weeks ended 28 March 2010

		52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
	Note		
Cash inflow from operating activities	1	1,138,217	2,820,943
Returns on investments and servicing of finance	2a	(112,421)	(117,321)
Taxation		(207,071)	(522,960)
Capital expenditure and financial investment	2b	(358,774)	(268,957)
Equity dividends paid		(163,750)	(455,000)
Cash inflow before use of liquid resources and financing		296,201	1,456,705
Financing	2c	(1,049,970)	(734,593)
(Decrease)/increase in cash in the period		(753,769)	722,112

BLACKPOOL TRANSPORT SERVICES LIMITED

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS For the 52 weeks ended 28 March 2010

	Note	£	52 weeks ended 28 March 2010 £	£	52 weeks ended 29 March 2009 £
(Decrease)/increase in cash in the period	3	(753,769)		722,112	
Net cash outflow from financing	2c	<u>1,049,970</u>		<u>734,593</u>	
Change in net funds resulting from cash flows			296,201		1,456,705
New hire purchase agreements			<u>(840,042)</u>		<u>(945,675)</u>
Movement in net funds in the period			<u>(543,841)</u>		<u>511,030</u>
Net funds at start of period			<u>1,114,976</u>		<u>603,946</u>
Net funds at end of period			<u><u>571,135</u></u>		<u><u>1,114,976</u></u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

For the 52 weeks ended 28 March 2010

Note 1 – Reconciliation of operating profit to operating cash flows

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
Operating (loss)/profit	(1,175,771)	1,189,413
Depreciation	1,469,133	1,371,985
Amortisation of grant and legacy	(44,602)	(35,207)
Profit on sale of tangible fixed assets	(28,334)	(13,824)
Decrease/(increase) in stocks	670	(45,599)
Decrease in debtors	237,908	105,558
Increase/(decrease) in creditors	148,213	(19,383)
Movement in pension commitment (see note 25)	531,000	268,000
Net cash inflow from operating activities	<u>1,138,217</u>	<u>2,820,943</u>

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

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
Note 2a – Returns on investments and servicing of finance		
Interest received	13,424	77,500
Interest element of finance-lease and hire purchase payments	<u>(125,845)</u>	<u>(194,821)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(112,421)</u>	<u>(117,321)</u>
Note 2b – Capital expenditure and financial Investment		
Purchase of tangible fixed assets	(470,317)	(353,639)
Sales of tangible fixed assets	41,795	16,605
Receipt of grant	<u>69,748</u>	<u>68,077</u>
Net cash outflow for capital expenditure and financial investment	<u>(358,774)</u>	<u>(268,957)</u>
Note 2c - Financing		
Refinancing of hire purchase agreement	-	-
Repayment of hire purchase agreements	-	-
Capital element of finance lease and hire purchase payments	<u>(1,049,970)</u>	<u>(734,593)</u>
Net cash outflow from financing	<u>(1,049,970)</u>	<u>(734,593)</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued) For the 52 weeks ended 28 March 2010

Note 3 - Analysis of net funds

	At 29 March 2009 £	Cash flow 2010 £	Other non cash changes 2010 £	At 28 March 2010 £
Cash in hand and bank	2,830,797	(753,769)	-	2,077,028
Finance lease and hire purchase obligations	(1,715,821)	1,049,970	(840,042)	(1,505,893)
	<u>1,114,976</u>	<u>296,201</u>	<u>(840,042)</u>	<u>571,135</u>

NOTES TO THE ACCOUNTS

For the 52 weeks ended 28 March 2010

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 28 March 2010

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 (2009 £209,962)

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 (2009 same) and is recognised when the service is delivered.

