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BLACKPOOL TRANSPORT
SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1999



BLACKPOOL TRANSPORT SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors: Mr A Depledge
Mr D R Eaves
Mr W J B Gibson
Mr T A Leach
Councillor G R Bancroft (Chairman) (non executive)
Councillor Mrs M A Cresswell (non executive)
Councillor L Kersh (non executive)
Councillor Mrs S E Wright (non executive)
Councillor E E Wynne (non executive)
Mr G E Essex-Crosby (non executive)

Secretary: Mr T A Leach

Registered Office: Rigby Road
Blackpool
FY1 5DD

Registered in England
& Wales No. 2003020

Auditors: Deloitte & Touche
Chartered Accountants
201 Deansgate
Manchester
M60 2AT

Bankers: National Westminster Bank plc
P O Box 1
20 Corporation Street
Blackpool
FY1 1EL

Solicitors: Cuddy Woods & Cochrane
41 Springfield Road
Blackpool
FY1 1QE

BLACKPOOL TRANSPORT SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their Report and the audited Financial Statements for the year ended 31 March 1999.

ACTIVITIES

The Company's principal activity is the provision of public passenger transport services on Lancashire's Fylde Coast which it fulfils through the bus fleet and the famous coastal tramway system. The Company also ran coaches under the "Seagull" trading name but this business activity was closed as at 31 March 1999.

REVIEW OF THE BUSINESS

Group Results

Turnover for the year was £16,307,102 (1998 - £16,550,178). The Operating Profit was £452,199 (1998 - £1,065,104). The Bus business remained strong throughout the year but the Tram business suffered from the poor summer holiday season, along with most of the holiday trade in the North West.

Despite the positive statement in last year's review, the Seagull business was also affected by the poor holiday season and reported a further loss. Because of this, and because of the belief of the Directors that efforts should be concentrated on the Bus and Tram business, the decision was made, when preparing Financial Budgets for the coming year, to close the Seagull business and this took effect from 31 March 1999.

The decision was also made to close down the site at Squires Gate Lane, which was purchased with Fylde Transport Limited in 1994. With effect from 12 April 1999, all of the company's activities have been run from the site at Rigby Road.

In closing the Seagull business and the Squires Gate site, there have been some redundancies. The cost of these redundancies and the re-organisation costs on the Rigby Road site are provided for in the year to 31 March 1999 at a cost of £123,506 (1998 - £nil).

The property at Squires Gate Lane and the Seagull Office at Wellington Road have been put on the market.

Despite the disappointing out-turn, the Directors have continued to invest in the business and during the year purchased 14 new Optare Metroriders at a cost of £810,906. The tram refurbishment project also continues to upgrade the fleet.

In the coming year, the Company is committed to purchase 9 new Optare Excel low-floor buses and 15 new Optare Solo low-floor minibuses at a total cost of £1,995,102. This is in line with the Company's continuing policy of improving the quality of its fleet and improving access to vehicles. The Company is working on the development of Quality Partnerships with both Blackpool Borough Council and Lancashire County Council. The Directors believe that partnerships to improve all the elements of bus services, particularly bus priority measures, will be a significant feature of the Company's future development.

BLACKPOOL TRANSPORT SERVICES LIMITED

DIRECTORS' REPORT

Financial Position

In financial terms the Company remained static during the year, with cash reserves reducing by £40,421 (1998 – increasing by £412,620).

Dividends and Transfers to Reserves

An interim dividend of 10p per share was declared and was paid on 26 March 1999. The Directors do not recommend the payment of a final dividend. The retained profit of £16,960 has been transferred to reserves (1998 - £427,624).

Future Prospects

The Directors have set a financial budget with an out-turn similar to the year to 31 March 1998. As noted last year, the seasonality of the tramway business can dramatically affect the financial results of the business.

Negotiations with the Trades Unions have concluded a new set of terms and conditions which will apply to all hourly paid employees of the Company. Consolidated rates of pay have been agreed and the disparity between the employees of the parent company and the former Fylde Transport Limited has been removed.

For the future, there will be benefits from operating only one site. The closure of Squires Gate Lane, the Seagull business, and the new standardised rates of pay and Terms and Conditions of Employment, place the Company on a sound footing to move forward.

