



# Financial statements

## Wigan Leisure and Culture Trust

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**For the year ended 31 March 2011**

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COMPANIES HOUSE

**Company No. 4624607**  
**Charity No. 1105278**

## Company information

|                                    |                                                                                                                                      |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| <b>Charity registration number</b> | 1105278                                                                                                                              |
| <b>Company registration number</b> | 4624607                                                                                                                              |
| <b>Registered office</b>           | Robin Park Headquarters<br>Robin Park Indoor Sports Centre<br>Loire Drive<br>Robin Park<br>Wigan<br>WN5 0UL                          |
| <b>Trustees</b>                    | D A Bartle<br>T Bradshaw<br>G W Cross<br>J Garlick<br>W Hampson<br>D A Lea<br>R J S Lilley<br>D A Newman<br>E Smethurst<br>A Wiggins |
| <b>Secretary</b>                   | K P Gascoigne                                                                                                                        |
| <b>Bankers</b>                     | The Cooperative Bank Plc<br>P O Box 101<br>1 Balloon Street<br>Manchester<br>M60 4EP                                                 |
| <b>Solicitors</b>                  | Stephensons<br>Northgate Close<br>Horwich<br>Bolton<br>BL6 6PQ                                                                       |
| <b>Auditor</b>                     | Grant Thornton UK LLP<br>Statutory Auditor<br>Chartered Accountants<br>4 Hardman Square<br>Spinningfields<br>Manchester<br>M3 3EB    |

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## Report of the trustees

The trustees, who are also directors of the charitable company for the purposes of the Companies Act, present their report together with the audited financial statements for the year ended 31 March 2011

### Objectives and policies

The charitable company has been established for the public benefit 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 charitable company is a company limited by guarantee and the income and property of the charitable 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 charitable company.

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

### Charitable status

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

### Structure, governance and management

The board of trustees was set up through a mix of identified specialists/Council nominees and open adverts in the press. Replacement trustees are recruited in a similar manner. The board meet every other month, with an AGM being held before one of the board meetings.

Sub-committees include the audit committee and the finance and performance committee, and its members during the year are listed below.

#### Audit committee:

J B Baldwin, W Hampson, J Garlick, R J S Lilley and G W Cross

#### HR and H/S committee:

A Wiggins, D A Lea, T Bradshaw, J B Baldwin and D A Bartle

#### Finance and performance committee:

D A Newman, W Hampson, J Garlick, G W Cross, E Smethurst and R J S Lilley

## Report of the trustees

The executive management team meets each week, and its members are listed below

R Hill (Chief Executive)  
J A Johnson (Finance Director and Company Secretary)  
K Bardgett (Executive Director, Corporate Services)  
P Burt (Executive Director, Business and Service Development)  
M Eden (Executive Director, Sport and Healthy Living)  
P Gascoigne (Executive Director, Libraries, Heritage and Arts)  
S Murray (Executive Director, Environmental Management and Sustainability)

J A Johnson retired as a director and company secretary on 30 June 2011. K P Gascoigne was appointed as company secretary on 1 July 2011.

R Hill retired on 31 March 2011. S Murray replaced him on 1 April 2011, for an interim 18 months appointment.

The charitable company operates under the memorandum and articles of association as modified in November 2007.

### Trustee training and development

Training for trustees is regularly monitored and reviewed each year, a board appraisal exercise is undertaken by both trustees and the executive management.

### Decision making

Strategic decisions are approved by the board of trustees, but operational decisions are the province of the Executive Management team. Significant operational decisions are, however, reported to the board. The memorandum and articles of association allows delegation of all management decisions to the executive management team.

### Strategies employed in the year

The implementation of the positive pursuit of business expansion continued during the year. A number of possible opportunities were identified and these will be progressed during 2011/12. However the reduction in the value of the Wigan MBC contract during the year also meant that in some areas of the business, a degree of operational rationalisation was necessary.

### Significant activities – achievements and performance

Major investments in the year included a £70,000 contribution to the Mesnes Park Development project, the purchase of an integrated management system for the Grounds Maintenance operation and a significant upgrade to the company's financial management systems.

### Results for the year

The financial statements are prepared in accordance with applicable accounting standards and the Charity Statement of Recommended Practice (SORP) issued in March 2005 and cover the activities of Wigan Leisure and Culture Trust and its trading subsidiaries Wigan Leisure and Culture Enterprises Limited and Proco Enterprises Limited. The Statement of Financial Activities (SOFA) shows the gross income from all sources and the split of activity between restricted, designated and unrestricted funds.

## Report of the trustees

### Results for the year (continued)

Total funds of the charitable company and the charitable group have increased due in part to the actuarial pension gains (see note 28) and amount to £3,967,479 as at 31 March 2011 (2010 deficit of £23,016,891) representing unrestricted funds surplus of £2,922,953 (2010 deficit of £23,953,939), restricted funds surplus of £906,526 (2010: £867,048) and designated funds of £138,000 (2010 £70,000) The pension surplus is £1,848,000 as at 31 March 2011 (2010 deficit of £24,767,000)

The statement of financial activities shows that there were net outgoing resources for the charitable group for the financial year amounting to £566,182 (2010 incoming resources of £275,918)

The charitable group and the charitable company's income funds fall into the following categories

- Restricted funds £906,526 (£867,048 as at 31 March 2010) including minimum reserve funding received from Wigan Metropolitan Borough Council of £347,000 Further information is provided in note 20 to the accounts
- Unrestricted funds £2,922,953 (£23,953,939 in deficit as at 31 March 2010) represents funds held for the day-to-day running of the charitable company The unrestricted fund includes the pension surplus of £1,848,000 (2010 deficit of £24,767,000) The unrestricted fund, excluding the pension surplus/deficit, is a surplus of £1,074,953 (2010 £813,061)
- Designated funds £138,000 (£70,000 as at 31 March 2010) represents funds held for the Agresso project to enhance the financial management system and funds relating to the new Wigan Library and the Parks Bowling Pavilion

### Review of the year

The Trust met all of its social and business objectives and through a combination of proactive management and a committed workforce, generated a trading surplus that exceeded original expectations against a backdrop of adverse economic conditions

Wigan Leisure and Culture Enterprises Limited and Proco Enterprises Limited generated a trading deficit of £289,402 (2010 surplus of £47,349) and a surplus of £103,791 (2010 surplus of £82,277) respectively

The current economic environment has had an adverse impact on income and all the operational elements of Wigan Leisure and Culture Enterprises Limited have experienced significant shortfalls against their income budgets The effect has been mitigated by positive management action taken to reduce expenditure, but the net result has been an aggregate trading loss for the year However action has been taken through a fundamental operational and structural review to address this issue and the expectation for 2011/12 is for a return to profitability

### Reliance on other parties

The charitable company continues to rely heavily on national and local government policies for contract income and although the principal contract with Wigan MBC was reduced in 2010/11, services were rationalised to accommodate that reduction

## Report of the trustees

### Future plans

The Trust continues to work closely with Wigan Council and other partners to deliver quality services and through the local Cultural Partnership, to strengthen and develop its contribution to the quality of life of the communities that it serves

The Trust works closely with the Council's commissioning arm and has negotiated a two year extension on its contract. That process will continue and both sides are working towards a further extension for a longer period

In addition, the Trust will continue to tender for contracts with new partners both inside and outside Wigan

### Reserves

The charitable 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 charitable 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 charitable company's reserve policy and in accordance with it, the charitable company has resolved to maximise (without setting a specific target amount) 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 charitable company's stated objectives

The level of consolidated reserves before taking account of the FRS 17 adjustment for the pension surplus at 31 March 2011 is £2,119,479 (2010 £1,750,109)

### Investment policy

Bearing in mind the charitable company's commitment to effective stewardship of resources, the Trust has endorsed an investment policy that allows for £1,500,000 to be invested in structured products with the balance of resources being invested in Public Sector Reserve accounts. Structured products are traded on the markets but guarantee to various degrees, a return of capital invested. However under the SORP, these investments are valued at market price rather than capital value, and on that basis a loss on revaluation has been recorded for 2010/11

### Grant policy

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

### Employee involvement

The charitable company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the charitable company and has now developed an "executive briefing" process to improve those communications

## Report of the trustees

### 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 disabled, every effort is made to retrain them in order that their employment with the charitable company may continue.

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

### Financial risk management

The major risks to which Wigan Leisure and Culture Trust is exposed have been reviewed, and systems established to mitigate those risks.

The primary risk facing the Trust is the loss of the support of Wigan Council. Currently the fees paid to the Trust, the Community Services Fee, amounts to approximately 47% (2010 47%) of total income and therefore its loss could lead to the closure of the organisation. However, the current funding agreement runs until March 2015 and during that time, in order to mitigate that risk, the Trust is committed to expanding its funding base.

The Trust is not exposed to currency risk and has minimal exposure to interest rate risk, price risk or market risk.

### Risk assessment

The charitable 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 has been presented to the Board. Training in risk assessment is delivered to staff and a quarterly assessment report is presented to the Finance and Performance Committee. Within the organisation a "Procurement, Facilities and Risk Management" section has been established to support this area of work.

