

Wigan Leisure and Culture Trust
Financial statements
For the year ended 31 March 2004



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Company No. 4624607

Company information

Charity registration number	1105278
Company registration number :	4624607
Registered office :	Robin Park Headquarters Robin Park Indoor Sports Centre Loire Drive Robin Park Wigan WN5 0UL
Directors :	J Boardman (Chair) J B Baldwin D A Bartle T Bradshaw J Garlick W Hampson D A Lea S London D A Newman G M Patrick E H Runswick
Secretary :	A J Johnson
Bankers :	The Cooperative Bank Plc P O Box 101 1 Balloon Street Manchester M60 4EP
Solicitors :	Wigan MBC Legal Department New Town Hall Library Street Wigan WN1 1YN
Auditors :	Grant Thornton UK LLP Registered Auditors Chartered Accountants Heron House Albert Square Manchester M60 8GT

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Report of the directors

The directors present their report together with the audited financial statements for the year ended 31 March 2004.

Incorporation and commencement of trade

The company was incorporated as Wigan Leisure and Culture Trust on 23 December 2002.

On 1 April 2003 certain operations and net assets of the Leisure and Cultural Services Department of Wigan Metropolitan Borough Council were transferred to the company, and Wigan Leisure and Culture Trust commenced operations on that day.

Objectives and policies

The company has been established for the public benefit of the community and visitors to the Borough of Wigan and surrounding areas for the following purposes:

- the advancement and support of education, culture, arts, heritage and history
- the provision or assistance in the provision of facilities for recreation or other leisure time occupations
- the promotion and preservation of good health through community participating in healthy recreation
- any other charitable purposes beneficial to the public consistent with the above noted objectives as the Trustees shall determine

Organisation

The company is a company limited by guarantee and the income and property of the company shall be applied solely towards the promotion of its objectives as noted above. No dividend, bonus or profit share shall be paid or transferred directly or indirectly to members of the company.

The financial statements show the financial affairs of both the Wigan Leisure and Culture Trust group and the Wigan Leisure and Culture Trust company. The group consists of Wigan Leisure and Culture Trust and its 100% subsidiary, Wigan Leisure and Culture Trust Enterprises Limited.

Charitable status

The company gained charitable status on 3 August 2004. The charity registration number is 1105278.

Results for the year

Whilst recognising the accounts format requirements of the Companies Act 1985, the directors consider that the terminology contained therein does not wholly suit a non-profit making organisation. Some words have therefore been altered to describe profit and loss items in the financial statements as income and expenditure. Profits are described as surpluses and losses as deficits.

The consolidated surplus for the year amounted to £592,311. This was transferred to reserves. The company's surplus for the year amounted to £592,311.

Review of the year

2003/04 was the first trading year of the group and the company and, therefore, was a year of settlement and consolidation. Under these circumstances the group performed well in meeting both its operational and social objectives and in achieving an operational surplus of £592,311 which is available for investment in future years.

Reserves

The company's agreement with Wigan Borough Council confirms that for any year the Council in determining its level of funding, will disregard any accumulated surpluses and general reserves in the company's balance sheet at the end of the immediately preceding year up to a maximum of 15% of the funding for that immediately preceding year.

This condition directly affects the company's reserve policy and in accordance with it, the company has resolved to maximize its reserves over a ten year period.

The purpose of those reserves is to safeguard against both any significant loss of funding and any unforeseen adverse circumstances and to thereby facilitate the continuance of the deliverance of the company's stated objectives.

The level of consolidated reserves on 31 March 2004 is £592,311.

Investment policy

Bearing in mind the company's commitment to effective stewardship of resources and the good rates of interest earned, the company is currently committed to the continuing investment in its Public Sector Reserve accounts.

Grant policy

The company gives very limited grants to external institutions. Those that are given are approved by the Board through the company's financial monitoring arrangements.

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the company.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming more disabled, every effort is made to retrain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Risk assessment

The company has developed an organisation risk register, which includes consideration of risk impact and remedial action plans and which is subject to continual review and revision. A formal risk strategy to underpin the register will be presented for Board approval but in practical terms, training in risk assessment is already being delivered to staff. Within the organisation a "Procurement, Facilities and Risk Management" section has been established to support this area of work.