As part of the reorganisation of the Company, the senior management has been slimmed down in Operations, Engineering and Finance, and two new posts of Human Resource Manager and Marketing Manager have been created. These posts were filled on 5 July 1999 and will assist the present Directors and Managers to strengthen the business.

Termination of Tramway Lease

The Directors are continuing to negotiate the terms of a new lease with Blackpool Borough Council and are endeavouring to seek terms which are not materially more onerous in financial terms than the provisions of the expiring lease.

The Directors can report that there is no present prospect of a notice being served under the present 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.

Year 2000

The process to ensure all critical business systems are compliant, that they have been tested and compliance can be demonstrated has continued throughout the year. The Company remains on target to achieve this objective with both people and capital resources in place, and the costs directly associated with this programme are not expected to be material

BLACKPOOL TRANSPORT SERVICES LIMITED

DIRECTORS' REPORT

Directors

The present membership of the Board is set out on page 1. All Directors served for the full year. 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 has made no charitable donations during the year (1998 – same).

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

A resolution to re-appoint Deloitte & Touche as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board



T A Leach
Company Secretary

27 August 1999

BLACKPOOL TRANSPORT SERVICES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those 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 accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BLACKPOOL TRANSPORT SERVICES LIMITED

AUDITORS' REPORT TO THE DIRECTORS

We have audited the financial statements on pages 7 to 30 which have been prepared under the accounting policies set out on pages 16 to 18.

Respective Responsibilities of Directors and Auditors

As described on page 5 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

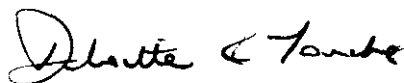
Basis of Opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company and the Group's affairs as at 31 March 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants &
Registered Auditors
201 Deansgate
Manchester
M60 2AT

31. October 1999

BLACKPOOL TRANSPORT SERVICES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1999

	Note	1999 £	1998 £
Turnover	3a	16,307,102	16,550,178
Direct Costs		<u>(12,848,085)</u>	<u>(12,477,016)</u>
Gross Profit		3,459,017	4,073,162
Administration Expenses		<u>(3,440,929)</u>	<u>(3,453,906)</u>
Other Operating Income	3b	<u>434,111</u>	<u>445,848</u>
Operating Profit		452,199	1,065,104
Interest Receivable and Similar Income	5	116,531	107,643
Interest Payable and Similar Charges	6	<u>(106,370)</u>	<u>(160,723)</u>
Profit on Ordinary Activities Before Taxation	7	462,360	1,012,024
Tax on Ordinary Activities	8	<u>(166,500)</u>	<u>(305,500)</u>
Profit on Ordinary Activities After Taxation for the Financial Year		295,860	706,524
Equity Dividend	10	<u>(278,900)</u>	<u>(278,900)</u>
Profit Retained for the Financial Year		<u>16,960</u>	<u>427,624</u>

All of the above results derive from continuing operations.

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

BLACKPOOL TRANSPORT SERVICES LIMITED

**STATEMENT OF MOVEMENTS ON RESERVES
FOR THE YEAR ENDED 31 MARCH 1999**

	Profit and Loss Account	
	1999	1998
	£	£
The Group		
Balance at 1 April	1,953,088	1,525,464
Profit retained for the year	<u>16,960</u>	<u>427,624</u>
Balance at 31 March	<u><u>1,970,048</u></u>	<u><u>1,953,088</u></u>
The Company		
Balance at 1 April.	2,350,916	1,923,292
Profit retained for the year	<u>16,960</u>	<u>427,624</u>
Balance at 31 March	<u><u>2,367,876</u></u>	<u><u>2,350,916</u></u>

BLACKPOOL TRANSPORT SERVICES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 1999