### Public benefit

The Trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning the future activities of the Trust. The Trust carries out its public benefit objectives by:

- not restricting access to its services to any member of the public, irrespective of their place of residence
- providing access free of charge to the museums that it operates, for example the History Shop
- providing free swimming to all in its leisure centres and access to other leisure facilities at tariffs that are lower than commercial market tariffs
- providing free access to weight management and other health related services
- providing free access to library services
- maintaining parks and other open spaces that are open free of charge to the public

## Report of the trustees

### Public benefit (continued)

Of particular relevance to these objectives, a number of projects were undertaken in 2010/11 including

- work was completed on the redevelopment of the Museum of Wigan Life, with the aim of improving the provision of free facilities to the public
- during the closure of the Museum for the restoration work, a wide range of free outreach projects were delivered to support users of the closed facility
- a significant level of resources were committed to the restoration work on Mesnes Park, with the ultimate intention of significantly improving the park for the benefit of the people of the borough
- a wide range of discounts and benefits were introduced to users of the Selby services

During the year the Charity Commission undertook a public benefit assessment of the Trust and it is gratifying to report that the result was an unqualified report and endorsement of the Trust's charitable aims, objectives and operations

### Corporate responsibility

As a charity, the Trust is obliged and committed to providing public benefit. However it is also aware of its wider corporate responsibilities and therefore

- has committed resources to reduce energy consumption through the installation of pool covers, the introduction of CHP units and the purchase of sophisticated energy usage monitoring software
- in its business strategy, has committed to a phased reduction of 10% in carbon emissions by March 2012
- has developed a scheme for the recycling of green waste in its parks and open spaces

### Going concern

After making enquiries, the board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements. Further information is given in the accounting policies (page 12)

### Trustees

The trustees (who are also directors of Wigan Leisure & Culture Trust for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and regulations. Those that served during the year ended 31 March 2011 were

|             |                           |              |
|-------------|---------------------------|--------------|
| J B Baldwin | - (resigned 20 July 2011) | D A Lea      |
| D A Bartle  |                           | R J S Lilley |
| T Bradshaw  |                           | D A Newman   |
| G W Cross   |                           | E Smethurst  |
| J Garlick   |                           | A Wiggans    |
| W Hampson   |                           |              |

The trustees have no beneficial interest in the charitable company

## Report of the trustees

### Trustees' responsibilities for the financial statements

The trustees (who are also directors of Wigan Leisure & Culture Trust for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, and applicable law). Under company law the trustees 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements the trustees are required to

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable 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 are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware

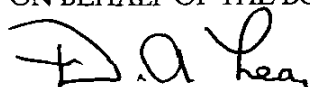
- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with Section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD OF TRUSTEES



D A Lea - Trustee  
23 September 2011



## Report of the independent auditor to the members and trustees of Wigan Leisure and Culture Trust

We have audited the financial statements of Wigan Leisure and Culture Trust for the year ended 31 March 2011 which comprise principal accounting policies, the consolidated statement of financial activities, the consolidated and charitable company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members and trustees, 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 charitable company's members and trustees 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 charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the 'Trustees' Responsibilities Statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 an 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2011 and of the group's incoming resources and application of resources, including its income and expenditure, 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.

## Report of the independent auditor to the members and trustees of Wigan Leisure and Culture Trust (continued)

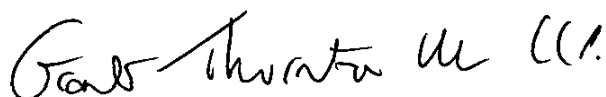
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements

### **Matters on which we are required to report by exception**

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

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



Tobias Wilson  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
~~23 September~~ 2011  
21 October

## Principal accounting policies

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, except that they have been modified to include the revaluation of listed fixed asset investments, in accordance with United Kingdom Generally Accepted Accounting Practice and follow the recommendations in the Statement of Recommended Practice Accounting by Charities (the SORP) issued in March 2005

The directors have reviewed the accounting policies in accordance with FRS18 "Accounting Policies" and consider them to be the most appropriate to the charitable company

### **Going concern**

The financial statements have been prepared on a going concern basis, which principally assumes that the Trust will continue to receive contracted financial income from Wigan Council. Wigan Council are contracted to use the Trust's services until 2015 by which date the contract will be reviewed

The Trustees and management are aware of the potential impact of further national and local government spending reviews on the Trust and its trading subsidiaries. A reduction in the value of the Wigan contract was accommodated in 2010/11 with minimal impact on service provision and within the context of an aggregate trading surplus. Plans are already well developed to accommodate similar reductions in future years and these plans and the overall position are regularly reviewed by the Trustees and management.

On this basis, and with due consideration given to the long-term pension funding requirement (appropriate consideration being given to expected contribution levels over the next 12 months), the Trustees consider it appropriate to prepare the financial statements on a going concern basis

### **Basis of consolidation**

The group financial statements consolidate those of the charitable company and its subsidiary undertakings drawn up to 31 March 2011, using acquisition accounting

### **Incoming resources**

All incoming resources are included in the statement of financial activities when the group is legally entitled to the income and the amount can be quantified with reasonable accuracy

### **Voluntary income**

Voluntary income comprises all incoming resources from donations, gifts, core funding grants and investment income. Income from investments is included in the statement of financial activities in the year in which it is receivable

Donations under Gift Aid together with the associated income tax recoveries are credited as income when the donations are received

## Principal accounting policies

### Grants receivable

Grants receivable and local authority fees are credited to the statement of financial activities when receivable, provided there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met

### Charitable trading income

Charitable trading income represents amounts receivable by the charitable company for services provided aligned with the charitable company's objectives as disclosed on page 3 of these financial statements

### Investment income and rental income

Income from investments and from rental income is included in the statement of financial activities in the year in which it is receivable

### Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Central overhead costs are allocated to operational functions on the basis of their use of central support services.

Governance costs are the costs associated with the governance arrangements of the charitable company which relate to the general running of the charitable company as opposed to those costs associated with charitable activities. Included within this category are costs associated with the strategic as opposed to day to day management of the charitable group's activities.

Support costs, which include management, human resources, finance, marketing, IT, administration and building costs are allocated across categories of charitable expenditure. The basis of the cost allocation is explained in note 6 to the accounts.

Irrecoverable VAT is charged as a cost to the statement of financial activities.

### Fund accounting

Restricted funds are to be used for specific purposes laid down by the donor. Expenditure for these purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are incoming resources received or generated for expenditure on general objectives of the charitable company.

Designated funds are unrestricted funds which have been designated for specific purposes by the trustees.

## Principal accounting policies

### Goodwill

Goodwill arising on acquisitions is the difference between the fair value of the purchase consideration and the fair value of the charitable group's share of the identifiable assets and liabilities of the acquired business at the date of acquisition. Goodwill is capitalised and classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable.

### 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 and Selby District Council. It is not practicably possible to attribute a value to this benefit.

### Tangible fixed assets and depreciation

The charitable company has adopted a £10,000 capitalisation threshold for individual assets, although assets of lesser value are capitalised if they form part of a group, with a group value in excess of £10,000. The £10,000 figure includes VAT where this is not recoverable.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off cost of an asset, less its residual value over the useful economic life of that asset as follows:

|                                 |                                                                      |
|---------------------------------|----------------------------------------------------------------------|
| Plant and equipment             | – 25%                                                                |
| Computer equipment and software | – 25%                                                                |
| Leasehold improvements          | – over the lesser of the life of the lease or 15 years straight line |

### Investments

Listed investments are stated at market value at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluations throughout the year.

Movements in value arising from investment changes or revaluation and the profit on disposal of investments have been charged or credited to the funds to which they relate.

### 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 statement of financial activities over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of financial activities on a straight line basis over the lease term.

## Principal accounting policies

### 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

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the group.

The current and past service costs and costs from settlements and curtailments are included within charitable activities. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported separately in the statement of financial activities.

In relation to the Greater Manchester Pension Fund, the share of the fund's underlying assets and liabilities relating to this group cannot be separately identified on a consistent and reasonable basis between the employees of each of the companies within the Wigan Leisure and Culture Trust group. Therefore, the pension scheme is only accounted for on a consolidated basis.

In relation to the North Yorkshire Pension Fund, it has been possible to identify the charitable company's share of the underlying assets and liabilities of the North Yorkshire Pension Fund. Therefore the pension scheme is accounted for on both an individual charitable company and consolidated basis.

### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Consolidated statement of financial activities (including the consolidated income and expenditure account)

|                                                                   | Note | Unrestricted funds<br>£ | Designated funds<br>£ | Restricted funds | Total 2011<br>£     | Total 2010<br>£     |
|-------------------------------------------------------------------|------|-------------------------|-----------------------|------------------|---------------------|---------------------|
| <b>INCOMING RESOURCES</b>                                         |      |                         |                       |                  |                     |                     |
| <b>Incoming resources from generated funds</b>                    |      |                         |                       |                  |                     |                     |
| Activities for generating funds                                   | 1    | 4,672,008               | -                     | -                | 4,672,008           | 4,724,831           |
| Investment income                                                 | 2    | 87,147                  | -                     | -                | 87,147              | 18,251              |
| <b>Incoming resources from charitable activities</b>              |      |                         |                       |                  |                     |                     |
| Community service fees from Wigan Borough Council                 |      | 16,149,269              | -                     | -                | 16,149,269          | 16,731,518          |
| Corporate support                                                 |      | 1,123,814               | 68,000                | -                | 1,191,814           | 1,123,216           |
| Environmental management and sustainability                       |      | 2,580,909               | -                     | 14,992           | 2,595,901           | 4,062,299           |
| Libraries, heritage and the arts                                  |      | 718,489                 | -                     | 197,797          | 916,286             | 999,492             |
| Business change                                                   |      | 330,064                 | -                     | 2,000            | 332,064             | 353,710             |
| Sports and healthy living                                         |      | 6,173,739               | -                     | 2,174,259        | 8,347,998           | 7,212,463           |
| <b>Total incoming resources</b>                                   |      | <b>31,835,439</b>       | <b>68,000</b>         | <b>2,389,048</b> | <b>34,292,487</b>   | <b>35,225,780</b>   |
| <b>RESOURCES EXPENDED</b>                                         |      |                         |                       |                  |                     |                     |
| <b>Cost of generating funds</b>                                   | 4    | <b>4,859,353</b>        | -                     | -                | <b>4,859,353</b>    | <b>4,680,396</b>    |
| <b>Charitable activities</b>                                      |      |                         |                       |                  |                     |                     |
| Corporate support                                                 |      | 4,993,970               | -                     | 9,127            | 5,003,097           | 5,105,062           |
| Environmental management and sustainability                       |      | 6,916,878               | -                     | 94,589           | 7,011,467           | 8,537,905           |
| Libraries, heritage and the arts                                  |      | 5,603,531               | -                     | 46,373           | 5,649,904           | 5,803,024           |
| Business change                                                   |      | 1,031,824               | -                     | -                | 1,031,824           | 1,122,386           |
| Sports and healthy living                                         |      | 7,847,760               | -                     | 2,199,481        | 10,047,241          | 9,585,994           |
| Pension scheme operating charge/(credit)                          | 28   | 593,000                 | -                     | -                | 593,000             | (678,000)           |
| Other pension finance costs                                       | 28   | 385,000                 | -                     | -                | 385,000             | 474,000             |
|                                                                   | 5    | <b>27,371,963</b>       | -                     | <b>2,349,570</b> | <b>29,721,533</b>   | <b>29,950,371</b>   |
| <b>Governance costs</b>                                           | 6    | <b>305,765</b>          | -                     | -                | <b>305,765</b>      | <b>317,443</b>      |
| <b>Charitable activity expenditure and governance costs</b>       | 7    | <b>27,677,728</b>       | -                     | <b>2,349,570</b> | <b>30,027,298</b>   | <b>30,267,814</b>   |
| <b>Taxation</b>                                                   | 10   | <b>(27,982)</b>         | -                     | -                | <b>(27,982)</b>     | <b>1,652</b>        |
| <b>Total resources expended</b>                                   | 8    | <b>32,509,099</b>       | -                     | <b>2,349,570</b> | <b>34,858,669</b>   | <b>34,949,862</b>   |
| <b>Net (deficit)/income for the year</b>                          |      | <b>(673,660)</b>        | <b>68,000</b>         | <b>39,478</b>    | <b>(566,182)</b>    | <b>275,918</b>      |
| Losses and gains on revaluation and disposal of investment assets | 14   | (42,448)                | -                     | -                | (42,448)            | 200,215             |
| Transfer of pension surplus from Selby District Council           | 28   | -                       | -                     | -                | -                   | 590,000             |
| Actuarial gain/(loss) on defined benefit scheme                   | 28   | 27,593,000              | -                     | -                | 27,593,000          | (21,634,000)        |
| <b>Net movement in funds</b>                                      |      | <b>26,876,892</b>       | <b>68,000</b>         | <b>39,478</b>    | <b>26,984,370</b>   | <b>(20,567,867)</b> |
| <b>Total funds brought forward</b>                                |      | <b>(23,953,939)</b>     | <b>70,000</b>         | <b>867,048</b>   | <b>(23,016,891)</b> | <b>(2,449,024)</b>  |
| <b>Total funds carried forward</b>                                | 20   | <b>2,922,953</b>        | <b>138,000</b>        | <b>906,526</b>   | <b>3,967,479</b>    | <b>(23,016,891)</b> |