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 28 March 2010

4. OTHER OPERATING INCOME

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
Engineering recharges	372,897	312,479
Other income	93,568	172,684
	<u>466,465</u>	<u>485,163</u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
Directors' emoluments	<u>273,689</u>	<u>310,608</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 £87,081 for the 52 weeks ended 28 March 2010 (52 weeks ended 29 March 2009 £94,892)

The non-Executive Directors received no emoluments from the Company for the 52 weeks ended 28 March 2010 (52 weeks ended 29 March 2009 £nil)

The contributions made by the company into a money purchase pension scheme on behalf of Directors is £8,631 (2009 £10,818) For the highest paid director the contributions by the company to a money purchase pension scheme were £3,750 (2009 £4,317)

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
Employee costs during the period.		
Wages and salaries	14,029,009	14,180,441
Social security costs	1,224,967	1,261,574
Other pension costs (note 25)	1,040,025	606,628
	<u>16,294,001</u>	<u>16,048,643</u>
Average number of persons employed		
Traffic and engineering	683	696
Administration	49	52
	<u>732</u>	<u>748</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 28 March 2010

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
Interest on deposit account	13,291	77,374
Other interest	133	126
	<u>13,424</u>	<u>77,500</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
Finance charges – finance leases and hire purchase contracts	124,416	142,571
Other interest	1,429	52,250
	<u>125,845</u>	<u>194,821</u>

8. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Profit on disposal of fixed assets	(28,334)	(13,824)
Depreciation		
Owned assets	986,667	1,024,201
Assets held under leases and hire purchase contracts	<u>482,466</u>	<u>347,784</u>
	1,469,133	1,371,985
Amortisation of grant and legacy	(44,602)	(35,207)
Operating lease rentals	38,770	37,340
Fees payable to the company's auditors for the audit of the company's annual accounts	29,200	33,000
Fees payable to the company's auditors for other services		
- tax services	9,700	23,200
- other services pursuant to legislation	-	2,400
- pension audit	-	5,050
Redundancy costs	<u>459,000</u>	<u>-</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 28 March 2010

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Profit and loss account

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
<i>Analysis of tax charge on ordinary activities</i>		
United Kingdom Corporation Tax at 28% (2009 28%) based on the (loss)/profit for the period	-	(430,711)
Adjustment in respect of prior period	203,984	(35,970)
	<u>203,984</u>	<u>(466,681)</u>
Deferred tax		
Timing differences, origination and reversal (notes 20, 25)	1,326	60,540
FRS 17 adjustments	249,200	-
Adjustments in respect of prior period	-	(13,271)
	<u>454,510</u>	<u>(419,412)</u>

Factors affecting tax charge for the current period

The current tax assessed for the period is higher (2009 higher) than that resulting from applying the standard rate of corporation tax in the UK at 28% (2009 28%)

The differences are explained below

	52 weeks ended 28 March 2010 £	52 weeks ended 29 March 2009 £
Standard rate of tax as a percentage of profits	(28 0)	28 0
Effects of		
Expenses not deductible for tax purposes	0 4	0 3
Capital allowances in excess of depreciation	0 3	4 5
Movement in short term timing differences	(0 2)	0 1
Prior period adjustments	(12 4)	2 7
Utilisation of tax losses	12 4	-
Other deferred tax movements	15 1	-
	<u>(12 4)</u>	<u>35 6</u>
Current tax (credit)/charge for period		

10. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss after tax for the financial period amounted to £1,192,682 (2009 profit of £890,680)

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 28 March 2010

11 EQUITY DIVIDENDS

	2010 £	2009 £
Nil p per ordinary share (2009 23 48p)	-	655,000

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 30 March 2009	24,465,286	1,317,170	160,567	19,311,517	3,193,040	482,992
Additions	1,310,359	-	-	950,183	54,238	305,938
Disposals	(1,212,844)	-	-	(1,208,969)	(3,875)	-
Transfers	-	-	-	511,168	8,001	(519,169)
At 28 March 2010	24,562,801	1,317,170	160,567	19,563,899	3,251,404	269,761
Accumulated depreciation						
At 30 March 2009	15,234,778	281,711	34,738	12,380,548	2,537,781	-
Charge for the period	1,469,133	18,568	8,028	1,207,233	235,304	-
Disposals	(1,199,383)	-	-	(1,195,514)	(3,869)	-
At 28 March 2010	15,504,528	300,279	42,766	12,392,267	2,769,216	-
Net book value						
At 28 March 2010	9,058,273	1,016,891	117,801	7,171,632	482,188	269,761
At 30 March 2009	9,230,508	1,035,459	125,829	6,930,969	655,259	482,992