		1999		1998
		£	£	£
Fixed Assets				
Intangible Assets	11	64,162		70,591
Tangible Assets	12	<u>6,854,035</u>		<u>6,800,728</u>
			6,918,197	6,871,319
Current Assets				
Stocks	14	302,722		250,329
Debtors	15	834,090		917,646
Cash at Bank and in Hand		<u>1,129,389</u>		<u>1,169,810</u>
		2,266,201		2,337,785
Creditors: Amounts falling due within one year	16	<u>3,151,952</u>		<u>3,389,650</u>
Net Current Liabilities		(885,751)		(1,051,865)
Total Assets Less Current Liabilities		6,032,446		5,819,454
Creditors: Amounts falling due after more than one year	17, 18	746,571		517,739
Provisions for Liabilities and charges	19	<u>526,827</u>		<u>559,627</u>
		<u>4,759,048</u>		<u>4,742,088</u>
Capital and Reserves				
Called up Equity Share Capital	20	2,789,000		2,789,000
Profit and Loss Account		<u>1,970,048</u>		<u>1,953,088</u>
Total Equity		<u>4,759,048</u>		<u>4,742,088</u>
Shareholders' Funds				

These financial statements were approved by the Board of Directors on 27 August 1999 and signed on behalf of the Board.


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A DEPLEDGE

BLACKPOOL TRANSPORT SERVICES LIMITED
COMPANY BALANCE SHEET AS AT 31 MARCH 1999

		1999		1998
		£	£	£
Fixed Assets				
Intangible Assets	11	64,162		70,591
Tangible Assets	12	6,854,035		6,800,728
Investments	13	<u>683,506</u>		<u>683,506</u>
		7,601,703		7,554,825
Current Assets				
Stocks	14	302,722		250,329
Debtors	15	1,043,851		1,126,209
Cash at Bank and in Hand		<u>1,129,389</u>		<u>1,169,810</u>
		2,475,962		2,546,348
Creditors: Amounts falling due within one year	16	<u>3,647,391</u>		<u>3,883,891</u>
Net Current Liabilities		<u>(1,171,429)</u>		<u>(1,337,543)</u>
Total Assets Less Current Liabilities		6,430,274		6,217,282
Creditors: Amounts falling due after more than one year	17,18	746,571		517,739
Provisions for Liabilities and charges	19	<u>526,827</u>		<u>559,627</u>
		<u>5,156,876</u>		<u>5,139,916</u>
Capital and Reserves				
Called up Equity Share Capital	20	2,789,000		2,789,000
Profit and Loss Account		<u>2,367,876</u>		<u>2,350,916</u>
Total Equity		<u>5,156,876</u>		<u>5,139,916</u>
Shareholders' Funds				

These financial statements were approved by the Board of Directors on 27 August 1999 and signed on behalf of the Board.


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A DEPLEDGE

BLACKPOOL TRANSPORT SERVICES LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1999**

	Note	1999 £	1998 £
Cash inflow from operating activities	1	1,821,032	2,285,855
Returns on investments and servicing of finance	2a	10,161	(53,080)
Taxation		(288,886)	(69,725)
Capital expenditure and financial investment	2b	(216,614)	(79,911)
Equity dividends paid		<u>(278,900)</u>	<u>(557,800)</u>
Cash inflow before use of liquid resources and financing		1,046,793	1,525,339
Financing – Decrease in Debt	2c	<u>(1,087,214)</u>	<u>(1,112,719)</u>
(Decrease)/Increase in Cash in the Period		<u>(40,421)</u>	<u>412,620</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1999**

	Note	1999	1998
		£	£
Reconciliation of net cash flow to movement in net debt			
	3		
(Decrease)/Increase in cash in the period		(40,421)	412,620
Net cash outflow from financing	2c	<u>1,087,214</u>	<u>1,112,719</u>
Change in net debt resulting from cash flows		1,046,793	1,525,339
New Hire Purchase Agreements		<u>(940,774)</u>	<u>-</u>
Movement in net debt in the period		106,019	1,525,339
Net Debt at 1 April		<u>(277,298)</u>	<u>(1,802,637)</u>
Net Debt at 31 March		<u><u>(171,279)</u></u>	<u><u>(277,298)</u></u>

BLACKPOOL TRANSPORT SERVICES LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1999**

Note 1 – Reconciliation of Operating Profit to Operating Cash Flows

	1999 £	1998 £
Operating Profit	452,199	1,065,104
Depreciation and Amortisation Charges	1,128,436	1,117,846
Profit on sale of Tangible Fixed Assets	(17,927)	(68,402)
(Increase)/Decrease in Stocks	(52,393)	15,491
Decrease in Debtors	13,831	255,151
Increase/(Decrease) in Creditors	296,886	(99,335)
Net Cash Inflow from Operating Activities	<u>1,821,032</u>	<u>2,285,855</u>