The financial activities above include £29,620,479 (2010 £30,601,694) of incoming resources and £29,110,746 (2010 £30,559,071) outgoing resources relating to the charitable company

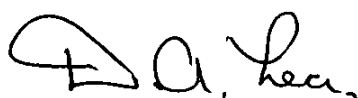
The results relate wholly to continuing activities

The accompanying notes form part of these financial statements.

## Consolidated balance sheet

|                                                                 | Note | 2011<br>£          | 2010<br>£           |
|-----------------------------------------------------------------|------|--------------------|---------------------|
| <b>Fixed assets</b>                                             |      |                    |                     |
| Intangible assets                                               | 12   | 11,402             | 13,134              |
| Tangible fixed assets                                           | 13   | 2,587,875          | 1,555,615           |
| Investments                                                     | 14   | 1,502,397          | 1,457,698           |
|                                                                 |      | <u>4,101,674</u>   | <u>3,026,447</u>    |
| <b>Current assets</b>                                           |      |                    |                     |
| Stocks                                                          | 15   | 124,284            | 153,185             |
| Debtors                                                         | 16   | 2,509,519          | 3,508,880           |
| Cash at bank and in hand                                        |      | 818,362            | 2,049,307           |
|                                                                 |      | <u>3,452,165</u>   | <u>5,711,372</u>    |
| <b>Creditors: amounts falling due within one year</b>           | 17   | <u>(5,114,788)</u> | <u>(6,970,372)</u>  |
| <b>Net current liabilities</b>                                  |      | <u>(1,662,623)</u> | <u>(1,259,000)</u>  |
| <b>Total assets less current liabilities</b>                    |      | 2,439,051          | 1,767,447           |
| <b>Creditors : amounts falling due after more than one year</b> | 18   | <u>(319,572)</u>   | <u>(17,338)</u>     |
| <b>Net assets excluding pension asset/liability</b>             |      | 2,119,479          | 1,750,109           |
| <b>Defined benefit pension scheme asset/(liability)</b>         | 28   | 1,848,000          | (24,767,000)        |
| <b>Net assets/(liabilities)</b>                                 |      | <u>3,967,479</u>   | <u>(23,016,891)</u> |
| <b>Income funds</b>                                             |      |                    |                     |
| Restricted funds                                                | 20   | 906,526            | 867,048             |
| Unrestricted funds                                              | 20   |                    |                     |
| Designated funds                                                |      | 138,000            | 70,000              |
| General unrestricted funds                                      |      | 1,074,953          | 813,061             |
| Pension reserve funds                                           |      | 1,848,000          | (24,767,000)        |
| <b>Total funds</b>                                              |      | <u>3,967,479</u>   | <u>(23,016,891)</u> |

The financial statements were approved by the Board of Trustees and authorised for issue on 23 September 2011 and signed on their behalf by



D A Lea  
Trustee

The accompanying notes form part of these financial statements.

## Charitable company balance sheet

|                                                                | Note | 2011<br>£               | 2010<br>£               |
|----------------------------------------------------------------|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                                            |      |                         |                         |
| Tangible fixed assets                                          | 13   | 2,585,077               | 1,543,581               |
| Investments                                                    | 14   | 1,502,398               | 1,457,699               |
|                                                                |      | <u>4,087,475</u>        | <u>3,001,280</u>        |
| <b>Current assets</b>                                          |      |                         |                         |
| Stocks                                                         | 15   | 95,074                  | 97,586                  |
| Debtors                                                        | 16   | 2,522,824               | 3,388,201               |
| Cash at bank and in hand                                       |      | 568,219                 | 1,492,721               |
|                                                                |      | <u>3,186,117</u>        | <u>4,978,508</u>        |
| <b>Creditors: amounts falling due within one year</b>          | 17   | <u>(4,582,441)</u>      | <u>(6,229,357)</u>      |
| <b>Net current liabilities</b>                                 |      | <u>(1,396,324)</u>      | <u>(1,250,849)</u>      |
| <b>Creditors: amounts falling due after more than one year</b> |      | <u>(309,847)</u>        | <u>-</u>                |
| <b>Net assets excluding pension asset</b>                      |      | <u>2,381,304</u>        | <u>1,750,431</u>        |
| <b>Defined benefit pension scheme asset</b>                    | 28   | 335,000                 | 270,000                 |
| <b>Net assets</b>                                              |      | <u><u>2,716,304</u></u> | <u><u>2,020,431</u></u> |
| <b>Income funds</b>                                            |      |                         |                         |
| Restricted funds                                               | 20   | 906,526                 | 867,048                 |
| Unrestricted funds                                             | 20   |                         |                         |
| Designated funds                                               |      | 138,000                 | 70,000                  |
| General unrestricted funds                                     |      | 1,336,778               | 813,383                 |
| Pension reserve funds                                          |      | 335,000                 | 270,000                 |
| <b>Total funds</b>                                             |      | <u><u>2,716,304</u></u> | <u><u>2,020,431</u></u> |

The financial statements were approved by the Board of Trustees and authorised for issue on 23 September 2011 and signed on their behalf by



D A Lea  
Trustee

The accompanying notes form part of these financial statements.

## Consolidated cash flow statement

|                                                                             | Note | 2011<br>£                 | 2010<br>£             |
|-----------------------------------------------------------------------------|------|---------------------------|-----------------------|
| <b>Net cash (outflow)/inflow from operating activities</b>                  | 22   | <u>(287,895)</u>          | <u>1,476,506</u>      |
| <b>Returns on investments and servicing of finance</b>                      |      |                           |                       |
| Investment income                                                           |      | <u>87,147</u>             | <u>18,251</u>         |
| <b>Net cash inflow from returns on investments and servicing of finance</b> |      | <u>87,147</u>             | <u>18,251</u>         |
| <b>Taxation</b>                                                             |      | <u>(4,335)</u>            | <u>(2,453)</u>        |
| <b>Capital expenditure and financial investment</b>                         |      |                           |                       |
| Purchase of tangible fixed assets                                           |      | <u>(833,317)</u>          | <u>(817,987)</u>      |
| Purchase of investments                                                     |      | <u>(87,147)</u>           | <u>-</u>              |
| <b>Net cash outflow from capital expenditure and financial investment</b>   |      | <u>(920,464)</u>          | <u>(817,987)</u>      |
| <b>Financing</b>                                                            |      |                           |                       |
| Capital element of finance lease rentals                                    |      | <u>(105,398)</u>          | <u>-</u>              |
| <b>(Decrease)/increase in cash</b>                                          | 23   | <u><u>(1,230,945)</u></u> | <u><u>674,317</u></u> |

The accompanying notes form part of these financial statements.

## Notes to the financial statements

### 1 Activities for generating funds - Group

Incoming resources from activities for generating funds are

|                                    | Unrestricted<br>£ | Designated<br>£ | Restricted<br>£ | 2011<br>£ | 2010<br>£ |
|------------------------------------|-------------------|-----------------|-----------------|-----------|-----------|
| Activities for generating funds    |                   |                 |                 |           |           |
| Operations of trading subsidiaries | 4,672,008         | -               | -               | 4,672,008 | 4,724,831 |

### 2 Investment income - Group

|                             | Unrestricted<br>£ | Designated<br>£ | Restricted<br>£ | 2011<br>£ | 2010<br>£ |
|-----------------------------|-------------------|-----------------|-----------------|-----------|-----------|
| Investment income comprises |                   |                 |                 |           |           |
| Bank interest receivable    | -                 | -               | -               | -         | 4,664     |
| Investment portfolio income | 87,147            | -               | -               | 87,417    | 13,587    |
|                             | 87,147            | -               | -               | 87,147    | 18,251    |

## Notes to the financial statements

### 3 Operations of trading subsidiaries

|                                                                       | Proco Enterprises Limited |           | Wigan Leisure and Culture Enterprises Limited |             |
|-----------------------------------------------------------------------|---------------------------|-----------|-----------------------------------------------|-------------|
|                                                                       | 2011                      | 2010      | 2011                                          | 2010        |
|                                                                       | £                         | £         | £                                             | £           |
| A summary of the results of the trading subsidiaries is set out below |                           |           |                                               |             |
| Turnover                                                              | 503,461                   | 456,513   | 4,168,547                                     | 4,360,575   |
| Other operating income and charges                                    | (399,670)                 | (374,236) | (4,457,949)                                   | (4,313,226) |
| Operating surplus/(deficit)                                           | 103,791                   | 82,277    | (289,402)                                     | 47,349      |
| Payment under Gift Aid                                                | (102,140)                 | (44,598)  | -                                             | (47,349)    |
| Tax on surplus/(deficit) on ordinary activities                       | -                         | (1,652)   | 27,982                                        | -           |
| Surplus/(deficit) for the year                                        | 1,651                     | 36,027    | (261,420)                                     | -           |
|                                                                       | 2011                      | 2010      | 2011                                          | 2010        |
|                                                                       | £                         | £         | £                                             | £           |

