

Company Registration No. SC230949 (Scotland)

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TRANSPORT INITIATIVES EDINBURGH LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 31 MARCH 2003



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TRANSPORT INITIATIVES EDINBURGH LIMITED

COMPANY INFORMATION

Directors	E Brown J Brown A D Burns M M Child G J N Gemmell R R Henderson J S Richards
Secretary	E Bain
Company number	SC230949
Registered office	City Chambers, High Street Edinburgh EH1 1YJ
Auditors	Geoghegan & Co 6 St Colme Street Edinburgh EH3 6AD
Business address	91 Hanover Street Edinburgh EH2 1DJ
Bankers	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB

TRANSPORT INITIATIVES EDINBURGH LIMITED

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TRANSPORT INITIATIVES EDINBURGH LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2003

The directors present their report and financial statements for the 11 month period ended 31 March 2003.

Principal activities

The principal activity of the company is to promote, support and/or effect the development, procurement and implementation of certain projects defined or referred to in the Local Transport Strategy of The City of Edinburgh Council.

The company was incorporated on 30 April 2002.

Review of business

The financial position of the company is shown on page 4.

Directors

The following directors have held office during the period:

E Brown	(Appointed 3 May 2002)
J Brown	(Appointed 3 May 2002)
A D Burns	(Appointed 30 April 2002)
M M Child	(Appointed 30 April 2002)
G J N Gemmell	(Appointed 3 May 2002)
R R Henderson	(Appointed 30 April 2002)
J S Richards	(Appointed 3 May 2002)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2003	30 April 2002
E Brown	-	-
J Brown	-	-
A D Burns	-	-
M M Child	-	-
G J N Gemmell	-	-
R R Henderson	-	-
J S Richards	-	-

Auditors

Geoghegan & Co were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

TRANSPORT INITIATIVES EDINBURGH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2003

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 profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

On behalf of the board



E Brown

Director

16 June 2003

TRANSPORT INITIATIVES EDINBURGH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRANSPORT INITIATIVES EDINBURGH LIMITED

We have audited the financial statements of Transport Initiatives Edinburgh Limited on pages 4 to 15 for the period ended 31 March 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters that 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Geoghegan & Co

**Chartered Accountants and
Registered Auditors**

16 June 2003

6 St Colme Street
Edinburgh
EH3 6AD

TRANSPORT INITIATIVES EDINBURGH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2003

	Notes	11 Month Period ended 31 March 2003 £
Turnover	2	3,605,923
External charges		(2,749,420)
		<hr/>
		856,503
		<hr/>
Staff costs	15	(652,826)
Depreciation and amortisation		(4,143)
Other operating charges		(192,125)
		<hr/>
		(849,094)
		<hr/>
Operating profit	3	7,409
Interest payable and similar charges	4	(7,409)
		<hr/>
Profit on ordinary activities before taxation		-
Tax on ordinary activities	5	-
		<hr/>
Profit on ordinary activities after taxation	12	-
		<hr/> <hr/>

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

There are no recognised gains or losses other than those passing through the profit and loss account.

TRANSPORT INITIATIVES EDINBURGH LIMITED

BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003	
		£	£
Fixed assets			
Tangible assets	6		28,287
Current assets			
Debtors	7	492,336	
Cash at bank and in hand		300,253	
		<u>792,589</u>	
Creditors: amounts falling due within one year	8	<u>(791,589)</u>	
Net current assets			<u>1,000</u>
Total assets less current liabilities			<u>29,287</u>
Accruals and deferred income	9		<u>(28,287)</u>
			<u>1,000</u>
Capital and reserves			
Called up share capital	11		<u>1,000</u>
Shareholders' funds - equity interests	12		<u>1,000</u>

The financial statements were approved by the Board on 16 June 2003


A D Burns
Director


E Brown
Director

TRANSPORT INITIATIVES EDINBURGH LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2003

	Notes	£	11 Month Period ended 31 March 2003 £
Net cash inflow from operating activities	1		305,054
Returns on investments and servicing of finance			
Interest paid		(7,409)	
Net cash outflow for returns on investments and servicing of finance			(7,409)
Capital expenditure			
Payments to acquire tangible assets		(34,038)	
Receipts from sales of tangible assets		1,608	
Net cash outflow for capital expenditure			(32,430)
Net cash inflow before management of liquid resources and financing			265,215
Financing			
Issue of ordinary share capital		1,000	
Capital grant received		34,038	
Net cash inflow from financing			35,038
Increase in cash in the period	2		300,253

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2003

	11 Month Period ended 31 March 2003 £
1 Reconciliation of operating profit to net cash inflow from operating activities	
Operating profit	7,409
Depreciation of tangible assets	4,143
Increase in debtors	(492,336)
Increase in creditors within one year	791,589
Movement on grant provision	(5,751)
Net cash inflow from operating activities	<u>305,054</u>
2 Reconciliation of net cash flow to movement in net funds	
Increase in cash in the period	<u>300,253</u>
Movement in net funds in the period	300,253
Opening net debt	<u>-</u>
Closing net funds - Cash at bank and in hand	<u>300,253</u>

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for services net of VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% Straight line
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1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with FRS 17.

The Company is a member of the Lothian Pension Fund which is a multi-employer Defined Benefits Scheme and contributions payable are charged to the profit and loss account in the period to which they relate.

