

MECHANICS CENTRE LIMITED

FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 31st MARCH 2005

Company No 1983373 England & Wales



MECHANICS CENTRE LIMITED

DIRECTORS' REPORT for the YEAR ENDED 31st MARCH 2005

The Directors present their report and accounts for the year ended 31st March 2005.

REVIEW OF ACTIVITIES

The company is the trading arm of the Mechanics Institute Museum of Labour and Trades Union History Trust which is a registered Charity No 519213.

These accounts reflect the trading and assets and liabilities of the company transactions undertaken by the Company. Raising of Grants and purchase of lease with regard to the Trust have been excluded.

The company has made a profit in the year £10,640 (2004 £5,834) before a covenant to the Trust of £10,100 (2004 £2,800)

DIRECTORS

The Directors of the Company during the year were

Elected for 2004/2006

Elected for 2003/2005*

Bill Campbell	UNISON NW Region	Paul Andrews	UCATT
Peter Dodd	CWU	Gerald Cooney	UCATT
Barrie Eckford	EPIU	Kathy Dyson	MU
John Flanagan	MSF	Tony Gallagher	PTC NW Region
Mavis Gatley	Resigned 06/07/04	Edwin Jeffries	Resigned 28/09/04
Jeno Menezes	Manchester TUC	Alan Manning	NWTUC
Terance Morley	USDAW	Jim McMullen	FBU
Harri Pickles	UNISON	Jim McNicholls	CWU
Peter Ritman	AUT	Kieran Quinn	CWU
Harry Spooner	NASUWT		
Tony Salt	CWU		
K Morley	MANCHESTER TUC		

None having a beneficial interest in the Company

In accordance with the articles of association, those directors marked * retire by rotation and being eligible offer themselves for re-election at the annual general meeting.

CAPITAL

The Company is limited by guarantee and does not have a share capital.

The liability of the members is limited to £5 each.

AUDITORS

A resolution to re-appoint Messrs. Appleby & Wood as Auditors under Section 119 of the Companies Act 1989 will be put to the annual general meeting.

This report was approved by the board on 28th June 2005.

Signed on behalf of the board of directors.

.....
J McNicholls

.....
Secretary

MECHANICS CENTRE LIMITED

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the balance sheet date and of the profit and loss of the company for the year then ended. In preparing those financial statements, the directors are required to

- * select suitable accounting policies and then apply them consistently.
- * make judgements and estimates that are reasonable and prudent.
- * Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm their compliance with these requirements

 Secretary 28th June 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MECHANICS CENTRE LIMITED

We have audited the financial statements of Mechanics Centre Limited for the year ended 31st March 2005, which comprise the Profit and Loss account, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of Committee members and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. There is no other information in the report. We consider the implications on our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Fundamental uncertainty

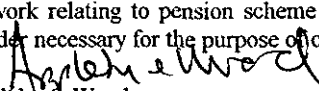
It is understood that the Directors' are relying upon general discussions with the Pension Administrator (explained in note 13) that the deficit on the pension fund relating to this company is not major compared to the company's resources. However no calculations to this effect have been presented to us. There can be no certainty in relation to this basis and hence the accounts are prepared on a going concern basis on the strict understanding that the deficit will be minor and can be covered out of company resources. The financial statements do not contain any adjustments which might be necessary for this deficit.

Opinion – Disclaimer on view given by the financial statements

Because of the possible effect of the limitation of evidence available to us and lack of information available to consider the going concern of the company we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2005 or of its profit for the year then ended. In all other respects in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation of our work relating to pension scheme liabilities referred to above we have not obtained all information and explanations that we consider necessary for the purpose of our audit.

Bolton Enterprise Centre
Washington Street Bolton
Greater Manchester


Appleby & Wood
Chartered Accountants & Registered Auditor

11 July 2005

MECHANICS CENTRE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2005**

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		£	£
TURNOVER		182,734	181,596
Cost of Sales		(95,380)	(90,505)
		-----	-----
Gross Profit		87,354	91,091
Less			
Administrative Expenses		(77,780)	(85,887)
		-----	-----
Operating Profit	1	9,574	5,204
Other Income			
Interest Received		1,066	630
		-----	-----
Profit on Ordinary Activities Before Taxation		10,640	5,834
Tax on Profit on Ordinary Activities		-	-
		-----	-----
Profit on Ordinary Activities After Taxation		10,640	5,834
Covenant Paid	8	(10,100)	(2,800)
		-----	-----
Retained Profit for Financial Year 9		540	3,034
		=====	=====

All of the Company's activities are classed as continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31st MARCH 2005

Profit for the Financial Year	540	3,034
Other Recognised /Gains and (Losses)		
Net - Donations/Grants	(3,445)	(3,445)
	-----	-----
Total Recognised Gains and (Losses)	(2,905)	(411)
Relating to the Year	=====	=====

The notes on pages 5 to 8 form an integral part of these financial statements

MECHANICS CENTRE LIMITED

BALANCE SHEET AS AT 31st MARCH 2005

	Notes	2005	2004
	£	£	£
TANGIBLE FIXED ASSETS	4	61,808	67,003
CURRENT ASSETS			
Stock		952	1,397
Debtors		18,140	22,135
Mechanics Centre Trust		2,355	7,520
Prepayments and Other Debtors		7,146	7,917
Cash at Bank		77,868	67,197
Cash in Hand		412	427
		106,873	106,593
Less CREDITORS : Amounts Falling Due Within One Year			
Trade Creditors		7,454	12,279
PAYE, Other Taxation and Social Security		5,190	3,895
Accruals		37,896	36,376
		50,540	52,550
Net Current Assets		56,333	54,043
Total Assets Current Liabilities		118,141	121,046
Capital & Reserves			
Donations Fund	7	49,250	52,695
Profit and Loss Account	9	68,891	68,351
'Shareholders Funds'	10	118,141	121,046