The net assets and liabilities of the subsidiaries were

|                                                      |           |           |             |             |
|------------------------------------------------------|-----------|-----------|-------------|-------------|
| Fixed assets                                         | -         | -         | 19,798      | 29,034      |
| Current assets                                       | 207,874   | 189,166   | 887,409     | 1,195,758   |
| Creditors amounts falling due within one year        | (207,873) | (190,816) | (1,153,707) | (1,202,259) |
| Net current assets/(liabilities)                     | 1         | (1,650)   | (266,298)   | (6,501)     |
| Creditors amounts falling due in greater than a year | -         | -         | (9,725)     | (17,338)    |
| Net assets/(liabilities)                             | 1         | (1,650)   | (256,225)   | 5,195       |
| Aggregate share capital and reserves                 | 1         | (1,650)   | (256,225)   | 5,195       |

### 4 Costs of generating funds - Group

|                                       | 2011      | 2010      |
|---------------------------------------|-----------|-----------|
|                                       | £         | £         |
| <b>Unrestricted funds</b>             |           |           |
| Staff costs and allowances            | 2,469,750 | 2,714,518 |
| Establishment expenses                | 335,356   | 422,646   |
| Transport expenses                    | 369,096   | 416,818   |
| Supplier, services and other expenses | 1,244,398 | 747,191   |
| Agency and contracted services        | 210,386   | 272,561   |
| General expenses                      | 127,112   | 98,660    |
| Support services                      | 103,255   | 8,002     |
|                                       | 4,859,353 | 4,680,396 |

## Notes to the financial statements

### 5 Charitable activities - Group

|                                                            | Unrestricted<br>direct costs<br>£ | Unrestricted<br>support<br>costs<br>£ | Total<br>unrestricted<br>costs<br>£ | Designated<br>direct<br>costs<br>£ | Restricted<br>direct<br>costs<br>£ | Total<br>2011<br>£ | Total<br>2010<br>£ |
|------------------------------------------------------------|-----------------------------------|---------------------------------------|-------------------------------------|------------------------------------|------------------------------------|--------------------|--------------------|
| Corporate support                                          | 4,628,564                         | 365,406                               | 4,993,970                           | -                                  | 9,127                              | 5,003,097          | 5,105,062          |
| Environmental<br>management and<br>sustainability          | 5,522,196                         | 1,394,682                             | 6,916,878                           | -                                  | 94,589                             | 7,011,467          | 8,537,905          |
| Libraries, heritage<br>and the Arts                        | 4,596,787                         | 1,006,744                             | 5,603,531                           | -                                  | 46,373                             | 5,649,904          | 5,803,024          |
| Business change                                            | 728,135                           | 303,689                               | 1,031,824                           | -                                  | -                                  | 1,031,824          | 1,122,386          |
| Sports and healthy<br>living                               | 6,574,292                         | 1,273,468                             | 7,847,760                           | -                                  | 2,199,481                          | 10,047,241         | 9,585,994          |
| Pension scheme<br>operating charge/<br>(credit)            | 593,000                           | -                                     | 593,000                             | -                                  | -                                  | 593,000            | (678,000)          |
| Other pension<br>finance costs                             | 385,000                           | -                                     | 385,000                             | -                                  | -                                  | 385,000            | 474,000            |
| <b>Total expenditure<br/>for charitable<br/>activities</b> | <b>23,027,974</b>                 | <b>4,343,989</b>                      | <b>27,371,963</b>                   | <b>-</b>                           | <b>2,349,570</b>                   | <b>29,721,533</b>  | <b>29,950,371</b>  |

The note shows how support costs are split between charitable activity reporting lines. For further analysis of unrestricted support costs see note 6. See note 28 for further details concerning pension costs.

## Notes to the financial statements

### 6 Analysis of support costs - Group

|                                             | Management<br>£ | HR<br>£        | Finance<br>£   | Marketing<br>£ | IT<br>£        | Admin<br>£     | Building<br>£  | Other<br>£     | Total<br>2011<br>£ | Total<br>2010<br>£ |
|---------------------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------------|
| Corporate support                           | 71,261          | 34,123         | 56,503         | 33,803         | 52,459         | 77,066         | 20,688         | 19,503         | 365,406            | 308,694            |
| Environmental management and sustainability | 271,988         | 130,239        | 215,662        | 129,017        | 200,227        | 294,146        | 78,964         | 74,439         | 1,394,682          | 1,738,768          |
| Libraries, heritage and the Arts            | 196,333         | 94,012         | 155,674        | 93,132         | 144,533        | 212,328        | 56,999         | 53,733         | 1,006,744          | 970,182            |
| Business change                             | 59,225          | 28,359         | 46,960         | 28,093         | 43,599         | 64,050         | 17,194         | 16,209         | 303,689            | 365,393            |
| Sports and healthy living                   | 248,349         | 118,920        | 196,918        | 117,805        | 182,825        | 268,581        | 72,101         | 67,969         | 1,273,468          | 1,316,676          |
| <b>Total support costs</b>                  | <b>847,156</b>  | <b>405,653</b> | <b>671,717</b> | <b>401,850</b> | <b>623,643</b> | <b>916,171</b> | <b>245,946</b> | <b>231,853</b> | <b>4,343,989</b>   | <b>4,699,713</b>   |

Cost allocation includes an element of judgement and the charitable company has had to consider the cost benefit of detailed calculations and record keeping. Support costs have been allocated according to the number of full time equivalent staff within each charitable activity.

Governance costs are made up of the following:

|                                | 2011<br>£      | 2010<br>£      |
|--------------------------------|----------------|----------------|
| Internal audit                 | 14,500         | 28,503         |
| External auditors fee          |                |                |
| audit services                 | 25,200         | 24,800         |
| non-audit services             | -              | 5,650          |
| Other Governance related costs | 266,065        | 258,490        |
|                                | <b>305,765</b> | <b>317,443</b> |

### 7 Direct charitable expenditure - Group

|                                                           | Unrestricted<br>funds<br>£ | Designated<br>£ | Restricted<br>funds<br>£ | Total<br>2011<br>£ | Total<br>2010<br>£ |
|-----------------------------------------------------------|----------------------------|-----------------|--------------------------|--------------------|--------------------|
| Staff costs and allowances                                | 16,415,590                 | -               | 1,298,814                | 17,714,404         | 16,934,142         |
| Establishment expenses                                    | 2,576,628                  | -               | 231,215                  | 2,807,843          | 3,014,622          |
| Transport expenses                                        | 1,019,800                  | -               | 89,008                   | 1,108,808          | 1,160,504          |
| Supplier, services and other expenses                     | 3,237,968                  | -               | 398,728                  | 3,636,696          | 5,036,425          |
| Agency and contracted services                            | 1,271,731                  | -               | 131,628                  | 1,403,359          | 1,716,192          |
| General expenses                                          | 1,346,604                  | -               | 125,585                  | 1,472,189          | 1,637,391          |
| Support services                                          | 831,507                    | -               | 74,492                   | 905,999            | 972,538            |
| Pension scheme FRS 17 operating charge/(credit) (note 28) | 593,000                    | -               | -                        | 593,000            | (678,000)          |
| Other FRS 17 pension finance costs (note 28)              | 385,000                    | -               | -                        | 385,000            | 474,000            |
|                                                           | <b>27,677,728</b>          | <b>-</b>        | <b>2,349,570</b>         | <b>30,027,298</b>  | <b>30,267,814</b>  |

## Notes to the financial statements

### 8 Analysis of resources expended - Group

|                                          | Staff costs<br>£  | Other<br>£        | Total<br>2011<br>£ | Total<br>2010<br>£ |
|------------------------------------------|-------------------|-------------------|--------------------|--------------------|
| Costs of generating funds                | 2,469,750         | 2,389,603         | 4,859,353          | 4,680,396          |
| <b>Charitable activities</b>             |                   |                   |                    |                    |
| Corporate support                        | 1,348,511         | 3,654,586         | 5,003,097          | 5,105,062          |
| Environmental management                 | 5,555,472         | 1,455,995         | 7,011,467          | 8,537,905          |
| Libraries, heritage and information      | 3,885,582         | 1,764,322         | 5,649,904          | 5,803,024          |
| Business change                          | 1,031,824         | -                 | 1,031,824          | 1,122,386          |
| Sports and healthy living                | 4,915,015         | 5,132,226         | 10,047,241         | 9,585,994          |
| Pension scheme operating charge/(credit) | 593,000           | -                 | 593,000            | (678,000)          |
| Other pension finance costs              | 385,000           | -                 | 385,000            | 474,000            |
|                                          | <u>17,714,404</u> | <u>12,007,129</u> | <u>29,721,533</u>  | <u>29,950,371</u>  |
| Governance costs                         | 234,072           | 71,693            | 305,765            | 317,443            |
| Taxation                                 | -                 | (27,982)          | (27,982)           | 1,652              |
|                                          | <u>20,418,226</u> | <u>14,440,443</u> | <u>34,858,669</u>  | <u>34,949,862</u>  |

The above costs include

|                                                                                                                      | 2011<br>£     | 2010<br>£ |
|----------------------------------------------------------------------------------------------------------------------|---------------|-----------|
| Fees payable to the charitable group's auditor for the audit of the charitable company's annual financial statements | 25,200        | 24,800    |
| Non-audit services                                                                                                   |               |           |
| Taxation services                                                                                                    | -             | 5,650     |
| Operating lease rentals                                                                                              |               |           |
| Vehicles and equipment                                                                                               | 91,945        | 91,945    |
| Depreciation                                                                                                         |               |           |
| Owned assets                                                                                                         | 285,889       | 188,094   |
| Assets held under finance leases                                                                                     | <u>32,965</u> | <u>-</u>  |

### 9 Trustees and employees

Staff costs during the year were as follows

|                       | Group<br>2011<br>£ | Charitable<br>company<br>2011<br>£ | Group<br>2010<br>£ | Charitable<br>company<br>2010<br>£ |
|-----------------------|--------------------|------------------------------------|--------------------|------------------------------------|
| Wages and salaries    | 16,395,130         | 14,277,704                         | 16,682,020         | 14,335,880                         |
| Social security costs | 1,075,085          | 940,372                            | 1,053,630          | 906,745                            |
| Pension costs         | 2,948,011          | 2,756,335                          | 1,912,860          | 1,691,367                          |
|                       | <u>20,418,226</u>  | <u>17,974,411</u>                  | <u>19,648,510</u>  | <u>16,933,992</u>                  |