Note 2 – Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

	1999 £	1998 £
Note 2a – Returns on Investments and Servicing of Finance		
Interest received	116,531	107,643
Interest paid	(198)	-
Interest element of Loan Payment	(24,172)	(49,165)
Interest element of Finance Lease and Hire Purchase Payments	<u>(82,000)</u>	<u>(111,558)</u>
Net Cash Inflow/(Outflow) for returns on investments and servicing of finance	<u>10,161</u>	<u>(53,080)</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1999**

	1999		1998
	£	£	£
Note 2b – Capital Expenditure and Financial Investment			
Purchase of Tangible Fixed Assets	(250,584)		(171,953)
Sale of Tangible Fixed Assets	<u>33,970</u>		<u>92,042</u>
Net Cash Outflow for Capital Expenditure and financial Investment	<u>(216,614)</u>		<u>(79,911)</u>
 Note 2c – Financing			
Inception of Commercial Loans	94,889	-	
Capital element of Commercial Loan Payments	(336,180)		(291,213)
Capital Element of finance lease and hire purchase payments	<u>(845,923)</u>		<u>(821,506)</u>
Net Cash Outflow from financing	<u>(1,087,214)</u>		<u>(1,112,719)</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1999**

Note 3 – Analysis of Net Debt

	1 April 1998	Cash Flow 1999	Other Non Cash Changes	At 31 March 1999
	£	£	£	£
Cash in Hand and Bank	1,169,810	(40,421)	-	1,129,389
Commercial Loans	(433,662)	241,291	-	(192,371)
Finance Lease and Hire Purchase Obligations	<u>(1,013,446)</u>	<u>845,923</u>	<u>(940,774)</u>	<u>(1,108,297)</u>
	<u>(277,298)</u>	<u>1,046,793</u>	<u>(940,774)</u>	<u>(171,279)</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

1. ACCOUNTING POLICIES

(a) Accounting Convention

The Financial Statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the Directors are described below.

The Financial Statements are prepared under the historical cost convention.

(b) Basis of Consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiaries Keeltone Limited and Fylde Transport Limited.

(c) Acquisitions and Goodwill

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

(d) Intangible Fixed Assets

Advertising rights are amortised in equal annual amounts over the contracted period of the underlying rights.

(e) 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
Buses, trams and motor vehicles – 3 to 20 years
Second-hand buses and coaches – on the estimated useful lives
of the vehicles.

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 1999

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 ten years.

Plant, equipment, fixtures and fittings – 3 to 10 years.

(f) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

(g) Stocks

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

(h) Deferred Taxation

Deferred taxation is provided at the anticipated tax rate on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that is probable that a liability or an asset will crystallise in the future.

(i) 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.

(i) Pension Costs

Retirement benefits for employees are funded by contributions of the Company and employees.

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 1999

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 expected cost of providing pensions under the scheme, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension costs are a substantially even percentage of current and anticipated future pensionable payroll.

Contributions for employees who have joined the Company since 20 October 1986 and for eligible employees of subsidiary companies are paid into defined contribution schemes. The pension cost represents contributions payable by the Company to the fund.

2. ACQUISITIONS AND GOODWILL

The cumulative amount of goodwill written off is £209,962 (1998 - £209,962)

3a 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.

3b OTHER OPERATING INCOME

	1999	1998
	£	£
Engineering Recharges	250,952	254,615
Other Income	<u>183,159</u>	<u>191,233</u>
	<u>434,111</u>	<u>445,848</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1999	1998
	£	£
Directors Emoluments	<u>186,164</u>	<u>186,285</u>
Number of Executive Directors who are members of a defined benefit pension scheme.	<u>4</u>	<u>4</u>

The non Executive Directors received no emoluments from the Company for the year ended 31 March 1999 (1998 £nil)

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 1999

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	1999 £	1998 £
Employee Costs during the year		
Wages and Salaries	9,718,406	9,434,776
Social Security Costs	845,812	809,635
Other Pension Costs (note 25)	<u>316,814</u>	<u>326,976</u>
	<u>10,881,032</u>	<u>10,571,387</u>