Directors

The directors of the company at the end of the year are listed below. All served on the Board throughout the year unless otherwise indicated.

The directors at the balance sheet date were as follows :

J Boardman (appointed 27 January 2003)
J B Baldwin (appointed 21 February 2003)
D A Bartle (appointed 2 May 2003)
T Bradshaw (appointed 2 May 2003)
J Garlick (appointed 21 February 2003)
W Hampson (appointed 6 June 2003)
D A Lea (appointed 2 May 2003)
S London (appointed 6 June 2003)
D A Newman (appointed 27 January 2003)
G M Patrick (appointed 21 February 2003)
E H Runswick (appointed 21 February 2003)

Lawgram Directors Limited were appointed the first directors of the company on 23 December 2002 and resigned on 21 January 2003.

The directors have no beneficial interest in the company.

Directors' responsibilities for the financial statements

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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring the directors' report is prepared in accordance with company law in the United Kingdom.

Auditors

On 1 July 2004, the Grant Thornton partnership converted to a limited liability partnership called Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004. Special notice pursuant to Section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP will be prepared at the next General Meeting.

ON BEHALF OF THE BOARD

A handwritten signature in dark ink, appearing to read 'J Boardman', followed by a comma.

J Boardman
Director

12 October 2004

Report of the independent auditors to the members of Wigan Leisure and Culture Trust

We have audited the financial statements of Wigan Leisure and Culture Trust for the year ended 31 March 2004 which comprise the principal accounting policies, the consolidated income and expenditure account, the balance sheets, the consolidated cash flow statement and notes 1 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and 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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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.

Report of the independent auditors to the members of Wigan Leisure and Culture Trust

Opinion

In our opinion the financial statements give a true and fair view of the state of the group's and company's affairs as at 31 March 2004 and of the group's surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER

12 October 2004

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Whilst recognising the accounts format requirements of the Companies Act 1985, the directors consider that the terminology contained therein does not wholly suit a non profit making organisation. The formats have therefore been adjusted to include headings relevant to the group's and company's activities in order to show a true and fair view.

Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary undertaking drawn up to 31 March 2004, on a line by line basis.

Income

Income represents turnover and grants receivable, and are described below.

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Grants are credited as incoming resources when they are receivable providing conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Fixed assets

The financial statements do not include the cost of land, buildings and equipment used at nominal rent by Wigan Leisure and Culture Trust, whose title rests with Wigan Metropolitan Borough Council. It is not practicably possible to attribute a value to this benefit.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Contributions to pension schemes

Defined benefit scheme

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll variations from regular cost are spread over the remaining service lives of current employees in the scheme.

Consolidated income and expenditure account

	Note	2004 £
Income	1	25,544,020
Other operating income and charges	2	<u>(25,101,538)</u>
Operating surplus		442,482
Net interest	4	<u>149,829</u>
Surplus on ordinary activities before taxation	1	592,311
Tax on surplus on ordinary activities before taxation	5	—
Surplus retained and transferred to reserves	11	<u>592,311</u>

All results relate to continuing activities.

There were no recognised gains or losses other than the surplus for the financial year.

The accompanying notes form part of these financial statements.

Consolidated balance sheet

	Note	2004 £
Current assets		
Stocks	8	175,349
Debtors	9	1,878,557
Cash at bank and in hand		<u>1,909,211</u>
		3,963,117
 Creditors: amounts falling due within one year	 10	 (3,370,806)
 Net assets		 <u><u>592,311</u></u>
 Capital and reserves		
Income and expenditure account	11	<u>592,311</u>
Total funds		<u><u>592,311</u></u>

The financial statements were approved by the Board of Directors on 12 October 2004 and signed on their behalf by :



J Boardman

Director

Company balance sheet

	Note	2004 £
Fixed assets		
Investments	7	<u>1</u>
Current assets		
Stocks	8	125,338
Debtors	9	1,673,611
Cash at bank and in hand		<u>1,577,703</u>
		<u>3,376,652</u>
Creditors: amounts falling due within one year	10	<u>(2,784,342)</u>
Net current assets		<u>592,310</u>
Net assets		<u><u>592,311</u></u>
Capital and reserves		
Income and expenditure account	11	<u>592,311</u>
Total funds		<u><u>592,311</u></u>