## Notes to the financial statements

### 9 Trustees and employees (continued)

#### Group

The average monthly number of permanent employees of the charitable group was as follows

|                                             | 2011<br>Number | 2010<br>Number |
|---------------------------------------------|----------------|----------------|
| Business change                             | 66             | 67             |
| Corporate support                           | 36             | 57             |
| Environmental management and sustainability | 220            | 309            |
| Libraries, heritage and the arts            | 227            | 178            |
| Sports and healthy living                   | 243            | 241            |
| Executive management team                   | 8              | 9              |
|                                             | <b>800</b>     | <b>861</b>     |

The number of full time equivalents was

|                                             | 2011<br>Number | 2010<br>Number |
|---------------------------------------------|----------------|----------------|
| Business change                             | 60             | 58             |
| Corporate support                           | 34             | 50             |
| Environmental management and sustainability | 214            | 267            |
| Libraries, heritage and the Arts            | 154            | 154            |
| Sports and healthy living                   | 195            | 209            |
| Executive management team                   | 8              | 9              |
|                                             | <b>665</b>     | <b>747</b>     |

#### The group and the charitable company

Employees receiving remuneration in excess of £60,000 are analysed as follows

|                     | 2011<br>£ | 2010<br>£ |
|---------------------|-----------|-----------|
| £60,001 - £70,000   | 5         | 5         |
| £70,001 - £80,000   | 1         | 1         |
| £100,001 - £110,000 | 1         | -         |
| £110,001 - £120,000 | -         | 1         |

During the year the following amounts were paid to higher paid employees as shown above

|                                                  | 2011<br>£     | 2010<br>£     |
|--------------------------------------------------|---------------|---------------|
| Pension contributions to defined benefit schemes | <b>73,943</b> | <b>73,563</b> |

## Notes to the financial statements

### 9 Trustees and employees (continued)

#### The group and the charitable company

The trustees nor any persons connected with them have received any remuneration from the group or charitable company during the year

£7,079 (2010 £5,212) of expenses were paid to 11 (2010 11) trustees during the year. All expenses related to travel and subsistence

### 10 Tax on net incoming resources

#### Charitable company

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

#### Group

The taxation (credit)/charge is based on the profit for the period and represents tax on the trading activities of the two trading subsidiaries as follows

|                                      | 2011<br>£       | 2010<br>£    |
|--------------------------------------|-----------------|--------------|
| UK Corporation tax at 21% (2010 21%) | -               | 4,335        |
| Deferred tax (see note 19)           | (27,982)        | (2,683)      |
|                                      | <u>(27,982)</u> | <u>1,652</u> |

#### Factors affecting the tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the United Kingdom of 21% (2010 21%). The differences are explained as follows

|                                                                                                                                                                 | 2011<br>£        | 2010<br>£      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|
| (Loss)/profit on ordinary activities before taxation and payment under gift aid for Wigan Leisure and Culture Enterprises Limited and Proco Enterprises Limited | <u>(185,611)</u> | <u>129,626</u> |
| (Loss)/profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 21% (2010 21%)                     | (38,978)         | 27,221         |
| Effect of                                                                                                                                                       |                  |                |
| Gift aid relief                                                                                                                                                 | (21,449)         | (19,309)       |
| Differences between capital allowances and depreciation                                                                                                         | 2,976            | (3,577)        |
| Losses carried forward                                                                                                                                          | <u>57,451</u>    | <u>-</u>       |
|                                                                                                                                                                 | <u>-</u>         | <u>4,335</u>   |

Taxable losses of £273,000 (2010 £Nil) are carried forward to set off against future taxable profits.

## Notes to the financial statements

### 11 Excess of income over expenditure

The charitable company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements. The excess of income over expenditure for the year was £695,873 (2010 £237,838) which is dealt with in the financial statements of the charitable company.

### 12 Intangible fixed assets

#### Group

|                                      | Goodwill<br>£ |
|--------------------------------------|---------------|
| <b>Cost</b>                          |               |
| At 1 April 2010 and at 31 March 2011 | 17,320        |
| <b>Amortisation</b>                  |               |
| At 1 April 2010                      | 4,186         |
| Provided in the year                 | 1,732         |
| At 31 March 2011                     | 5,918         |
| <b>Net book value</b>                |               |
| At 31 March 2011                     | 11,402        |
| <b>Net book value</b>                |               |
| At 31 March 2010                     | 13,134        |

### 13 Tangible fixed assets

#### Group

|                        | Leasehold<br>improvements<br>£ | Plant and<br>equipment<br>£ | Computer<br>equipment<br>and software<br>£ | Total<br>£ |
|------------------------|--------------------------------|-----------------------------|--------------------------------------------|------------|
| <b>Cost</b>            |                                |                             |                                            |            |
| At 1 April 2010        | 1,200,086                      | 396,508                     | 443,634                                    | 2,040,228  |
| Additions              | 694,162                        | 579,924                     | 77,028                                     | 1,351,114  |
| At 31 March 2011       | 1,894,248                      | 976,432                     | 520,662                                    | 3,391,342  |
| <b>Depreciation</b>    |                                |                             |                                            |            |
| At 1 April 2010        | 40,388                         | 223,643                     | 220,582                                    | 484,613    |
| Charge for the year    | 155,387                        | 87,989                      | 75,478                                     | 318,854    |
| At 31 March 2011       | 195,775                        | 311,632                     | 296,060                                    | 803,467    |
| <b>Net book amount</b> |                                |                             |                                            |            |
| At 31 March 2011       | 1,698,473                      | 664,800                     | 224,602                                    | 2,587,875  |
| <b>Net book amount</b> |                                |                             |                                            |            |
| At 31 March 2010       | 1,159,698                      | 172,865                     | 223,052                                    | 1,555,615  |

## Notes to the financial statements

### 13 Tangible fixed assets (continued)

#### The charitable company

|                        | Leasehold<br>improvements<br>£ | Plant and<br>equipment<br>£ | Computer<br>equipment<br>and software<br>£ | Total<br>£       |
|------------------------|--------------------------------|-----------------------------|--------------------------------------------|------------------|
| <b>Cost</b>            |                                |                             |                                            |                  |
| At 1 April 2010        | 1,200,086                      | 261,032                     | 443,634                                    | 1,904,752        |
| Additions              | 694,161                        | 579,924                     | 77,028                                     | 1,351,113        |
| At 31 March 2011       | <u>1,894,247</u>               | <u>840,956</u>              | <u>520,662</u>                             | <u>3,255,865</u> |
| <b>Depreciation</b>    |                                |                             |                                            |                  |
| At 1 April 2010        | 40,388                         | 100,201                     | 220,582                                    | 361,171          |
| Charge for the year    | 155,387                        | 78,752                      | 75,478                                     | 309,617          |
| At 31 March 2011       | <u>195,775</u>                 | <u>178,953</u>              | <u>296,060</u>                             | <u>670,788</u>   |
| <b>Net book amount</b> |                                |                             |                                            |                  |
| At 31 March 2011       | <u>1,698,472</u>               | <u>662,003</u>              | <u>224,602</u>                             | <u>2,585,077</u> |
| <b>Net book amount</b> |                                |                             |                                            |                  |
| At 31 March 2010       | <u>1,159,698</u>               | <u>160,831</u>              | <u>223,052</u>                             | <u>1,543,581</u> |

Included above for the group and the charitable company are assets held via finance leases. The net book amount is £484,833 (2010 £Nil) and the depreciation charged for the year is £32,965 (2010 £Nil).

### 14 Investments

Total fixed asset investments comprise

|                                   | 2011<br>£        | Group<br>2010<br>£ | Charitable company<br>2011<br>£ | 2010<br>£        |
|-----------------------------------|------------------|--------------------|---------------------------------|------------------|
| Listed investments (a)            | 1,502,397        | 1,457,698          | 1,502,397                       | 1,457,698        |
| Other fixed asset investments (b) | -                | -                  | 1                               | 1                |
|                                   | <u>1,502,397</u> | <u>1,457,698</u>   | <u>1,502,398</u>                | <u>1,457,699</u> |

#### (a) Listed investments

##### The group and the charitable company

|                                          | 2011<br>£        | 2010<br>£        |
|------------------------------------------|------------------|------------------|
| Market value at 1 April                  | 1,457,698        | 1,243,896        |
| Investment income                        | 87,147           | 13,587           |
| Unrealised (losses)/gains on revaluation | (42,448)         | 200,215          |
| Market value at 31 March                 | <u>1,502,397</u> | <u>1,457,698</u> |

Listed investments are stated at their mid market value as at the balance sheet date

## Notes to the financial statements

### 14 Investments (continued)

The investments listed on a recognised stock exchange are as follows :

|                  | 2011<br>£        | 2010<br>£        |
|------------------|------------------|------------------|
| Fixed interest   | 415,123          | 295,171          |
| Index Limited    | 114,627          | 65,990           |
| Cash funds       | 111,430          | 210,047          |
| Investment funds | 31,184           | 32,497           |
| Unit trusts      | 445,919          | 238,654          |
| Equities         | 280,084          | 382,596          |
| Commodities      | 30,255           | 33,342           |
| Hedge funds      | 52,361           | 49,166           |
| Property funds   | —                | 30,656           |
|                  | <u>1,480,983</u> | <u>1,338,119</u> |

The investments are managed within a portfolio held with Deutsche Bank Private Wealth Management in the United Kingdom. The historic cost of individual investments is £1,485,000.