The net book value of fixed assets at 28 March 2010 includes £3,180,517 (2009 £2,778,105) 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 28 March 2010

13. INVESTMENTS

The Company	Shares in subsidiary undertakings £
Cost	
At 30 March 2009 and 28 March 2010	683,506
Provision for impairment	
At 30 March 2009 and 28 March 2010	397,828
Net book value	
At 30 March 2009 and 28 March 2010	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 impairment of £397,828 reflects the reduction of the investment in Seagull Coaches Limited to its net realisable value and was recorded in the 52 week period ended 30 March 2008.

14. STOCKS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Raw materials and consumables	339,714	340,384	339,714	340,384

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

15. DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts falling due within one year				
Corporation Tax	214,062	-	214,062	-
Trade debtors	331,176	267,563	331,176	267,563
Blackpool Borough Council	180,779	177,891	180,779	177,891
Amounts owed by group undertaking	-	-	209,764	209,764
Other debtors	130,479	102,198	130,476	102,195
Prepayments and accrued income	599,383	932,074	599,383	932,074
	1,455,879	1,479,726	1,665,640	1,689,487

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 28 March 2010

16. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Obligations under finance leases and hire purchase contracts	823,216	864,509	823,216	864,509
Trade creditors	613,941	624,798	613,941	624,798
Blackpool Borough Council	64,847	60,457	64,847	60,457
Amount owed to group undertakings	-	-	495,439	495,439
Corporation tax	-	196,993	-	196,993
Taxation and social security	214,362	246,055	214,362	246,055
Other creditors	328,327	512,441	328,327	512,441
Accruals and deferred income	786,955	466,657	786,955	466,657
Grant and legacy (see note 18)	25,326	34,113	25,326	34,113
Dividend payable	491,250	655,000	491,250	655,000
	<u>3,348,224</u>	<u>3,661,023</u>	<u>3,843,663</u>	<u>4,156,462</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Obligations under finance leases and hire purchase contracts	682,677	851,312	682,677	851,312
Grant and legacy (see note 18)	313,243	279,310	313,243	279,310
	<u>995,920</u>	<u>1,130,622</u>	<u>995,920</u>	<u>1,130,622</u>

18. DEFERRED INCOME

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Grants and legacy				
Opening balance	313,423	280,553	313,423	280,553
Released to profit and loss account	(44,602)	(35,207)	(44,602)	(35,207)
Awarded during the period	69,748	68,077	69,748	68,077
Closing balance	<u>338,569</u>	<u>313,423</u>	<u>338,569</u>	<u>313,423</u>
Less deferred income falling due within one year	<u>(25,326)</u>	<u>(34,113)</u>	<u>(25,326)</u>	<u>(34,113)</u>
Deferred income falling due after more than one year	<u>313,243</u>	<u>279,310</u>	<u>313,243</u>	<u>279,310</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 28 March 2010

19. BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Obligations under hire purchase contracts	1,505,893	1,715,821	1,505,893	1,715,821
	<u>1,505,893</u>	<u>1,715,821</u>	<u>1,505,893</u>	<u>1,715,821</u>
Due within one year	823,216	864,509	823,216	864,509
Due between one and two years	459,740	604,763	459,740	604,763
Due between two and five years	222,937	246,549	222,937	246,549
	<u>1,505,893</u>	<u>1,715,821</u>	<u>1,505,893</u>	<u>1,715,821</u>