1.7 Deferred grants

Grants in respect of capital expenditure are credited to the deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2003

3	Operating profit	11 Month Period ended 31 March 2003 £
	Operating profit is stated after charging:	
	Depreciation of tangible assets	4,143
	Operating lease rentals	18,750
	Auditors' remuneration	2,800
	and after crediting:	
	Capital grants	4,143
		<u>4,143</u>
4	Interest payable	11 Month Period ended 31 March 2003 £
	On bank overdraft	7,409
		<u>7,409</u>
5	Taxation	11 Month Period ended 31 March £
	Current tax charge	-
		<u>-</u>

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2003

6 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 30 April 2002	-
Additions	34,038
Disposals	(1,608)
	<u>32,430</u>
At 31 March 2003	<u>32,430</u>
Depreciation	
At 30 April 2002	-
Charge for the period	4,143
	<u>4,143</u>
At 31 March 2003	<u>4,143</u>
Net book value	
At 31 March 2003	<u>28,287</u>

7 Debtors

	2003 £
Trade debtors	321,837
Other debtors	1,684
Prepayments and accrued income	168,815
	<u>492,336</u>

8 Creditors: amounts falling due within one year

	2003 £
Trade creditors	491,193
Taxes and social security costs	38,579
Other creditors	5,197
Accruals and deferred income	256,620
	<u>791,589</u>

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2003

9 Accruals and deferred income

	Capital grants £
Grants received during the period	34,038
Amortisation in the period	(5,751)
Balance at 31 March 2003	<u>28,287</u>

10 Pension commitments

The company is an employer member of the Lothian Pension Fund and provides benefits based on final pensionable pay to certain of its employees. The assets of the fund are held separately from those of the company and are controlled by independent trustees on behalf of the members. Contributions to the fund are centrally calculated as a whole for all participating employers and they are determined by a qualified actuary on the basis of triennial valuations, the most recent valuation being as at 31 March 2002. Contributions to the Fund are charged to the profit and loss account and although centrally calculated provide a fair basis to spread the cost of pensions over the employees' average working lives with the company. The contributions of the company and the employees were 14.7% and 6.0% of pensionable salary respectively during the period.

	2003
Contributions payable by the company for the period	£ 10,736

	2003 %
The main financial assumptions are as follows:	
Rate of increase in salaries	4.00
Rate of increase in pensions in payment	2.50
Discount rate	5.40
Inflation assumption	2.50

The long term expected rates of return are as follows:	
Equities	8.00
Bonds	4.80
Property	6.00
Other assets	4.00

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2003

10 Pension costs

(continued)

	Fund Value 2003 £'000
The assets in the scheme are as follows:	
Equities	1,029,900
Bonds	125,000
Property	153,100
Other assets	37,100
	<u>1,345,100</u>
Total (whole Fund)	1,345,100
Estimated company's assets	486
Present value of company's liabilities	(811)
	<u>(325)</u>
Company's net pension liability	<u>(325)</u>

The following disclosures are made in accordance with the transitional arrangements of Financial Reporting Standard 17, Retirement Benefits. These disclosures are for information purposes only. In accordance with the transitional arrangements, the pension scheme deficit amounting to £325,000 has not been accounted for in the financial statements.

	2003 £'000
Analysis of amount charged to operating profit	
Current service cost	14
Past service cost	-
	<u>14</u>
Total operating charge (A)	14
Projected amount credited to other finance income	
Expected return on employer assets	42
Interest on pension scheme liabilities	(39)
	<u>3</u>
Net return (B)	3
Net profit and loss account cost (A)-(B)	<u>11</u>

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2003

10 Pension costs

(continued)

	2003 £'000
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	
Actual return less expected return on pension scheme assets	(172)
Experience gains and losses arising on the scheme liabilities	(27)
Changes in financial assumptions underlying the present value of the scheme liabilities	(31)
	<hr/>
Actuarial (loss) in pension plan	(230)
	<hr/>
Actuarial (loss) recognised in STRGL	(230)
	<hr/>
Movement in deficit during period	
Deficit at beginning of period	(95)
Current service cost	(14)
Employer contributions	11
Net return on assets	3
Actuarial losses	(230)
	<hr/>
Deficit at end of period	(325)
	<hr/>

The deficit at the beginning of the period represents the past service liabilities of employees who transferred their employment from The City of Edinburgh Council.

11 Share capital

2003
£

Authorised	
1,000 Ordinary shares of £ 1 each	1,000
	<hr/>
Allotted, called up and fully paid	
1,000 Ordinary shares of £ 1 each	1,000
	<hr/>

During the year the company issued 1,000 ordinary shares at par.

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2003

12 Reconciliation of movements in shareholders' funds	2003 £
Profit for the financial period	-
Proceeds from issue of shares	1,000
Net addition to shareholders' funds	<u>1,000</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u><u>1,000</u></u>

13 Financial commitments

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2003 £
Expiry date: Within one year	<u>7,500</u>

14 Directors' emoluments

	11 Month Period ended 31 March 2003 £
Emoluments for qualifying services	<u>15,000</u>

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2003

15 Staff costs

Number of employees

The average monthly number of employees (excluding seconded and contracted staff) during the period was:

	11 Month Period ended 31 March 2003 Number
Technical and administration	7
	<hr/>
Employment and other staff costs	2003
	£
Salaries	79,352
Social security costs	6,430
Other pension costs	10,736
	<hr/>
	96,518
Seconded and contracted staff	469,387
Other staff costs	86,921
	<hr/>
	652,826
	<hr/>

16 Related party transactions

The City of Edinburgh Council ('CEC') holds 100% of the company's ordinary share capital and is therefore deemed to be the ultimate controlling party.

Three of the directors namely A D Burns, M M Child and R R Henderson are also considered to be related parties as they are members of CEC. The company provides services to CEC under the terms of a contractual agreement.

During the year the company made service charges to CEC amounting to £3,605,923. At the year end the amounts due by CEC to the company were £472,112.