Investments forming more than 5% of the value of the investment portfolio are as follows

|                                              | Valuation |           |
|----------------------------------------------|-----------|-----------|
|                                              | 2011<br>£ | 2010<br>£ |
| Merrill Lynch 22C UK Capital protected       | 193,000   | 185,000   |
| Merrill Lynch 22B European Capital Protected | 175,225   | 168,238   |
| Citi Group Emerging markets Protected        | 132,000   | 132,000   |
| M&G Securities Limited Corporate Bond        | 129,033   | 128,235   |
| Franklin Templeton Global EBC Bond           | 117,500   | 98,640    |
| JP Morgan AM Europe                          | 111,430   | 210,047   |
| AXA Investment Management US Bond            | 103,500   | —         |
| Invesco managers IP Corporate Bond           | —         | 68,296    |

#### (b) Other fixed asset investments

The charitable company

|                          | 2011<br>£ | 2010<br>£ |
|--------------------------|-----------|-----------|
| Investment in subsidiary | <u>1</u>  | <u>1</u>  |

## Notes to the financial statements

### 14 Investments (continued)

In addition to the above investments, the charitable company had the following subsidiary undertakings (both of which are incorporated in England) as at 31 March 2011

| Name of subsidiary                            | Class of share capital held | Proportion held by parent company | Proportion held by subsidiary company | Nature of business                                           |
|-----------------------------------------------|-----------------------------|-----------------------------------|---------------------------------------|--------------------------------------------------------------|
| Wigan Leisure and Culture Enterprises Limited | Ordinary shares of £1 each  | 100%                              | -                                     | Provider of leisure facilities                               |
| Proco Enterprises Limited                     | Ordinary shares of £1 each  | -                                 | 100%                                  | Provision of maintenance, garden design and fencing services |

### 15 Stocks

|                                     | 2011<br>£      | Group<br>2010<br>£ | Charitable company<br>2011<br>£ | 2010<br>£     |
|-------------------------------------|----------------|--------------------|---------------------------------|---------------|
| Raw materials and consumables       | 69,622         | 77,676             | 69,622                          | 77,676        |
| Work in progress                    | -              | 10,224             | -                               | -             |
| Finished goods and goods for resale | 54,662         | 65,285             | 25,452                          | 19,910        |
|                                     | <u>124,284</u> | <u>153,185</u>     | <u>95,074</u>                   | <u>97,586</u> |

### 16 Debtors

|                                                    | 2011<br>£        | Group<br>2010<br>£ | Charitable company<br>2011<br>£ | 2010<br>£        |
|----------------------------------------------------|------------------|--------------------|---------------------------------|------------------|
| Trade debtors                                      | 994,996          | 592,362            | 672,834                         | 346,003          |
| Amounts owed by group undertakings                 | -                | -                  | 773,372                         | 652,060          |
| Amounts owed by Wigan Metropolitan Borough Council | 857,106          | 2,063,904          | 478,175                         | 1,751,238        |
| Other debtors                                      | 19,503           | 17,086             | 7,004                           | 7,569            |
| Deferred tax asset (note 19)                       | 40,515           | 12,533             | -                               | -                |
| Prepayments and accrued income                     | 597,399          | 822,995            | 591,439                         | 631,331          |
|                                                    | <u>2,509,519</u> | <u>3,508,880</u>   | <u>2,522,824</u>                | <u>3,388,201</u> |

## Notes to the financial statements

### 17 Creditors : amounts falling due within one year

|                                                       | 2011<br>£        | Group<br>2010<br>£ | Charitable company<br>2011<br>£ | 2010<br>£        |
|-------------------------------------------------------|------------------|--------------------|---------------------------------|------------------|
| Trade creditors                                       | 1,475,787        | 2,283,745          | 1,207,488                       | 2,058,116        |
| Amounts owed to Wigan Metropolitan<br>Borough Council | 1,525,439        | 3,525,101          | 1,403,045                       | 3,129,495        |
| Other creditors                                       | 49,302           | 19,416             | 30,265                          | 19,416           |
| Corporation tax                                       | -                | 4,335              | -                               | -                |
| Other taxation and social security                    | 922,241          | 355,829            | 922,241                         | 355,829          |
| Accruals and deferred income                          | 1,039,467        | 781,946            | 916,850                         | 666,501          |
| Finance lease creditors                               | 102,552          | -                  | 102,552                         | -                |
|                                                       | <u>5,114,788</u> | <u>6,970,372</u>   | <u>4,582,441</u>                | <u>6,229,357</u> |

### 18 Creditors : amounts falling due after more than one year

|                         | 2011<br>£      | Group<br>2010<br>£ | Charitable company<br>2011<br>£ | 2010<br>£ |
|-------------------------|----------------|--------------------|---------------------------------|-----------|
| Deferred income         | 9,725          | 17,338             | -                               | -         |
| Finance lease creditors | 309,847        | -                  | 309,487                         | -         |
|                         | <u>319,572</u> | <u>17,338</u>      | <u>309,487</u>                  | <u>-</u>  |

Finance lease creditors are repayable as follows

|                            | £              |
|----------------------------|----------------|
| Between one and two years  | 103,560        |
| Between two and five years | <u>206,287</u> |
|                            | <u>309,487</u> |

## Notes to the financial statements

### 19 Deferred taxation - Group

The amount of deferred taxation, all of which is provided as a deferred tax asset, is as follows

|                                             | 2011<br>£         | 2010<br>£         |
|---------------------------------------------|-------------------|-------------------|
| Accelerated capital allowances              | 15,515            | 12,553            |
| Losses carried forward                      | 25,000            | -                 |
|                                             | <u>40,515</u>     | <u>12,553</u>     |
| <b>Deferred tax asset</b>                   | <b>2011<br/>£</b> | <b>2010<br/>£</b> |
| At 1 April 2010                             | 12,533            | 9,850             |
| Credit to Statement of Financial Activities | 27,982            | 2,683             |
| At 31 March 2011                            | <u>40,515</u>     | <u>12,533</u>     |

## Notes to the financial statements

### 20 Income funds and reserves

#### Group

|                                             | Balance at<br>31 March<br>2010<br>£ | Incoming<br>£ | Expenditure<br>£ | Transfers<br>£ | Gains<br>and losses<br>£ | Balance at<br>31 March<br>2011<br>£ |
|---------------------------------------------|-------------------------------------|---------------|------------------|----------------|--------------------------|-------------------------------------|
| <b>Restricted</b>                           |                                     |               |                  |                |                          |                                     |
| Minimum reserve funding                     | 347,000                             | -             | -                | -              | -                        | 347,000                             |
| Mesnes Park bandstand                       | 83,892                              | -             | (83,892)         | -              | -                        | -                                   |
| Bowling development fund                    | 23,937                              | 5,000         | (4,697)          | -              | -                        | 24,240                              |
| Wigan Pier Engine Fund                      | 20,971                              | 10,000        | -                | -              | -                        | 30,971                              |
| Sports and healthy living                   | 240,370                             | 2,079,850     | (2,199,481)      | -              | -                        | 120,739                             |
| Libraries, Heritage and the Arts            | 36,642                              | 5,909         | (35,642)         | -              | -                        | 6,909                               |
| Environmental Management and sustainability | 12,000                              | 9,992         | (6,000)          | -              | -                        | 15,992                              |
| Business change                             | 8,012                               | 2,000         | -                | -              | -                        | 10,012                              |
| Jazz                                        | 21,097                              | 10,000        | (10,731)         | -              | -                        | 20,366                              |
| Corporate support                           | 9,127                               | -             | (9,127)          | -              | -                        | -                                   |
| Leigh Sports Village                        | 64,000                              | 32,000        | -                | -              | -                        | 96,000                              |
| Greater Manchester Arts                     | -                                   | 108,922       | -                | -              | -                        | 108,922                             |
| Wigan Pier Engine House                     | -                                   | 42,966        | -                | -              | -                        | 42,966                              |
| Heritage Lottery Fund                       | -                                   | 20,000        | -                | -              | -                        | 20,000                              |
| PCT Funding                                 | -                                   | 62,409        | -                | -              | -                        | 62,409                              |
|                                             | 867,048                             | 2,389,048     | (2,349,570)      | -              | -                        | 906,526                             |
| <b>Unrestricted</b>                         |                                     |               |                  |                |                          |                                     |
| Designated funds -                          |                                     |               |                  |                |                          |                                     |
| Agresso                                     | 70,000                              | -             | -                | -              | -                        | 70,000                              |
| Wigan Library                               | -                                   | 35,000        | -                | -              | -                        | 35,000                              |
| Parks Bowling Pavilion                      | -                                   | 33,000        | -                | -              | -                        | 33,000                              |
|                                             | 70,000                              | 68,000        | -                | -              | -                        | 138,000                             |
| <b>General unrestricted funds</b>           | 813,061                             | 31,835,439    | (31,573,547)     | -              | -                        | 1,074,953                           |
| <b>Pension reserve</b>                      | (24,767,000)                        | -             | (978,000)        | -              | 27,593,000               | 1,848,000                           |
|                                             | (23,016,891)                        | 34,292,487    | 34,901,117       | -              | 27,593,000               | 3,967,479                           |

## Notes to the financial statements

### 20 Income funds and reserves (continued)

#### The charitable company

|                                                    | Balance at<br>31 March<br>2010<br>£ | Incoming<br>£     | Expenditure<br>£    | Transfers<br>£ | Gains<br>and losses<br>£ | Balance at<br>31 March<br>2011<br>£ |
|----------------------------------------------------|-------------------------------------|-------------------|---------------------|----------------|--------------------------|-------------------------------------|
| <b>Restricted</b>                                  |                                     |                   |                     |                |                          |                                     |
| Minimum reserve<br>funding                         | 347,000                             | -                 | -                   | -              | -                        | 347,000                             |
| Mesnes Park bandstand                              | 83,892                              | -                 | (83,892)            | -              | -                        | -                                   |
| Bowling development<br>fund                        | 23,937                              | 5,000             | (4,697)             | -              | -                        | 24,240                              |
| Wigan Pier Engine<br>Fund                          | 20,971                              | 10,000            | -                   | -              | -                        | 30,971                              |
| Sports and healthy<br>living                       | 240,370                             | 2,079,850         | (2,199,481)         | -              | -                        | 120,739                             |
| Libraries, Heritage and<br>the Arts                | 36,642                              | 5,909             | (35,642)            | -              | -                        | 6,909                               |
| Environmental<br>Management and<br>sustainability  | 12,000                              | 9,992             | (6,000)             | -              | -                        | 15,992                              |
| Business change                                    | 8,012                               | 2,000             | -                   | -              | -                        | 10,012                              |
| Jazz                                               | 21,097                              | 10,000            | (10,731)            | -              | -                        | 20,366                              |
| Corporate support                                  | 9,127                               | -                 | (9,127)             | -              | -                        | -                                   |
| Leigh Sports Village<br>Greater Manchester<br>Arts | 64,000                              | 32,000            | -                   | -              | -                        | 96,000                              |
| Wigan Pier Engine<br>House                         | -                                   | 108,922           | -                   | -              | -                        | 108,922                             |
| Heritage Lottery Fund                              | -                                   | 42,966            | -                   | -              | -                        | 42,966                              |
| PCT Funding                                        | -                                   | 20,000            | -                   | -              | -                        | 20,000                              |
|                                                    | -                                   | 62,409            | -                   | -              | -                        | 62,409                              |
|                                                    | <u>867,048</u>                      | <u>2,389,048</u>  | <u>(2,349,570)</u>  | <u>-</u>       | <u>-</u>                 | <u>906,526</u>                      |
| <b>Unrestricted</b>                                |                                     |                   |                     |                |                          |                                     |
| Designated funds                                   |                                     |                   |                     |                |                          |                                     |
| Agresso                                            | 70,000                              | -                 | -                   | -              | -                        | 70,000                              |
| Wigan Library                                      | -                                   | 35,000            | -                   | -              | -                        | 35,000                              |
| Parks Bowling Pavilion                             | -                                   | 33,000            | -                   | -              | -                        | 33,000                              |
|                                                    | <u>70,000</u>                       | <u>68,000</u>     | <u>-</u>            | <u>-</u>       | <u>-</u>                 | <u>138,000</u>                      |
| <b>Pension reserve fund</b>                        | 270,000                             | -                 | (19,000)            | -              | 84,000                   | 335,000                             |
| <b>General unrestricted<br/>funds</b>              | <u>813,383</u>                      | <u>27,265,571</u> | <u>(26,742,176)</u> | <u>-</u>       | <u>-</u>                 | <u>1,336,778</u>                    |
|                                                    | <u>2,020,431</u>                    | <u>29,722,619</u> | <u>(29,110,746)</u> | <u>-</u>       | <u>84,000</u>            | <u>2,716,304</u>                    |

## Notes to the financial statements

### 20 Income funds and reserves (continued)

#### Restricted funds

During the year ended 31 March 2004, the charitable 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 charitable company's objectives.