The financial statements were approved by the Board of Directors on 12 October 2004 and signed on their behalf by :



J Boardman

Director

Consolidated cash flow statement

	Note	2004 £
Net cash inflow from operating activities	12	<u>1,598,790</u>
Returns on investments and servicing of finance		
Interest received	4	<u>149,829</u>
Net cash outflow from returns on investments and servicing of finance		149,829
Acquisitions	16	144,472
Increase in cash	13	<u><u>1,893,091</u></u>

Notes to the financial statements

1 Income and surplus on ordinary activities before taxation

Income and surplus on ordinary activities before taxation are attributable to the principal activity of the group which are carried on entirely within the United Kingdom

In the opinion of the directors, disclosure of analysis of income or surplus information would be seriously prejudicial to the interest of the group.

The surplus on ordinary activities before taxation is stated after :

	2004 £
Auditors' remuneration	
– audit	28,000
– other services	6,500
Hire of plant and machinery under operating leases	85,802
Other operating lease rentals	2,604
Pension costs	<u>879,238</u>

2 Other operating income and charges

	2004 £
Administration expenses	<u>25,101,538</u>

3 Directors and employees

	2004 £
Staff costs during the year were as follows :	
Wages and salaries	11,207,420
Social security costs	737,999
Pension costs	879,238
	<u>12,824,657</u>

The average number of permanent employees of the group during the year was 736. The full time equivalent was 640.

The directors did not receive any remuneration from the company during the year.

4 Net interest

	2004 £
Bank interest receivable	<u>149,829</u>

5 Tax on surplus on ordinary activities

Given that the primary purpose of the company is charitable and the company is not trading for profit, the company is be exempt from taxation under Section 505 of ICTA 1988.

6 Surplus for the financial period

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own income and expenditure account in these financial statements. The parent company's surplus for the year was £592,311.

7 Investments

Company	£
Investment in subsidiary	<u>1</u>

The company had the following subsidiary undertakings as at 31 March 2004:

Name of subsidiary	Country of incorporation	Class of share capital held	Proportion held by parent company	Nature of business
Wigan Leisure and Culture Enterprises Limited	England and Wales	Ordinary shares of £1 each	100%	Provider of leisure facilities

Wigan Leisure and Culture Enterprises Limited had aggregate capital and reserves of £Nil at 31 March 2004 and made nil surplus/deficit for the year ended 31 March 2004.

8 Stocks

	Group 2004 £	Company 2004 £
Raw materials and consumables	64,467	64,467
Finished goods and goods for resale	<u>110,882</u>	<u>60,871</u>
	<u>175,349</u>	<u>125,338</u>

9 Debtors

	Group 2004 £	Company 2004 £
Trade debtors	427,996	150,503
Amounts owed by group undertakings	–	425,996
Amounts owed by Wigan Metropolitan Borough Council	1,104,006	753,640
VAT recoverable	170,939	170,939
Other debtors	41,084	41,084
Prepayments	119,086	116,003
Accrued income	15,446	15,446
	<u>1,878,557</u>	<u>1,673,611</u>

10 Creditors : amounts falling due within one year

	Group 2004 £	Company 2004 £
Trade creditors	908,954	680,520
Amounts owed to Wigan Metropolitan Borough Council	1,504,257	1,236,351
Other creditors	24,968	24,968
Other taxation and social security	36,781	–
Accruals	425,862	372,519
Deferred income	469,984	469,984
	<u>3,370,806</u>	<u>2,784,342</u>

11 Income and expenditure account

	Group £	Company £
At incorporation	–	–
Surplus for the year	592,311	592,311
At 31 March 2004	<u>592,311</u>	<u>592,311</u>

During the year ended 31 March 2004, the company received minimum reserve funding of £347,000 from Wigan Metropolitan Borough Council. The purpose of this specific funding was to safeguard against any significant loss of future funding and any unforeseen adverse circumstances and to thereby facilitate the continuance of the deliverance of the group's and company's objectives.