	1999 No	1998 No
Average number of persons employed:		
Traffic and Engineering	672	662
Administration	<u>56</u>	<u>57</u>
	<u>728</u>	<u>719</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1999 £	1998 £
Interest on Deposit Account	114,484	106,825
Other Interest	<u>2,047</u>	<u>818</u>
	<u>116,531</u>	<u>107,643</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Loan Interest	24,172	49,165
Finance Charges – Finance Leases and Hire Purchase Contracts	82,000	111,558
Other Interest	<u>198</u>	<u>-</u>
	<u>106,370</u>	<u>160,723</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 1999

	1999		1998	
	£	£	£	£
7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				
Profit on Ordinary Activities before Taxation is after charging/(crediting)				
Profit on disposal of fixed assets		(17,927)		(68,402)
Depreciation				
Owned Assets	791,701		766,957	
Assets held under Leases and Hire Purchase Contracts	<u>298,451</u>	1,090,152	<u>313,831</u>	1,080,788
Amortisation		38,284		37,058
Auditors' Remuneration – Audit		16,400		16,000
- Non Audit		44,923		13,200
Reorganisation Costs		123,506		-
Rentals under operating leases				
- Plant and Machinery		-		-
- Other		8,900		8,900

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
United Kingdom Corporation Tax at 31% (1998 – 31%) based on the profit for the year	198,300	355,630
Deferred Taxation	(32,800)	(47,880)
Adjustment to prior year tax charge:		
Corporation Tax	1,000	2,170
Deferred Tax	-	(4,420)
	<u>166,500</u>	<u>305,500</u>

The tax charge is higher than expected due to expenditure which is permanently disallowable for tax purposes.

9. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act, 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 £295,860 (1998 - £706,524).

BLACKPOOL TRANSPORT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 1999**

10. EQUITY DIVIDENDS

	1999 £	1998 £
10p per ordinary share – interim paid (1998 – interim paid – 10p)	<u>278,900</u>	<u>278,900</u>

11. INTANGIBLE FIXED ASSETS

The Group and the Company

	Advertising Rights £
Cost	
At 1 April 1998	150,630
Additions	<u>31,855</u>
At 31 March 1999	<u>182,485</u>
Accumulated Depreciation	
At 1 April 1998	80,039
Charge for the year	<u>38,284</u>
At 31 March 1999	<u>118,323</u>
Net Book Value	
At 31 March 1999	<u>64,162</u>
At 1 April 1998	<u>70,591</u>

BLACKPOOL TRANSPORT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 1999

12. TANGIBLE FIXED ASSETS

The Group and the Company				
	Total £	Land & Buildings £	Buses Trams & Motor Vehicles £	Plant Equipment Fixtures & Fittings £
Cost				
At 1 April 1998	13,793,729	1,980,236	9,724,876	2,088,617
Additions	1,159,503	-	1,029,648	129,855
Disposals	<u>228,727</u>	<u>-</u>	<u>64,742</u>	<u>163,985</u>
At 31 March 1999	<u>14,724,505</u>	<u>1,980,236</u>	<u>10,689,782</u>	<u>2,054,487</u>
Accumulated Depreciation				
At 1 April 1998	6,993,001	143,175	5,738,391	1,111,435
Provided during the year	1,090,152	23,692	890,881	175,579
Disposals	<u>212,683</u>	<u>-</u>	<u>59,679</u>	<u>153,004</u>
At 31 March 1999	<u>7,870,470</u>	<u>166,867</u>	<u>6,569,593</u>	<u>1,134,010</u>
Net Book Value				
At 31 March 1999	<u>6,854,035</u>	<u>1,813,369</u>	<u>4,120,189</u>	<u>920,477</u>
At 1 April 1998	<u>6,800,728</u>	<u>1,837,061</u>	<u>3,986,485</u>	<u>977,182</u>

The net book value of fixed assets at 31 March 1999 includes £2,740,610 (at 1 April 1998 - £2,422,824) in respect of assets held under finance leases and hire purchase contracts.

BLACKPOOL TRANSPORT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 1999

13. INVESTMENTS

The Company

**Shares in Subsidiary
Undertakings
£**

At 31 March 1999 and 31 March 1998

683,506

The investment represents the purchase of 100% of the Share Capital of Keeltone 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.