Mesnes Park – Donation towards the provision of a bandstand in Mesnes Park, Wigan

Bowling development fund - Funding from the Council out of which to meet the ongoing costs of bowling green maintenance

Wigan Pier Engine Fund - A sinking fund provided by the Council out of which is met the cost of repairs to the engine

Sports and healthy living - Predominantly Active Living projects funded by the PCT and other external funding bodies to provide well being activities such as the appointment of sports coaches and the development of community healthcare projects

Libraries, Heritage and Arts - Funding from external funding bodies for a number of projects including the delivery of ICT basics courses and the Cultural Partnership

Environmental management and sustainability - Funding for Grounds Maintenance apprenticeships from Wigan Council to support the set up of an apprenticeship scheme

Business change - principally funding for youth and community development projects

The Jazz fund was established for the Wigan International Jazz Festival

Corporate support funding related to grants received from Wigan Metropolitan Borough Council to contribute towards the Children's Information Services

Leigh Sports Village fund was established for the Leigh Sports Village contract which will begin in 2009/2010

Greater Manchester Arts - The trust is acting as the accountable body for the Greater Manchester Strategic Arts Fund and is responsible for the monitoring and managing of the fund and allocating of the AGMA grant funding to the relevant bodies

Wigan Pier Engine House - Remaining balance of the funding from Wigan Metropolitan Borough Council for the running of the Engine House

Heritage Lottery Fund - Remaining balance of the funding from Heritage Lottery for the provision of exhibitions in the Museum of Wigan Life

PCT funding - Remaining balance of the funding from the PCT for the running of various Sports and Healthy Living projects

## Notes to the financial statements

### 20 Income funds and reserves (continued)

#### Designated funds

Agresso fund was established for the remaining provision of the Agresso implementation and has been increased during the year to allow for the completion of this project. Agresso is the computerised finance system which is used by the group

The opening of the new Wigan Library in 2011/12 will require new book stock and a designated allocation of £35,000 has been set aside to facilitate this

The Parks Bowling Pavilion will be fully completed during 2011/12 and a designated fund of £33,000 has been allocated to this project.

#### Big Lottery Grants

| The Group                                   | Balance at<br>31 March<br>2010<br>£ | Income<br>£ | Expenditure<br>£ | Transfers<br>£ | Balance at<br>31 March<br>2011<br>£ |
|---------------------------------------------|-------------------------------------|-------------|------------------|----------------|-------------------------------------|
| Mesnes Park Reaching<br>Communities Project | -                                   | 38,088      | 38,088           | -              | -                                   |

### 21 Analysis of net assets between funds

| Group                                  | Unrestricted<br>funds<br>£ | Designated<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>funds<br>£ |
|----------------------------------------|----------------------------|--------------------------|--------------------------|---------------------|
| Intangible fixed assets                | 11,402                     | -                        | -                        | 11,402              |
| Tangible fixed assets                  | 2,587,875                  | -                        | -                        | 2,587,875           |
| Investments                            | 1,502,397                  | -                        | -                        | 1,502,397           |
| Current assets                         | 2,407,639                  | 138,000                  | 906,526                  | 3,452,165           |
| Current liabilities                    | (5,424,635)                | -                        | -                        | (5,424,635)         |
| Creditors due in greater than one year | (9,725)                    | -                        | -                        | (9,725)             |
| Pension scheme asset                   | 1,848,000                  | -                        | -                        | 1,848,000           |
| Total net assets                       | 2,922,953                  | 138,000                  | 906,526                  | 3,967,479           |
| The charitable company                 | Unrestricted<br>funds<br>£ | Designated<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>funds<br>£ |
| Tangible fixed assets                  | 2,585,077                  | -                        | -                        | 2,585,077           |
| Investments                            | 1,502,398                  | -                        | -                        | 1,502,398           |
| Current assets                         | 2,141,591                  | 138,000                  | 906,526                  | 3,186,117           |
| Current liabilities                    | (4,892,288)                | -                        | -                        | (4,892,288)         |
| Pension assets                         | 335,000                    | -                        | -                        | 335,000             |
| Total net assets                       | 1,671,778                  | 138,000                  | 906,526                  | 2,716,304           |

## Notes to the financial statements

### 22 Net cash (outflow)/inflow from operating activities

|                                                                                 | 2011<br>£        | 2010<br>£        |
|---------------------------------------------------------------------------------|------------------|------------------|
| Net (outgoing)/incoming resources before taxation (excluding investment income) | (681,311)        | 259,319          |
| Depreciation                                                                    | 318,854          | 188,094          |
| Amortisation                                                                    | 1,732            | 1,732            |
| Profit on disposal of investments                                               | -                | (13,587)         |
| Decrease in stocks                                                              | 28,901           | 13,346           |
| Decrease/(increase) in debtors                                                  | 1,027,343        | (678,441)        |
| (Decrease)/increase in creditors                                                | (1,961,414)      | 1,910,043        |
| Decrease/(increase) in pension liability                                        | 978,000          | (204,000)        |
| Net cash (outflow)/inflow from operating activities                             | <u>(287,895)</u> | <u>1,476,506</u> |

### 23 Reconciliation of net cash flow to movement in net funds

|                                           | 2011<br>£        | 2010<br>£        |
|-------------------------------------------|------------------|------------------|
| (Decrease)/increase in cash in the year   | (1,230,945)      | 674,317          |
| Cash outflow in respect of finance leases | 105,398          | -                |
| Inception of finance leases               | (517,797)        | -                |
| Net funds at 31 March 2010                | <u>2,049,307</u> | <u>1,374,990</u> |
| Net funds at 31 March 2011                | <u>405,963</u>   | <u>2,049,307</u> |

### 24 Analysis of changes in net funds

|                | At<br>31 March<br>2010<br>£ | Cashflow<br>£      | Non<br>cash<br>items<br>£ | At<br>31 March<br>2011<br>£ |
|----------------|-----------------------------|--------------------|---------------------------|-----------------------------|
| Cash in hand   | 2,049,307                   | (1,230,945)        | -                         | 818,362                     |
| Finance leases | -                           | 105,398            | (517,797)                 | (412,399)                   |
|                | <u>2,049,307</u>            | <u>(1,125,547)</u> | <u>(517,797)</u>          | <u>405,963</u>              |

During the year the trust entered into finance lease arrangements in respect of assets with a total capital value of £517,797 (2010 £Nil)

### 25 Contingent liabilities

There were no contingent liabilities at 31 March 2011 or 31 March 2010

## Notes to the financial statements

### 26 Leasing commitments

Operating lease payments amounting to £91,945 (2010 £91,945) are due within one year. The leases to which they relate expire as follows:

|                               | Group<br>£ | 2011<br>Charitable<br>company<br>£ | Group<br>£ | 2010<br>Charitable<br>company<br>£ |
|-------------------------------|------------|------------------------------------|------------|------------------------------------|
| Operating leases which expire |            |                                    |            |                                    |
| – within two to five years    | 91,945     | 91,945                             | 91,945     | 91,945                             |

### 27 Capital commitments

The group had capital commitments of £Nil as at 31 March 2011 (2010 £500,000).

### 28 Pensions

#### Group Defined Benefit Scheme Greater Manchester Pension Fund

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

The share of the fund's underlying assets and liabilities relating to this group cannot be separately identified on a consistent and reasonable basis between the employees of each of the companies within the Wigan Leisure and Culture Trust group. Therefore, the pension scheme is only accounted for on a consolidated basis.

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 group's share of the underlying assets and liabilities of the Greater Manchester Pension Fund, although not between members of the group.

The assets of the scheme are invested and managed independently of the finances of the Charity. The pension costs relating to this scheme is calculated on the projected unit method and is assessed with the advice of a qualified actuary. The latest actuarial assessment of this scheme was on 31 March 2010 and was carried out by Hyman Robertson LLP, an independent actuary. The next full actuarial valuation will take place at 31 March 2013.

## Notes to the financial statements

### 28 Pensions (continued)

Further information in respect of the defined benefit scheme is detailed below. The principal actuarial assumptions used by the actuaries were as follows:

|                                            | 2011<br>% | 2010<br>% |
|--------------------------------------------|-----------|-----------|
| Discount rate at 31 March                  | 5.5       | 5.5       |
| Expected return on plan assets at 31 March | 6.6       | 6.9       |
| Salary increase rate                       | 4.3       | 5.3       |
| Inflation assumption                       | 2.8       | 3.8       |

The post-retirement mortality assumptions used to value the benefit obligation at 31 March 2011 and 31 March 2010 are based on the PFA92 and PMA92 tables with a current year of use. Based on these assumptions, average future life expectancies at age 65 are as follows:

|                    | Males<br>years | Females<br>years |
|--------------------|----------------|------------------|
| Current pensioners | 22.1           | 22.9             |
| Future pensioners  | 22.5           | 25.0             |

In its June 2010 budget, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The Trust has considered the scheme rules, associated members' literature and perceived historic precedent and the associated expectations of pension scheme members. Following this assessment, the group has concluded that this does not represent a change in benefits and so has considered the resulting credit to represent a change in actuarial assumptions and is presented as such within the Statement of Financial Activities.

