

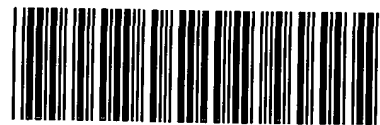
Blackpool Transport Services Limited

Annual report and financial statements

Registered number 2003020

28 March 2015

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Strategic report

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 LRT system.

Review of the Business

Group Results

Turnover for the 52 week period was £22,369,474 which was an increase of 1.5% on the previous 52 week period (2014: £22,035,834). Farebox revenue taken on the buses and trams has increased by 6.6% and 21.6% respectively. There has also been an increase in the sale of pre-paid tickets which have been promoted throughout the period. The non statutory concession given during the period ending 29 March 2014 to all Concessionary passengers to travel on the LRT system free of charge was removed from 1 April 2014 and now only applies to Blackpool Concessionary pass holders. This year's figures have shown a decrease in concessionary income of 14.6% as a result of this withdrawal of free travel. However, the impact of this loss of revenue has been minimised as some passengers have continued to travel on the LRT system paying full fare and some have migrated to bus services. In total, operating turnover is within 0.1% of budget expectation.

Direct Costs of £16,430,858 are lower than in the previous 52 week period (2014: £16,563,668). The Company has benefited from a decreased in derv prices and depreciation costs.

As a result of the above, the Gross Profit for the 52 week period has increased by 8.5%, up from £5,472,166 to £5,938,616. This gives a gross profit margin for the current year of 26.5%.

Administration Expenses of £5,626,989 (2014: £5,617,573) are showing a small inflationary increase on last year after taking into account the additional expenditure incurred in the previous period ending March 2014 on reorganisation costs and repairs to buildings.

Other Operating Income for the 52 week period is £443,239 (2014: £404,566).

The Company made an Operating Profit before the required adjustments under FRS17 of £905,866 which is an increase of £454,707 against the previous period (2012: £451,159).

Interest payable and similar charges have decreased from £13,599 to £12,526 as a result of lower balances on HP agreements.

The figures shown in the Profit and Loss Account have been affected by the requirement to comply with FRS17 'Retirement Benefits'. The Company's trading profit before taxation of £908,826 has increased by £397,000 to a profit of £1,305,826 due to the effects of compliance as shown in the Profit and Loss Account on Page 8 and in Note 25.

Financial Position

Borrowings have increased from £310,515 to £2,247,230 during the period due to the inception of two HP agreements to finance the purchase of 10 Mercedes Citaro buses and new ticket machines for use on the buses and the LRT system.

Cash Balances at the end of the period have increased from £2,367,640 to £3,375,160. A dividend of £600,000 for the financial period ending 28 March 2015 was declared and paid to the shareholder during the period. The directors consider that the Company has adequate financial resources to continue to operate successfully into the future.

The shareholders' funds for the Group have decreased from £7,051,459 to £6,140,145. The value of shareholders' funds has decreased as a result of the profit for the period less the dividend payment and as a result of the valuation of the final salary pension scheme as at March 2015 as required by FRS17 'Retirement Benefits' and detailed in Note 25 to the accounts.

Strategic report *(continued)*

Future prospects

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

The trading result for the period has shown an increase in profit from a trading profit of £447,903 for March 2014 to a trading profit of £908,826 for March 2015.

During the year, the Company has purchased 10 new Mercedes Citaro buses which have been financed by a HP agreement commencing March 2015 and is looking to purchase a further 10 single deck buses in the near future.

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 continues to work in partnership with both Blackpool Borough Council and Lancashire County Council on bus and tram initiatives.

The directors will continue to monitor performance and curtail costs where practical.

Risks and uncertainties

The directors have entered into contracts with a fuel supplier in order to fix the price of derv at an affordable level for the period 1 April 2015 to 31 March 2016.

The national Senior Citizen Concessionary Fare scheme reimbursement level has now been agreed for a two year period expiring in March 2017 at a rate that is acceptable to the Company.

The main competitor to the bus business is Stagecoach plc who operates passenger services in certain areas of the Fylde Coast. However, we have seen increased competition from an independent operator who now operates a fleet of 14 vehicles in Blackpool. The Company attempts to manage this risk by providing a network of services through out the area to satisfy customer need and by working closely with the local authorities in order to meet the demands of passengers.

Seasonal traffic congestion and various road schemes cause congestion in the town. These cause problems for the Company in relation to reliability and punctuality of the bus network. As a result, we are continually monitoring the situation and will be implementing a major package of service changes to mitigate a number of issues. The Directors are in contact with officers of the Council to look at the effects of the disruption and a possible re-routing strategy. In February 2014 a punctuality improvement partnership agreement was agreed.