20. PROVISIONS FOR LIABILITIES

	Deferred tax	Third party liability	Total
	£	£	£
The Group and the Company			
Opening balance at 30 March 2009	993,457	666,023	1,659,480
Utilised in the period	-	(693,301)	(693,301)
Current period (credit)/charge	(1,326)	743,489	742,163
	<u>992,131</u>	<u>716,211</u>	<u>1,708,342</u>
Closing balance at 28 March 2010			

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	Amount provided
	2010	2009
	£	£
Capital allowances in excess of depreciation	1,002,012	1,007,269
Other timing differences	(9,881)	(13,812)
	<u>992,131</u>	<u>993,457</u>

Movements on deferred taxation balance in the period

	2010	2009
	£	£
Opening balance	993,457	1,040,726
Credit to profit and loss account	(1,326)	(47,269)
Closing balance	<u>992,131</u>	<u>993,457</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued) For the 52 weeks ended 28 March 2010

21. CALLED UP SHARE CAPITAL

	2010 £	2009 £
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

	2010 £	2009 £
The Group		
(Loss)/profit for the financial period attributable to members	(1,192,682)	890,680
Dividends declared	-	(655,000)
Other recognised gains and losses relating to the period (net)	(10,800)	(2,504,880)
Net reduction in to shareholders' funds	(1,203,482)	(2,269,200)
Opening shareholders' funds	5,592,850	7,862,050
Closing shareholders' funds	4,389,368	5,592,850
The Company		
(Loss)/profit for the financial period attributable to members	(1,192,682)	890,680
Dividends declared	-	(655,000)
Other recognised gains and losses relating to the period (net)	(10,800)	(2,504,880)
Net reduction in shareholders' funds	(1,203,482)	(2,269,200)
Opening shareholders' funds	5,592,850	7,862,050
Closing shareholders' funds	4,389,368	5,592,850

23. RESERVES

	Group £	Company £
At 30 March 2009	2,803,850	2,803,850
Loss for the period	(1,192,682)	(1,192,682)
Dividends	-	-
Actuarial gains and losses (net of deferred tax)	(10,800)	(10,800)
At 28 March 2010	1,600,368	1,600,368

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued) For the 52 weeks ended 28 March 2010

24. FINANCIAL COMMITMENTS

Capital commitments are as follows

	2010 £	2009 £
Group and company		
Contracted for but not provided in the financial statements	405,000	823,042

Annual commitments under non-cancellable leases are as follows

	2010 Land and buildings £	Other £	2009 Land and buildings £	Other £
Group and company				
Expiry date				
- between two and five years	-	3,840	-	3,840
- after five years	35,500	-	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

	2010 £	2009 £
Cost for the pensions schemes were		
Lancashire County Pension Fund	703,000	280,300
Blackpool Transport Services Limited Retirement Benefit Scheme	337,025	326,328
	1,040,025	606,628

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 (2009: £12,423).

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 28 March 2010

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 2010 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 2010 market values. The difference between 31 March 2010 and 28 March 2010 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 2010 %	31 March 2009 %	31 March 2008 %
Discount rate	5.60	7.10	6.10
Inflation rate	3.30	3.30	3.60
LPI pension increases	3.30	3.30	3.60
Salary progression	5.05	5.05	5.35

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 2010 %	Value 31 March 2010 £'000	31 March 2009 %	Value 31 March 2009 £'000	31 March 2008 %	Value 31 March 2008 £'000
Equities	7.5	20,532	7.5	15,401	7.5	20,697
Government Bonds	4.5	2,178	4.0	1,963	4.6	2,363
Other Bonds	5.2	3,733	6.0	3,095	6.1	4,992
Property	6.5	1,555	6.5	1,862	6.5	1,997
Cash/ liquidity	0.5	1,244	0.5	1,233	5.25	1,098
Other	7.5	1,867	7.5	1,610	7.5	2,130
		<u>31,109</u>		<u>25,164</u>		<u>33,277</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 28 March 2010