The expected return on plan assets is based on the average annualised total returns over 20 years. The amounts separately charged (or credited) to the Statement of Financial Activities as pension scheme operating charge/(credit) are as follows:

|                                        | 2011<br>£   | 2010<br>£   |
|----------------------------------------|-------------|-------------|
| Current service cost                   | 2,318,000   | 1,160,000   |
| Past service cost                      | 155,000     | -           |
| Losses on curtailments and settlements | 28,000      | -           |
| Contributions paid                     | (1,910,000) | (1,829,000) |
| Total                                  | 591,000     | (669,000)   |

## Notes to the financial statements

### 28 Pensions (continued)

The amounts charged or (credited) to other pension finance costs within the statement of financial activities

|                                          | 2011<br>£      | 2010<br>£      |
|------------------------------------------|----------------|----------------|
| Interest cost                            | 3,963,000      | 2,805,000      |
| Expected return on pension scheme assets | (3,595,000)    | (2,335,000)    |
|                                          | <u>368,000</u> | <u>470,000</u> |

The amounts recognised in the balance sheet are as follows

|                                                 | 2011<br>£        | 2010<br>£           |
|-------------------------------------------------|------------------|---------------------|
| Fair value of plan assets                       | 56,981,000       | 51,311,000          |
| Present value of retirement benefit obligations | (55,468,000)     | (76,348,000)        |
| Net assets/(liabilities)                        | <u>1,513,000</u> | <u>(25,037,000)</u> |

The major categories of plan asset, as a percentage of the total plan assets, are as follows

|          | 2011<br>% | 2010<br>% |
|----------|-----------|-----------|
| Equities | 66        | 67        |
| Bonds    | 17        | 16        |
| Property | 5         | 6         |
| Cash     | <u>12</u> | <u>11</u> |

The actual return on plan assets was as follows

|                              | 2011<br>£        | 2010<br>£         |
|------------------------------|------------------|-------------------|
| Actual return on plan assets | <u>3,499,000</u> | <u>13,295,000</u> |

## Notes to the financial statements

### 28 Pensions (continued)

Changes in the present value of the defined benefit obligation are as follows

|                                                | 2011<br>£         | 2010<br>£         |
|------------------------------------------------|-------------------|-------------------|
| Opening defined benefit obligation at 1 April  | 76,348,000        | 40,054,000        |
| Current service cost                           | 2,318,000         | 1,160,000         |
| Past service cost                              | 155,000           | -                 |
| Interest cost                                  | 3,963,000         | 2,805,000         |
| Contributions by plan participants             | 769,000           | 764,000           |
| Actuarial (gain)/loss                          | (27,113,000)      | 32,259,000        |
| Losses on curtailments                         | 28,000            | -                 |
| Benefits paid                                  | (1,000,000)       | (694,000)         |
| Closing defined benefit obligation at 31 March | <u>55,468,000</u> | <u>76,348,000</u> |

Changes in the fair value of the plan assets are as follows

|                                               | 2011<br>£         | 2010<br>£         |
|-----------------------------------------------|-------------------|-------------------|
| Fair value of plan assets at 1 April          | 51,311,000        | 36,127,000        |
| Expected return on assets                     | 3,595,000         | 2,335,000         |
| Contributions by plan participants            | 769,000           | 764,000           |
| Contributions by the employer                 | 1,910,000         | 1,829,000         |
| Actuarial gains                               | 396,000           | 10,950,000        |
| Benefits paid                                 | (1,000,000)       | (694,000)         |
| Closing fair value of plan assets at 31 March | <u>56,981,000</u> | <u>51,311,000</u> |

The cumulative actuarial gains and losses recognised at 31 March 2011 was a gain of £5,524,000  
(2010 loss of £21,985,000)

## Notes to the financial statements

### 28 Pensions (continued)

Amounts for the current and previous four periods are as follows

|                                                    | 2011<br>£    | 2010<br>£    | 2009<br>£    | 2008<br>£    | 2007<br>£    |
|----------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Fair value of plan assets                          | 56,981,000   | 51,311,000   | 36,127,000   | 41,672,000   | 44,109,000   |
| Present value of defined benefit obligation        | (55,468,000) | (76,348,000) | (40,054,000) | (39,987,000) | (46,697,000) |
| Surplus/(deficit) in the plan                      | 1,513,000    | (25,037,000) | (3,927,000)  | 1,685,000    | (2,588,000)  |
| Experience adjustments arising on plan assets      | 396,000      | 10,950,000   | (10,242,000) | (7,050,000)  | 267,000      |
| Experience adjustments arising on plan liabilities | 8,347,000    | -            | -            | 756,000      | 56,000       |

The estimated employer's contribution for the year ended 31 March 2012 is £1,956,000

#### Group and charitable company Defined Benefit Scheme North Yorkshire Pension Fund

With effect from 1 September 2009, following the transfer of employees from Selby District Council to the charitable company, the transferred employees of the charitable company have remained as members of the North Yorkshire Pension Fund

The North Yorkshire 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 charitable company's share of the underlying assets and liabilities of the North Yorkshire Pension Fund

The assets of the scheme are invested and managed independently of the finances of the Charity. The pension costs relating to this scheme is calculated on the projected unit method and is assessed with the advice of a qualified actuary. The latest actuarial assessment of this scheme was on 31 March 2010 and was carried out by Mercer Limited, an independent actuary. The next full actuarial valuation will take place at 31 March 2013.

Further information in respect of the defined benefit scheme is detailed below. The principal actuarial assumptions used by the actuaries were as follows:

|                                            | 2011<br>% | 2010<br>% |
|--------------------------------------------|-----------|-----------|
| Discount rate at 31 March                  | 5.5       | 5.7       |
| Expected return on plan assets at 31 March | 4.4       | 4.0       |
| Salary increase rate                       | 5.05      | 5.75      |
| Inflation assumption                       | 3.3       | 4         |

## Notes to the financial statements

### 28 Pensions (continued)

The post-retirement mortality assumptions used to value the benefit obligation at 31 March 2010 and 31 March 2011 are based on the PFA92 and PMA92 tables with a current year of use. Based on these assumptions, average future life expectancies at age 65 are as follows:

|                    | Males<br>Years | Females<br>Years |
|--------------------|----------------|------------------|
| Current pensioners | 22.1           | 24.7             |
| Future pensioners  | 23.5           | 26.3             |

The expected return on plan assets is based on the average annualised total returns over 20 years. The amounts separately charged (or credited) to the Statement of Financial Activities are as follows:

|                      | 2011<br>£    | 2010<br>£      |
|----------------------|--------------|----------------|
| Current service cost | 112,000      | 56,000         |
| Contributions paid   | (110,000)    | (65,000)       |
| Total                | <u>2,000</u> | <u>(9,000)</u> |

The amounts charged or (credited) to other pension finance costs within the statement of financial activities are as follows:

|                                          | 2011<br>£     | 2010<br>£    |
|------------------------------------------|---------------|--------------|
| Interest cost                            | 104,000       | 47,000       |
| Expected return on pension scheme assets | (87,000)      | (43,000)     |
|                                          | <u>17,000</u> | <u>4,000</u> |

The amounts recognised in the balance sheet are as follows:

|                                                 | 2011<br>£      | 2010<br>£      |
|-------------------------------------------------|----------------|----------------|
| Fair value of plan assets                       | 1,931,000      | 2,025,000      |
| Present value of retirement benefit obligations | (1,596,000)    | (1,755,000)    |
| Net assets                                      | <u>335,000</u> | <u>270,000</u> |

## Notes to the financial statements

### 28 Pensions (continued)

The major categories of plan asset, as a percentage of the total plan assets, are as follows

|       | 2011<br>%  | 2010<br>%  |
|-------|------------|------------|
| Bonds | <u>100</u> | <u>100</u> |

The actual return on plan assets was as follows

|                              | 2011<br>£      | 2010<br>£       |
|------------------------------|----------------|-----------------|
| Actual return on plan assets | <u>136,000</u> | <u>(66,000)</u> |

Changes in the present value of the defined benefit obligation are as follows

|                                                     | 2011<br>£        | 2010<br>£        |
|-----------------------------------------------------|------------------|------------------|
| Opening defined benefit obligation at 1 April       | 1,755,000        | -                |
| Current service cost                                | 112,000          | 56,000           |
| Interest cost                                       | 104,000          | 47,000           |
| Contributions by plan participants                  | 34,000           | 20,000           |
| Actuarial (gain)/loss                               | (409,000)        | 216,000          |
| Liabilities transferred from Selby District Council | -                | 1,416,000        |
| Closing defined benefit obligation at 31 March      | <u>1,596,000</u> | <u>1,755,000</u> |

Changes in the fair value of the plan assets are as follows

|                                                | 2011<br>£        | 2010<br>£        |
|------------------------------------------------|------------------|------------------|
| Fair value of plan assets at 1 April           | 2,025,000        | -                |
| Expected return on assets                      | 87,000           | 43,000           |
| Contributions by plan participants             | 34,000           | 20,000           |
| Contributions by the employer                  | 110,000          | 65,000           |
| Actuarial losses                               | (325,000)        | (109,000)        |
| Assets transferred from Selby District Council | -                | 2,006,000        |
| Closing fair value of plan assets at 31 March  | <u>1,931,000</u> | <u>2,025,000</u> |

## Notes to the financial statements

### 28 Pensions (continued)

The cumulative actuarial gains and losses recognised at 31 March 2011 was a loss of £241,000 (2010 loss of £325,000)

Amounts for the current and prior period are as follows

|                                                    | 2011<br>£   | 2010<br>£   |
|----------------------------------------------------|-------------|-------------|
| Fair value of plan assets                          | 1,931,000   | 2,025,000   |
| Present value of defined benefit obligation        | (1,596,000) | (1,755,000) |
| Surplus in the plan                                | 335,000     | 270,000     |
| Experience adjustments arising on plan assets      | (325,000)   | (109,000)   |
| Experience adjustments arising on plan liabilities | 183,000     | -           |

The estimated employer's contribution for the year ended 31 March 2012 is £133,000

### 29 Indemnity insurance

The charitable company has purchased insurance for the trustees and officers of the charitable company against liability arising for wrongful acts in relation to the charitable company. The cost of this insurance amounted to £2,000 (2010 £2,000)

### 30 Related party transactions

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