The Company's projections for the financial year ending March 2015 have been prepared and approved by the Board of Directors having taken into account the above. The projections for next year are showing a lower level of profit than the current year as the Directors believe that investment is needed in the business. In particular, the Directors are looking to invest in its employees, to engage with and increase its customer base and to continue investing in the bus fleet.

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.

Strategic report *(continued)*

Training and development

The Company is committed to the training and development of all staff.

The Company currently employs 328 bus drivers of which 112 drivers have been put through the NVQ Level 2 in Road Passenger Transport, with 24 currently working towards the qualification. Also, 41 tram drivers have completed the NVQ Level 2 in rail services.

The Company employs 36 permanent tram conductors who all have NVQ Level 2 in Customer Service and 9 have achieved Level 3 in Customer Service.

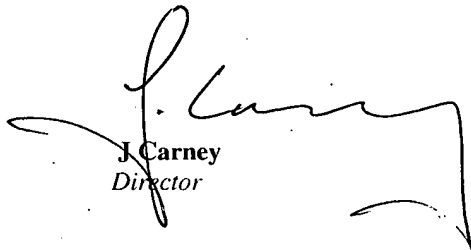
The Company now has World Host status with 370 staff having attended World Host training.

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.

Approved by the Board of Directors

And signed on behalf of the Board



J Carney
Director

Rigby Road
Blackpool
FY1 5DD

13-11 2015

Directors' report

The directors present their annual report and the audited Financial Statements of the Company for the 52 weeks ended 29 March 2015.

Dividends

The directors have approved a dividend for 2015 of £600,000 (2014: £200,000).

Directors

Mrs J Cole	- (appointed 3 November 2014)
Mr J Carney	- (appointed 7 July 2015)
Mr R L Mason	
Mrs S Kennerley	- (resigned 31 August 2015)
Councillor P D S Galley	- (non-executive)
Councillor J Elmes	- (non-executive)
Councillor M Mitchell	- (non-executive) (appointed 10 October 2014, resigned 18 October 2015)
Councillor C Wright	- (non-executive) (appointed 22 May 2015)
Councillor Robertson	- (non-executive) (appointed 22 May 2015, resigned 18 October 2015)
Councillor J C Maughan	- (non-executive) (resigned 22 August 2014)
Councillor I Taylor	- (non-executive) (resigned 7 January 2015)
Councillor P Evans	- (non-executive) (resigned 13 May 2015)
Councillor G Campbell	- (non-executive) (resigned 22 May 2015)
Councillor A L Cross	- (non-executive) (resigned 9 September 2015)

Company Secretary

Mrs S Kennerley	- (resigned 26 April 2014)
Mr M Towers	- (appointed 4 June 2014)

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 small charitable donations totalling £575 (2014: £620) 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 and to this end we will be working with various organisations to explore possible partnerships.

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. The Company has also developed a staff intranet.

Directors' Report *(continued)*

Auditors

Statement of disclosures of information to 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 2006) of which the Company's auditor is unaware

and;

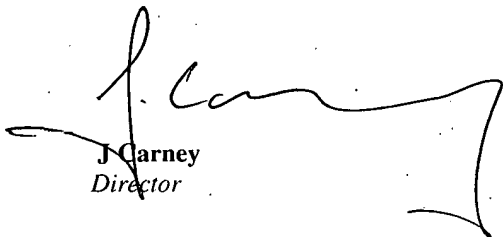
- each of the directors has taken steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

KPMG have expressed their willingness to continue in office as the Company's auditors and a resolution to reappoint them will be proposed at the Board Meeting on 12 September 2015 in accordance with section 485 of the Companies Act 2006.

Approved by the Board of Directors

And signed on behalf of the Board



J. Carney
Director

Rigby Road
Blackpool
FY1 5DD

13-11-2015

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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



KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of Blackpool Transport Services Limited

We have audited the financial statements of Blackpool Transport Services Limited for the year ended 28 March 2015 set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Company's affairs as at 28 March 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

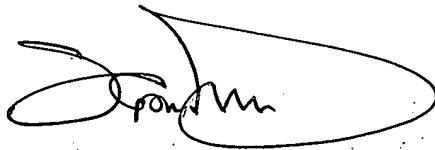
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Blackpool Transport Services Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Stephen Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor

Chartered Accountants

Edward VII Quay
Navigation Way
Preston
PR2 2YF

13-11-2015

Consolidated profit and loss account

for the year ended 29 March 2015

	Note	2015			2014		
		Before FRS17	FRS17	Total	Before FRS17	FRS17	Total
Turnover	3	22,369,474	-	22,369,474	22,035,834	-	22,035,834
Cost of sales		(16,430,858)	-	(16,430,858)	(16,563,668)	-	(16,563,668)
Gross profit		5,938,616		5,938,616	5,472,166	-	5,472,166
Administrative expenses		(5,475,989)	(151,000)	(5,626,989)	(5,425,573)	(192,000)	(5,617,573)
Other operating income	4	443,239	-	443,239	404,566	-	404,566
Operating profit		905,866	(151,000)	754,866	451,159	(192,000)	259,159
Interest receivable and similar income	6	15,486	-	15,486	10,343	-	10,343
Interest payable and similar charges	7	(12,526)	-	(12,526)	(13,599)	-	(13,599)
Other finance income	25	-	548,000	548,000	-	459,000	459,000
Profit on ordinary activities before taxation	8	908,826	397,000	1,305,826	447,903	267,000	714,903
Taxation on profit on ordinary activities	9	(28,710)	(57,310)	(86,020)	(43,084)	(17,230)	(60,314)
Profit on ordinary activities after taxation	22, 23	880,116	339,690	1,219,806	404,819	249,770	654,589

The notes on pages 16 to 31 form part of the financial statements.

All the results are from continuing activities.

Consolidated statement of total recognised gains and losses

for the year ended 29 March 2015

	2015 £	2014 £
Profit or the financial year attributable to the members	1,219,806	654,589
Actuarial profit/(loss) relating to pension scheme (note 25)	(1,868,000)	2,350,000
Deferred tax attributable to actuarial profit/(loss)	336,880	(613,940)
Total recognised gains and losses for the year	(311,314)	2,390,649

Consolidated balance sheet

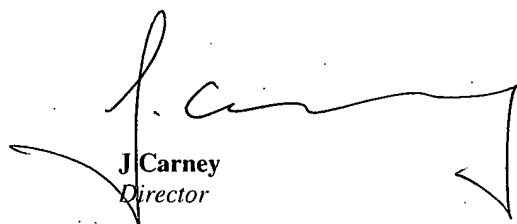
At 29 March 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	12	8,558,255	7,846,758
Current assets		8,558,255	7,846,758
Stocks	14	251,060	305,140
Debtors	15	1,711,763	1,205,537
Cash at bank and in hand		3,375,160	2,367,640
Creditors: amounts falling due within one year	16	5,337,983 (2,029,358)	3,878,317 (1,742,799)
Net current assets		3,308,625	2,135,518
Total assets less current liabilities		11,866,880	9,982,276
Creditors: amounts falling due after more than one year	17	(1,965,283)	(290,362)
Provisions for liabilities	20	(1,414,252)	(1,484,685)
Net assets excluding pension liability		8,487,345	8,207,229
Pension scheme liability	25	(2,347,200)	(1,155,770)
Net assets		6,140,145	7,051,459
Capital and reserves			
Called up share capital	21	2,789,000	2,789,000
Profit and loss account	23	3,351,145	4,262,459
Total shareholders' funds	22	6,140,145	7,051,459

The notes on pages 16 to 31 form part of the financial statements.

These financial statements were approved by the Board of Directors on
by:

2015 and were signed on its behalf



J Carney
Director

Registered number 2003020

Company balance sheet
at 29 March 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	12	8,558,255	7,846,758
Investments	13	285,678	285,678
		<u>8,843,933</u>	<u>8,132,436</u>
Current assets			
Stocks	14	251,060	305,140
Debtors	15	1,921,524	1,415,298
Cash at bank and in hand		3,375,160	2,367,640
		<u>5,547,744</u>	<u>4,088,078</u>
Creditors: amounts falling due within one year	16	(2,524,797)	(2,238,238)
		<u>3,022,947</u>	<u>1,849,840</u>
Total assets less current liabilities		<u>11,866,880</u>	<u>9,982,276</u>
Creditors: amounts falling due after more than one year	17	(1,965,283)	(290,362)
Provisions for liabilities	20	(1,414,252)	(1,484,685)
		<u>8,487,345</u>	<u>8,207,229</u>
Net assets excluding pension liability		<u>8,487,345</u>	<u>8,207,229</u>
Pension scheme liability	25	(2,347,200)	(1,155,770)
		<u>6,140,145</u>	<u>7,051,459</u>
Net assets		<u>6,140,145</u>	<u>7,051,459</u>
Capital and reserves			
Called up share capital	21	2,789,000	2,789,000
Profit and loss account	23	3,351,145	4,262,459
		<u>6,140,145</u>	<u>7,051,459</u>
Total shareholders' funds	22	<u>6,140,145</u>	<u>7,051,459</u>

The notes on pages 16 to 31 form part of the financial statements.