14. STOCKS

	The Group		The Company	
	1999	1998	1999	1998
	£	£	£	£
Raw Materials and Consumables	<u>302,722</u>	<u>250,329</u>	<u>302,722</u>	<u>250,329</u>

15. DEBTORS

	The Group		The Company	
Amounts falling due within one year:	1999	1998	1999	1998
	£	£	£	£
Trade Debtors	108,594	150,872	108,594	150,872
Blackpool Borough Council	69,719	57,294	69,719	57,294
Amount owed by Group undertakings	-	-	209,764	208,566
Corporation Tax	-	69,725	-	69,725
Other Debtors	107,683	91,542	107,680	91,539
Prepayments and Accrued Income	<u>548,094</u>	<u>548,213</u>	<u>548,094</u>	<u>548,213</u>
	<u>834,090</u>	<u>917,646</u>	<u>1,043,851</u>	<u>1,126,209</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 1999**

16. CREDITORS: Amounts Falling Due Within One Year

	The Group		The Company	
	1999	1998	1999	1998
	£	£	£	£
Obligations under Loan Agreements	150,179	314,217	150,179	314,217
Obligations under Finance Leases and Hire Purchase Contracts	403,918	615,152	403,918	615,152
Trade Creditors	530,613	389,178	530,613	389,178
Blackpool Borough Council	302,897	514,435	302,897	514,435
Amount owed to Group Undertakings	-	-	495,439	495,439
Corporation Tax	129,962	219,548	129,962	218,350
Taxation & Social Security	159,301	160,905	159,301	160,905
Other Creditors	923,108	843,123	923,108	843,123
Accruals & Deferred Income	482,249	193,642	482,249	193,642
ACT on Dividend	69,725	139,450	69,725	139,450
	<u>3,151,952</u>	<u>3,389,650</u>	<u>3,647,391</u>	<u>3,883,891</u>

17. CREDITORS: Amounts falling due after more than one year

	The Group		The Company	
	1999	1998	1999	1998
	£	£	£	£
Obligations under Loan Agreements	42,192	119,445	42,192	119,445
Obligations under Finance Leases and Hire Purchase Contracts	704,379	398,294	704,379	398,294
	<u>746,571</u>	<u>517,739</u>	<u>746,571</u>	<u>517,739</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 1999**

18. BORROWINGS

	The Group		The Company	
	1999	1998	1999	1998
	£	£	£	£
Obligations under Loan Agreements	192,371	433,662	192,371	433,662
Obligations under Finance Leases and Hire Purchase Contracts	<u>1,108,297</u>	<u>1,013,446</u>	<u>1,108,297</u>	<u>1,013,446</u>
	<u>1,300,668</u>	<u>1,447,108</u>	<u>1,300,668</u>	<u>1,447,108</u>
Due within one year	554,097	929,369	554,097	929,369
Due after more than one year	<u>746,571</u>	<u>517,739</u>	<u>746,571</u>	<u>517,739</u>
	<u>1,300,668</u>	<u>1,447,108</u>	<u>1,300,668</u>	<u>1,447,108</u>
Analysis of Repayments:				
Obligations Under Loan Agreements				
Within one year or on demand	150,179	314,217	150,179	314,217
Between two and five years	42,192	119,445	42,192	119,445
Obligations Under finance Lease and Hire Purchase Contracts				
Within one year or on demand	403,918	615,152	403,918	615,152
Between two and five years	570,198	230,735	570,198	230,735
After five years	<u>134,181</u>	<u>167,559</u>	<u>134,181</u>	<u>167,559</u>
	<u>1,300,668</u>	<u>1,447,108</u>	<u>1,300,668</u>	<u>1,447,108</u>

BLACKPOOL TRANSPORT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 1999

19. PROVISIONS FOR LIABILITIES AND CHARGES

The Group and the Company

	1999 £	1998 £
Deferred tax movement for the year:		
Opening Balance at 1 April	559,627	624,052
Current year credit	(32,800)	(47,880)
Adjustment in respect of prior years	-	(4,420)
Other movements	-	(12,125)
Closing Balance at 31 March	<u>526,827</u>	<u>559,627</u>