12 Net cash inflow from operating activities

	2004 £
Net cash generated from operating activities	442,482
Decrease in stocks	41,611
Increase in debtors	(1,634,363)
Increase in creditors	2,749,060
Net cash inflow from operating activities	<u>1,598,790</u>

13 Reconciliation of net cash flow to movement in net funds

	2004 £
Increase in cash in the year	1,893,091
Net funds at acquisition	16,120
Net funds at 31 March 2004	<u>1,909,211</u>

14 Analysis of changes in net funds

	At incorporation £	Acquired (see note 16) £	Cashflow £	At 31 March 2004 £
Cash in hand	<u>—</u>	<u>16,120</u>	<u>1,893,091</u>	<u>1,909,211</u>

15 Contingent liabilities

There were no contingent liabilities at 31 March 2004.

16 Acquisitions

On 1 April 2003, the company acquired the trade and certain net liabilities of the Leisure and Cultural Services Department of the Wigan Borough Metropolitan Council.

The following table sets out the book and fair values of the identifiable assets and liabilities acquired.

	Book value £	Adjustments £	Fair value £
Stock	216,960	—	216,960
Debtors	244,193	—	244,193
Cash	16,120	—	16,120
Creditors	(621,745)	—	(621,745)
Net liabilities	<u>(144,472)</u>	<u>—</u>	<u>(144,472)</u>
Consideration			
Loan account	<u>(144,472)</u>	<u>—</u>	<u>(144,472)</u>

£144,472 was due in respect of the net liabilities acquired from Wigan Borough Metropolitan Council and has subsequently been received.

17 Leasing commitments

Operating lease payments amounting to £142,180 are due within one year. The leases to which they relate expire as follows :

	Group £	Company £
Operating leases which expire :		
– within one year	142,180	142,180
– within two to five years	—	—
	<u>142,180</u>	<u>142,180</u>

18 Capital commitments

There were no capital commitments at 31 March 2004.

19 Pensions

Defined Benefit Scheme

The company operates a defined benefit scheme for the benefit of the employees. With effect from 1 April 2003, following the transfer of employees from Wigan Metropolitan Borough Council to the company, the employees of the company have remained as members of the Greater Manchester Pension Fund.

The Greater Manchester Pension Fund, a final salary defined benefit scheme, is administered in accordance with the Local Government Pension Scheme Regulations 1997. For the purposes of FRS 17 – Retirement Benefits it has been possible to identify the company's and its subsidiary's share of the underlying assets and liabilities of the Greater Manchester Pension Fund.

Pension costs are assessed in accordance with the advice of a qualified actuary.

The assets of the scheme are administered by trustees in a fund independent from those of the company.

The last full actuarial valuation of the Greater Manchester Pension Fund Retirements Benefits Scheme at 31 March 2001 showed the market value of all assets of the scheme, including those allocated to Wigan Leisure and Culture Enterprises Limited and Wigan Leisure and Culture Trust, as £6.3 billion. The next full actuarial valuation will take place at 31 March 2004.

The details shown below relate to the aggregate of the underlying assets and liabilities of the Greater Manchester Pension Fund for employees of both the Wigan Leisure and Culture Trust and Wigan Leisure and Culture Enterprises Limited.

For the FRS 17 Retirement Benefits valuation, the major assumptions used by the actuary were :

	2004 %
Rate of increase in salaries	4.4
Rate of increase in pensions in payment	2.9
Discount rate	5.5
Inflation	2.9

The assets and liabilities allocated to Wigan Leisure and Culture Enterprises Limited and Wigan Leisure and Culture Trust and the expected long term rate of return were :

	Rate of return %	2004 Value £
Equities	7.7	19,455,000
Bonds	5.1	4,567,000
Property	6.5	2,948,000
Cash	4.0	1,782,000
		<u>28,752,000</u>
Present value of liabilities		<u>(30,300,000)</u>
Deficit in the scheme		<u>(1,548,000)</u>

Movement in deficit during the year :

	£
Deficit transferred from Wigan Borough Council	(5,860,000)
Current service cost	(1,439,000)
Employer contributions	873,000
Contributions in respect of unfounded benefits	10,000
Impact in respect of unfounded benefits	(120,000)
Net return on assets	8,000
Actuarial gain	4,980,000
Deficit in scheme as at 31 March 2004	<u>(1,548,000)</u>

20 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" and has not disclosed transactions with group undertakings.