These financial statements were approved by the Board of Directors on

2015 and were signed on its behalf by:


J Carney
Director

Consolidated cash flow statement
for the year ended 29 March 2015

	<i>Note</i>	2015 £	2014 £
Cash inflow from operating activities	<i>1</i>	1,845,410	1,670,170
Returns on investments and servicing of finance	<i>2a</i>	2,960	(3,256)
Taxation		(188,578)	(188,700)
Capital expenditure and financial investment	<i>2b</i>	(280,687)	(598,188)
Equity dividends paid		(600,000)	(250,000)
Cash inflow before use of liquid resources and refinancing		779,105	630,026
Financing	<i>2c</i>	228,415	(233,450)
Increase/(decrease) in cash in the year		1,007,520	396,576

The notes on pages 14 to 15 form part of the financial statements.

Reconciliation of net cash flow to movement in net funds

for the year ended 29 March 2015

	Note	2015	2014
		£	£
Increase in cash in the year		1,007,520	396,576
Net cash (outflow)/inflow from financing	2c	(228,415)	233,450
Change in net funds resulting from cash flows		779,105	630,026
Hire purchase agreements		(1,708,300)	
Movement in net funds in the year		(929,195)	630,026
Net funds at start of year		2,057,125	1,427,099
Net funds at end of year		1,127,930	2,057,125

The notes on pages 14 to 15 form part of the financial statements.

Note to consolidated cash flow statement

for the year ended 29 March 2015

Note 1 - Reconciliation of operating profit to operating cash flows

	2015 £	2014 £
Operating profit	754,866	259,159
Deprecation	1,293,749	1,404,830
Amortisation of grant and legacy	(25,325)	(25,326)
Profit on sale of tangible fixed assets	(16,258)	(13,110)
Decrease in stocks	54,080	23,434
(Increase)/decrease in debtors	(456,883)	59,960
Increase/(decrease) in creditors	90,181	(230,777)
Movement in pension commitment (see note 25)	151,000	192,000
	<u>1,845,410</u>	<u>1,670,170</u>
Net cash inflow from operating activities	<u>1,845,410</u>	<u>1,670,170</u>

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

	2015 £	2014 £
Note 2a – returns on investments and servicing of finance		
Interest received	15,486	10,343
Interest element of finance lease and hire purchase payments	(12,526)	(13,599)
	<u>2,960</u>	<u>(3,256)</u>
Net cash outflow for returns on investments and servicing of finance	<u>2,960</u>	<u>(3,256)</u>
Note 2b – Capital expenditure and financial investment		
Purchase of tangible fixed assets	(306,079)	(626,688)
Sales of tangible fixed assets	25,392	28,500
	<u>(280,687)</u>	<u>(598,188)</u>
Net cash outflow for capital expenditure and financial investment	<u>(280,687)</u>	<u>(598,188)</u>
Note 2c – Financing		
Financing of assets purchased in prior year	506,193	-
Capital element of finance lease and hire purchase payments	(277,778)	(233,450)
	<u>228,415</u>	<u>(233,450)</u>
Net cash outflow from financing	<u>228,415</u>	<u>(233,450)</u>

Note to consolidated cash flow statement *(continued)*
for the year ended 28 March 2015

	At 28 March 2014 £	Cash flow £	Other non cash changes £	At 31 March 2015 £
Cash in hand and bank	2,367,640	1,007,520	-	3,375,160
Finance lease and hire purchase obligations	(310,515)	(228,415)	(1,708,300)	(2,247,230)
	<u>2,057,125</u>	<u>779,105</u>	<u>(1,708,300)</u>	<u>1,127,930</u>

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

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 year.

The financial statements are prepared under the historical cost convention.

Going Concern

In presenting the financial statements on a going concern basis, the directors have considered the Group's business activities together with factors likely to affect future performance and financial position.

At 28 March 2015, the Group has net current assets of £3,308,625 (2014: £2,135,518), including a cash balance of £3,375,160 (2014: £2,367,640). The Group has produced cash flow forecasts for the next 12 months which demonstrate that it is expected to have sufficient cash to operate throughout this period.

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

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 and the costs will be depreciated over the revised useful life of the vehicle.

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.

Notes (continued)

1 Accounting policies (continued)

Stocks

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

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 the 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 contract 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 (2014: £209,962)

Notes (continued)

3 Turnover

Turnover represents the cash receipts for fares, the invoiced amounts for services under contract and for private hire, plus the income, net of commissions, on advertising contracts. All turnover is derived from UK operations (2014: same) and is recognised when the service is delivered.