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

	31 March 1999		31 March 1998	
	Amount Provided £	Amount Unprovided £	Amount Provided £	Amount Unprovided £
Capital Allowances in				
Excess of Depreciation	574,103	-	612,046	-
Other timing differences	(47,276)	-	(52,419)	-
	<u>526,827</u>	<u>-</u>	<u>559,627</u>	<u>-</u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 1999

20. CALLED UP EQUITY SHARE CAPITAL

	1999 £	1998 £
Authorised:		
Ordinary Shares of £1 each	<u>3,500,000</u>	<u>3,500,000</u>
Allotted and Fully Paid:		
Ordinary Shares of £1 each	<u>2,789,000</u>	<u>2,789,000</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

The Group

	1999 £	1998 £
Profit for the financial year attributable to members	295,860	706,524
Dividends	<u>(278,900)</u>	<u>(278,900)</u>
Net addition to Shareholders' Funds	16,960	427,624
Opening Shareholders' Funds	<u>4,742,088</u>	<u>4,314,464</u>
Closing Shareholders' Funds	<u>4,759,048</u>	<u>4,742,088</u>

The Company

	1999 £	1998 £
Profit for the financial year attributable to members	295,860	706,524
Dividends	<u>(278,900)</u>	<u>(278,900)</u>
Net addition to Shareholders' Funds	16,960	427,624
Opening Shareholders' Funds	<u>5,139,916</u>	<u>4,712,292</u>
Closing Shareholder's Funds	<u>5,156,876</u>	<u>5,139,916</u>

BLACKPOOL TRANSPORT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 1999

22. CAPITAL COMMITMENTS

The Group and the Company

	1999	1998
	£	£
Contracted for but not provided in the Financial Statements	1,083,061	939,370
Authorised but not contracted for	1,104,300	Nil

23. CONTINGENT LIABILITIES

In respect of the termination of the tramway lease, the Directors are continuing to negotiate the terms of the new lease with Blackpool Borough Council and are endeavouring to seek terms which are not materially more onerous in financial terms than the provision of the expiring lease.

The Directors can report that there is no present prospect of a notice being served under the present 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 Company has given a guarantee in favour of the Confederation of Passenger Transport for £15,000 (1998 – nil)

24. OPERATING LEASE COMMITMENTS

At 31 March 1999, the Group was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings
	£
Leases which expire:	
Within one year	<u><u>8,900</u></u>

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 1999

25. PENSION COSTS

	1999	1998
	£	£
Contributions to Pensions Schemes were:		
Lancashire County Council Scheme	120,533	123,626
Blackpool Transport Services Limited Retirement Benefit Scheme	<u>196,281</u>	<u>203,350</u>
	<u>316,814</u>	<u>326,976</u>

An actuarial valuation of the Lancashire County Council Fund was carried out as at 31 March 1998 as required under the regulations governing the fund.

Based on this valuation, the actuaries advised that the employer's cost of pensions should be nil % of pensionable remuneration per annum with effect from 1 April 1999(5.0% for the three years ended 31 March 1999)

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 2.5% higher than the rate of pensionable pay increases, and 4.5% 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 the 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 funds assets, since they are not of specific relevance to the Company.

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 wound up the scheme administered by Save and Prosper and transferred all members to the new scheme administered by Towry Law Pension Services Limited where the funds are invested with Sun Life.

BLACKPOOL TRANSPORT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 1999

On 1 June 1997, the Fylde Transport Limited Retirement Benefit Scheme which had only thirteen members was closed and members were transferred to the new scheme.

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.

26. RELATED PARTY TRANSACTIONS

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.

Turnover for the year ended 31 March 1999 includes £103,809 (1998 - £nil) received from Blackpool Borough Council in respect of income for contracted services.

Other operating income for the year ended 31 March 1999 includes £355,339 (1998 - £309,529) charged to Blackpool Borough Council in respect of bus station management fees, tram overhead line maintenance, cash counting and other sundry services.

Direct costs for the year ended 31 March 1999 include £363,383 (1998 - £569,750) charged by Blackpool Borough Council in respect of tramway rental and bus station departure charges.

Administration charges for the year ended 31 March 1999 include £271,045 (1998 - £291,652) charged by Blackpool Borough Council in respect of service charges, rates and Talbot Road Bus Station rental.

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