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 2010 £'000	31 March 2009 £'000	31 March 2008 £'000
Total fair value of scheme's assets	31,109	25,164	33,277
Present value of scheme's liabilities	(34,566)	(27,716)	(32,320)
Scheme (deficit)/surplus	(3,457)	(2,552)	957
Related deferred tax asset/(liability)	968	715	(268)
Net pension (liability)/asset	(2,489)	(1,837)	689

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 £4,200 (2009 £974,120) and the amount credited to the profit and loss account of £249,200 (2009 £8,400 credited)

Analysis of amounts included within operating profit

	31 March 2010 £'000	31 March 2009 £'000
Current service costs	175	280
Curtailment costs	528	-
Total operating charge	703	280

Analysis of amount credited to net finance income

	31 March 2010 £'000	31 March 2009 £'000
Expected return on scheme assets	1,537	2,176
Interest on pension scheme liabilities	(1,896)	(1,938)
Net finance (cost)/income	(359)	238

Amounts recognised in the statement of total recognised gains and losses

	31 March 2010 £'000	31 March 2009 £'000
Difference between actual and expected return on scheme assets	6,435	(8,922)
Experience gains and losses on scheme liabilities	(6,450)	5,443
Actuarial loss recognised in the statement of total recognised gains and losses	(15)	(3,479)

The actual return on scheme assets was £7,972,000 (2009 £6,746,000)

NOTES TO THE ACCOUNTS (continued)
For the 52 weeks ended 28 March 2010

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 £3,608,000 (2009 £3,593,000)

Five-year history of experience adjustments is as follows:

	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2006 £'000
Present value of defined benefit obligations	34,566	27,716	32,320	33,030	34,136
Fair value of scheme assets	31,109	25,164	33,277	34,495	34,340
Surplus/(deficit) in the scheme	(3,457)	(2,552)	957	1,465	204
Experience adjustments on scheme liabilities	(6,450)	5,443	1,583	-	(471)
Percentage of scheme liabilities (%)	(18.7%)	19.6%	4.9%	-	(1.4%)
Experience adjustments on scheme assets	6,435	(8,922)	(2,726)	(240)	4,786
Percentage of scheme assets (%)	20.7%	(35.5%)	(8.2%)	(0.7%)	13.9%

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 2010 £'000	31 March 2009 £'000
At 1 April 2009	27,716	32,320
Service cost	175	280
Interest cost	1,896	1,938
Contributions from scheme members	68	73
Curtailment cost	528	-
Actuarial gains and losses	6,450	(5,443)
Benefits paid	(2,267)	(1,452)
At 31 March 2010	34,566	27,716

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 28 March 2010

25 PENSION COSTS (continued)

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

	31 March 2010 £'000	31 March 2009 £'000
At 1 April 2009	25,164	33,277
Expected return on scheme assets	1,537	2,176
Actuarial gains and losses	6,435	(8,922)
Employer contribution	172	12
Contributions from scheme members	68	73
Benefits paid	(2,267)	(1,452)
31 March 2010	<u>31,109</u>	<u>25,164</u>

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 28 March 2010, contributions of £39,354 (2009 £44,156) 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 2006 the fair value is disclosed below.

	Fair value	
	2010 £	2009 £
Energy swap contracts - liability	<u>492,162</u>	<u>1,408,549</u>

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

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

For the 52 weeks ended 28 March 2010

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 28 March 2010 includes £510,455 (2009 £509,886) received from Blackpool Borough Council in respect of income for contracted services.

Other operating income for the 52 weeks ended 28 March 2010 includes £380,184 (2009 £361,930) 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 28 March 2010 include £36,000 (2009 £36,000) charged by Blackpool Borough Council in respect of tramway rental and other charges.

Administration charges for the 52 weeks ended 28 March 2010 include £248,805 (2009 £247,697) 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.