4 Other operating income

	2015 £	2014 £
Engineering recharges	396,747	379,413
Other income	46,492	25,153
	<u>443,239</u>	<u>404,566</u>

5 Information regarding directors and employees

	2015 £	2014 £
Directors' emoluments	<u>209,523</u>	<u>294,171</u>
	No	No
Number of executive directors who were members of a defined benefit pension scheme during the period	<u>-</u>	<u>-</u>

The emoluments for the highest paid director were £86,294 for the year ended 2015 (2014: £137,267).

The non-executive directors received no emoluments from the Company during the year ended 2015 (2014: £nil).

The contributions made by the Company into a money purchase pension scheme on behalf of directors are £9,718 (2014: £141,233). For the highest paid director the contributions by the Company to a money purchase pension scheme were £3,882 (2014: £134,125).

	2015 £	2014 £
<i>Employee costs during the year</i>		
Wages and salaries	11,941,460	11,860,294
Social security costs	970,615	984,901
Other pension costs (note 25)	489,050	627,726
	<u>13,401,125</u>	<u>13,472,921</u>

	2015	2014
<i>Average number of persons employed</i>		
Traffic and engineering	547	554
Administration	52	51
	<u>599</u>	<u>605</u>

Notes (continued)

6 Interest receivable and similar income

	2015	2014
Interest on deposit account	15,248	10,131
Other interest	238	212
	<u>15,486</u>	<u>10,343</u>

7 Interest payable and similar charges

	2015 £	2014 £
Finance charges – finance leases and hire purchase contracts	12,526	13,599
Other interest	-	-
	<u>12,526</u>	<u>13,599</u>

8 Profit on ordinary activities before taxation

	2015 £	2014 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Profit on disposal of fixed assets	(16,258)	(13,110)
Depreciation		
- owned assets	1,125,364	1,332,078
- assets held under leases and hire purchase contracts	<u>168,385</u>	<u>72,752</u>
	1,293,749	1,404,830
Amortisation of grant and legacy	(25,325)	(25,326)
Operating lease rentals	36,275	35,402
Fees payable to the Company's auditors for the audit of the company's annual accounts	26,150	25,399
Fees payable to the Company's auditors for other services		
- tax services	6,600	6,450
Reorganisation	<u>91,088</u>	<u>175,638</u>

Notes (continued)

9 Taxation on profit on ordinary activities

	2015 £	2014 £
<i>Analysis of tax charge on ordinary activities</i>		
Current tax:		
UK corporation tax at 21% (2014: 23%) based on the profit for the year	46,808	203,578
Adjustment in respect of prior period	(198)	(1,011)
Current tax charge	46,610	202,567
Deferred tax:		
- Timing differences, origination and reversal (note 20)	(17,900)	(73,621)
- FRS 17 adjustments (note 25)	57,310	17,230
- Rate change (note 20)	-	(85,862)
Total tax charge	86,020	60,314

Factors affecting tax charge for the current year

The current tax assessed for the year is lower (2014: higher) than that resulting from applying the standard rate of corporation tax in the UK at 21% (2014: 23%).

The differences are explained below:

	2015 %	2014 %
Standard rate of tax as a percentage of profits	21.0	23.0
Effects of:		
Expenses not deductible for tax purposes	-	-
Depreciation in excess of capital allowances	0.6	14.5
Movement in short term timing differences	(6.2)	(8.1)
Fixed asset differences	(0.3)	(0.2)
Adjustment in respect of prior period	-	(0.1)
Non-taxable income	(0.4)	(0.8)
Group relief	(11.1)	-
Current tax charge for year	3.6	28.3

Factors that may affect future current and total tax charge:

Reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2014) was substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2015) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2014. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2015 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

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 profit after tax for the financial year amounted to £1,219,806 (2014: £654,589).

Notes (continued)

11 Equity dividends

	2015 £	2014 £
£0.2151 per ordinary share (2014: £0.08964)	600,000	250,000

12 Tangible fixed assets

	Freehold land and buildings £	Short leasehold land and buildings £	Buses, trams and motor vehicles £	Plant equipment fixtures & fittings £	Total £
Cost					
At beginning of year	1,525,565	160,567	16,839,679	2,743,291	21,269,102
Additions	-	-	1,964,629	49,750	2,014,379
Disposals	-	-	(902,160)	(78,654)	(980,814)
At end of year	1,525,565	160,567	17,902,148	2,714,387	22,302,667
Accumulated depreciation					
At beginning of year	385,960	75,033	11,091,761	1,869,590	13,422,344
Charge for year	24,706	8,028	1,072,300	188,715	1,293,749
Disposals	-	-	(893,027)	(78,654)	(971,681)
At end of year	410,666	83,061	11,271,034	1,979,651	13,744,412
Net book value					
At 28 March 2015	1,114,899	77,506	6,631,114	734,736	8,558,255
At 31 March 2014	1,139,605	85,534	5,747,918	873,701	7,846,758

Included in the total net book value of fixed assets is £2,916,994 (2014: £831,055) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £168,385 (2014: £72,752).

13 Investments

	Shares in subsidiary undertakings £
The Company	
Cost	
At 29 March 2014 and 28 March 2015	683,506
Provision for impairment	
At 29 March 2014 and 28 March 2015	397,828
Net book value	
At 29 March 2014 and 28 March 2015	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 (2014: £397,828) reflects the reduction of the investment in Seagull Coaches Limited to its net realisable value and was recorded in the year ended 30 March 2008.

Notes (continued)

14 Stocks

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Raw materials and consumables	251,060	305,140	251,060	305,140

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

15 Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	159,442	140,730	159,442	140,730
Blackpool Borough Council	118,523	112,078	118,523	112,078
Amounts owed by group undertaking	-	-	209,761	209,761
Other debtors	582,796	214,160	582,796	214,160
Corporation tax	49,345	-	49,345	-
Prepayments and accrued income	801,657	738,569	801,657	738,569
	1,711,763	1,205,537	1,921,524	1,415,298

16 Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Obligations under finance leases and hire purchase contracts	468,146	231,677	468,146	231,677
Trade creditors	553,640	538,044	553,640	538,044
Blackpool Borough Council	11,814	7,826	11,814	7,826
Amount owed to group undertakings	-	-	495,439	495,439
Corporation tax	-	92,622	-	92,622
Taxation and social security	240,899	192,273	240,899	192,273
Other creditors	432,735	318,402	432,735	318,402
Accruals and deferred income	296,799	336,630	295,799	336,630
Grant and legacy (see note 18)	25,325	25,325	25,325	25,325
	2,029,358	1,742,799	2,524,797	2,238,238

Notes (continued)

17 Creditors: amounts falling due after one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Obligations under finance leases and hire purchase contracts	1,779,084	78,838	1,779,084	78,838
Grant and legacy (see note 18)	186,199	211,524	186,199	211,524
	<u>1,965,283</u>	<u>290,362</u>	<u>1,965,283</u>	<u>290,362</u>

18 Deferred income

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Grants and legacy:				
Opening balance at 31 March 2014	236,849	262,175	236,849	262,175
Released to profit and loss account	(25,325)	(25,326)	(25,325)	(25,326)
	<u>211,524</u>	<u>236,849</u>	<u>211,524</u>	<u>236,849</u>
Closing balance at 29 March 2015	211,524	236,849	211,524	236,849
Less deferred income falling due within one year	(25,325)	(25,325)	(25,325)	(25,325)
	<u>186,199</u>	<u>211,524</u>	<u>186,199</u>	<u>211,524</u>
Deferred income falling due after more than one year	186,199	211,524	186,199	211,524

19 Borrowings

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Obligations under hire purchase contracts	2,247,230	310,515	2,247,230	310,515
	<u>2,247,230</u>	<u>310,515</u>	<u>2,247,230</u>	<u>310,515</u>
Due within one year	468,146	231,677	468,146	231,677
Due between one and two years	403,486	78,838	403,486	78,838
Due between two and five years	880,977	-	80,977	-
Over five years	494,621	-	494,621	-
	<u>2,247,230</u>	<u>310,515</u>	<u>2,247,230</u>	<u>310,515</u>

Notes (continued)

20 Provisions for liabilities

	Deferred tax £	Third party liability £	Total £
The Group and the Company			
Opening balance at 29 March 2014	572,416	912,269	1,484,685
Utilised in the year	-	(514,995)	(514,995)
Current year (credit)/charge	(17,900)	462,462	444,562
	<u>554,516</u>	<u>859,736</u>	<u>1,414,252</u>
Closing balance at 28 March 2015	<u>554,516</u>	<u>859,736</u>	<u>1,414,252</u>

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 2015 £	Amount provided 2014 £
Capital allowances in excess of depreciation	554,516	658,278
Rate change	-	(85,862)
	<u>554,516</u>	<u>572,416</u>

Movement on deferred taxation balance in the year

	2015 £	2014 £
Opening balance	572,416	731,899
Credit to profit and loss account	(17,900)	(159,483)
	<u>554,516</u>	<u>572,416</u>
Closing balance	<u>554,516</u>	<u>572,416</u>

21 Called up share capital

	2015 £	2014 £
<i>Allotted and fully paid</i>		
2,789,000 ordinary shares of £1 each	<u>2,789,000</u>	<u>2,789,000</u>

Notes (continued)

22 Reconciliation of movements in shareholders' funds

	2015 £	2014 £
The Group		
Profit for the financial year attributable to members	1,219,806	654,589
Dividends declared and paid	(600,000)	(250,000)
Other recognised gains and losses relating to the year (net)	(1,531,120)	1,736,060
	<hr/>	<hr/>
Net increase/(reduction) to shareholders' funds	(911,314)	2,140,649
Opening shareholders' funds	7,051,459	4,910,810
	<hr/>	<hr/>
Closing shareholders' funds	6,140,145	7,051,459
	<hr/>	<hr/>
	£	£
The Company		
Profit for the financial year attributable to members	1,219,806	654,589
Dividends declared and paid	(600,000)	(250,000)
Other recognised gains and losses relating to the year (net)	(1,531,120)	1,736,060
	<hr/>	<hr/>
Net increase/(reduction) to shareholders' funds	(911,314)	2,140,649
Opening shareholders' funds	7,051,459	4,910,810
	<hr/>	<hr/>
Closing shareholders' funds	6,140,145	7,051,459
	<hr/>	<hr/>

23 Reserves

	Group £	Company £
At 29 March 2014	4,262,459	4,262,459
Profit for the year	1,219,806	1,219,806
Dividends	(600,000)	(600,000)
Actuarial loss (net of deferred tax)	(1,531,120)	(1,531,120)
	<hr/>	<hr/>
At 28 March 2015	3,351,145	3,351,145
	<hr/>	<hr/>

Notes (continued)

24 Financial commitments

Capital commitments are as follows:

	2015 £	2014 £
Group and Company		
Contracted for but not provided in the financial statements	107,377	1,635,000

Annual commitments under non-cancellable leases are as follows:

	2015		2014	
	Land and buildings £	Other £	Land and buildings £	Other £
Group and Company				
Expiry date				
- Less than one year	-	-	-	-
- between two and five years	-	-	-	-
- after five years	35,500	3,488	35,500	-

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

	2015 £	2014 £
<i>Cost for the pension scheme were:</i>		
Lancashire County Council	167,000	198,000
Blackpool Transport Services Limited Retirement Benefit Scheme	322,050	429,726
	489,050	627,726

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 2014 using the projected unit funding method.

Based on this valuation, the actuaries advised that the employers' cost of pensions should be nil with effect from 1 April 2015 (*nil % for the three years ended 31 March 2017*).

During the period, the company funded additional contributions of £15,532 to enhance the benefits of members who have been allowed to retire early (*2014: £5,673*).

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 2.30% higher than the rate of pensionable pay increases, and 3.80% 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 (continued)

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 2014 by the appropriate scheme actuary as appointed by the scheme's trustees. This valuation has been updated to 31 March 2015 to take account of FRS 17 requirements. Scheme liabilities have been calculated using the consistent projected unit valuation method and compared to the scheme's assets at their 31 March 2015 market values. The next actuarial valuation will be as at 31 March 2016.

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 2015	31 March 2014	31 March 2012
	%	%	%
Inflation CPI	2.0	2.4	2.4
Discount rate	3.1	4.3	3.7
Inflation rate RPI	-	-	-
LPI pension increases	2.0	2.4	2.4
Salary increases	3.5	3.9	4.4

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	Value	Long term expected rate of return	Value	Long term expected rate of return	Value
	31 March 2015 %	31 March 2015 £000	31 March 2014 %	31 March 2014 £000	31 March 2013 %	31 March 2013 £000
Equities	6.5	17,672	7.0	17,536	7.0	21,341
Government Bonds	2.2	1,111	3.4	1,037	2.8	2,719
Other Bonds	2.9	502	4.3	3,079	3.9	5,920
Property	5.9	3,620	6.2	2,912	5.7	3,201
Cash/liquidity	0.5	1,721	0.5	569	0.5	1,205
Other	6.5	11,219	7.0	8,333	7.0	34
		<u>35,845</u>		<u>33,466</u>		<u>34,420</u>

Notes (continued)

25 Pension Costs (continued)

The overall net deficit 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 2015 £000	31 March 2014 £000	31 March 2013 £000
Total fair value of scheme's assets	35,845	33,466	34,420
Present value of scheme's liabilities	(38,779)	(34,929)	(38,500)
Scheme deficit	(2,934)	(1,463)	(4,080)
Related deferred tax asset	587	307	938
Net pension asset/(liability)	(2,347)	(1,156)	(3,142)

The change in the related deferred tax amount includes the impact of the amount credited to the consolidated statement of total recognised gains and losses of £336,880 (2014: £613,940 charge) and the amount charged to the profit and loss account of £57,310 (2014: £17,230 charge).

Analysis of amounts included within operating profit

	2015 £000	2014 £000
Current service costs	155	198
Curtailment costs	12	-
Past service gain	-	-
Total operating charge	167	198

Analysis of amounts credited to net finance income

	2015 £000	2014 £000
Expected return on scheme assets	2,015	1,854
Interest on pension scheme liabilities	(1,467)	(1,395)
Net finance income	548	459

Amounts recognised in the statement of total recognised gains and losses

	2015 £000	2014 £000
Difference between actual and expected return on scheme assets	2,101	(1,083)
Experience gains and losses on scheme liabilities	(3,969)	3,433
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	(1,868)	2,350

The actual return on scheme assets was £4,117 (2014: £1,359).

Notes (continued)

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 £5,900,000 (2014: £4,032,000).

Five year history of experience adjustments is as follows:

	31 March 2015 £	31 March 2014 £	31 March 2013 £	31 March 2012 £	31 March 2011 £
Present value of defined benefit obligations	38,779	34,929	38,500	33,525	32,030
Fair value of scheme assets	35,845	33,466	34,420	31,532	32,669
(Deficit)/surplus in the scheme	(2,934)	(1,463)	(4,080)	(1,993)	639
Experience adjustments on scheme liabilities	(3,969)	3,433	(5,074)	(1,297)	1,214
Percentage of scheme liabilities (%)	10.2%	9.8%	(13.2%)	(3.9%)	3.8%
Experience adjustments on scheme assets	2,101	(1,083)	2,907	(1,558)	1,034
Percentage of scheme assets (%)	5.9%	(3.2%)	8.4%	(4.94%)	3.2%

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:

	2015 £	2014 £
At 1 April 2014	34,929	38,500
Service cost	155	198
Interest cost	1,467	1,395
Contributions from scheme members	37	43
Curtailment cost	12	-
Past service gain	-	-
Actuarial losses and gains	3,969	(3,433)
Benefits paid	(1,790)	(1,774)
At 29 March 2015	38,779	34,929

Notes (continued)

25 Pension Costs (continued)

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

	2015 £	2011 £
At 1 April 2014	33,466	34,420
Expected return on scheme assets	2,015	1,854
Actuarial losses and gains	2,101	(1,083)
Employer contribution	16	6
Contributions from scheme members	37	43
Benefits paid	(1,790)	(1,774)
	<hr/>	<hr/>
At 28 March 2015	35,845	33,466
	<hr/>	<hr/>

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 Standard Life. The scheme was administered by Jardine Lloyd Thompson Benefit Consultants until 1 September 2008 when the administration role was transferred to WFS Consulting, now Wingate Benefit Solutions.

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

As at 28 March 2015, contributions of £35,877 (2014: £29,630) for these members due in respect of the current reporting period had not been paid over to the scheme.

In October 2012 the government implemented Workplace Pension Reforms which meant that Blackpool Transport were required to automatically enrol all qualifying employees who were not in a pension scheme into a 'qualifying pension scheme' from a certain date (known as the 'staging date'). The Blackpool Transport Limited Retirement Benefit Scheme meets the qualifying criteria as set by government and is, therefore, being used as the pension scheme to automatically enrol employees into. The Company's 'staging date' was 1 November 2014. The legislation allows for a three month waiting period which the Company adopted and qualifying employees were auto enrolled on 1 February 2015.

Employees who were in the scheme prior to 'auto-enrolment' continue to pay contributions of 3%, 4% or 5% of pensionable earnings, with the Company matching the chosen contribution. Following auto-enrolment, all new entrants to the pension scheme will pay contributions under the government's default option where minimum contributions are based on 'qualifying earnings'. From 1 February 2015, employees who were auto enrolled into the scheme and who have not exercised their option to 'opt out' and other employees who were allowed to (under government legislation) and have joined the scheme have paid a contribution of 1% of qualifying earnings. The Company have also paid a contribution of 1% of qualifying earnings for all these members.

As at 28 March 2015, contributions of £6,572 (2014: £4,036) for these members due in respect of the current reporting period had not been paid over to the scheme.

Notes (continued)

26 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 year ended 28 March 2015 includes £439,995 (2014: £440,215) received from Blackpool Borough Council in respect of income for contracted services.

Other operating income for the year ended 28 March 2015 includes £369,741 (2014: £335,678) charged to Blackpool Borough Council in respect of tram overhead line maintenance and other sundry services.

Direct costs for the year ended 28 March 2015 include £100,000 (2014: £100,000) charged by Blackpool Borough Council in respect of tramway rental and other charges.

Administration charges for the year ended 28 March 2015 include £291,056 (2014: £280,965) 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