Approved by the board of directors on 28th June 2005 and signed on its behalf by

) DIRECTOR H Spooner

The notes on pages 5 to 7 form an integral part of these financial statements

MECHANICS CENTRE LIMITED - YEAR ENDED 31st MARCH 2005
ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts have been prepared treating the company as a going concern under the historical cost basis of accounting and are in respect of the year ended 31st March 2005 with comparative figures in respect of the year to 31st March 2004.

This basis has been adopted by the board as a result of its forward review of the company's activities for the next year. The board believe this is acceptable for at least the next 12 months.

INCOME

Income is brought into the accounts on the basis of invoiced value of goods and services supplied. Any pledges not yet received are not accounted for until received. Any donations allocated to the trust relating to its lease purchase are excluded.

Interest is also recorded on a receipts basis

All income arises in the United Kingdom

DONATIONS AND FEES

The balance of donations and fees over expenditure is carried forward in a donations fund representing monies accumulated towards the premium costs of the premises.

TAXATION

Taxation is provided on bank interest received and bar food trade and room hire except to the extent that losses and covenants paid are set against this income.

GRANT/FUNDING BY DONATIONS

These are credited to profit and loss account over the respective periods of depreciation applied to the tangible fixed assets they have financed, being Décor, Designs, Refurbishment and lease premium.

DEPRECIATION & TANGIBLE FIXED ASSETS

Depreciation is charged at the following rates:-

Premium on leases - over the period of the lease 125 years

Refurbishment costs - over 5 years

Decorating & Designs - over 10 years

Depeciation is provided on tangible fixed assets at 20% to 33.3% p.a.

STOCK

Stock is valued at the lower of cost and net realisable value.

CASH FLOW

The company has taken advantage of the exemption in Financial Reporting Standard No 1 not to produce a cash flow statement on the grounds it is a small company.

PENSION COSTS

Pension costs are accounted for on the basis of charging costs of premiums as they arise on a defined contribution basis. Further details are shown in note 13 on page 8.

MECHANICS CENTRE LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2005**

	<u>2005</u>	<u>2004</u>
1. OPERATING PROFIT IS AFTER CHARGING		
Depreciation	6,194	5,863
Auditors Remuneration	1,965	1,890
	<u> </u>	<u> </u>
And Crediting Grants & Donations	3,445	3,445
	<u> </u>	<u> </u>

2. MEMBERSHIP

There are currently trade unions and related bodies.

3a. DIRECTORS' AND SECRETARY'S REMUNERATION – recharged from Mechanics Centre Museum of Labour and Trades Union History Trust amounts to £2,500 (2004 £2,000)

3b. OTHER SALARIES

Wages & Salaries	69,586	66,869
Social Security Costs	3,826	3,761
Other Pension Costs	5,255	4,806
	<u> </u>	<u> </u>
	78,667	75,436
	<u> </u>	<u> </u>

Average number of Employees excluding directors and secretary 8 (2004 8)

4. TANGIBLE FIXED ASSETS

	Cost B/fwd	Additions	Cost C/fwd	Depreciation B/fwd	Charge this Year	C/fwd
General Equipment	25,820	-	25,820	23,409	1,859	25,268
Kitchen Building & Other Equipment	23,234	-	23,234	19,629	1,510	21,139
Bar, Equipment & Utensils	24,672	-	24,672	21,862	937	22,799
Decorating, Designs etc.	29,390	-	29,390	29,390	-	29,390
Furniture & Fittings	32,853	999	33,852	30,310	1,382	31,692
Refurbishment	46,934	-	46,934	46,934	-	46,934
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Gross Premium	182,903	-	183,902	171,534	5,688	177,222
on Lease	63,223	-	63,223	7,589	506	8,095
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	246,126	-	247,125	179,123	6,194	185,317
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Net Book Value £61,808 (2004 £67,003)

The company together with the Mechanics Centre Museum of Labour and Trades' Union History Trust Limited has authorised and contracted for capital expenditure of £Nil (2004 £Nil)

5. BREWERY ADVANCE - was to be written off by barrelage allowances dependent upon trade levels, but has now been paid off at a discount.

MECHANICS CENTRE LTD**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2005**

6. The company is limited by guarantee and does not have share capital
- | | <u>2005</u> | <u>2004</u> |
|--|-------------|-------------|
|--|-------------|-------------|
7. Grants/Donations Fund
- | | | |
|---|---------------|---------------|
| Balance Brought Forward | 52,695 | 56,140 |
| Credit to Profit and Loss Account
towards Depreciation | (3,445) | (3,445) |
| | <u>49,250</u> | <u>52,695</u> |
8. Charge is made in the accounts for a covenant paid to Mechanics Centre Museum of Labour and Trades' Union History Trust Limited of £10,100 (2004 £2,800)
9. Profit and Loss Account
- | | | |
|------------------------------|---------------|---------------|
| Balance Brought Forward | 68,351 | 65,317 |
| Retained Profit for the Year | 540 | 3,034 |
| | <u>68,891</u> | <u>68,351</u> |
10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS
- | | | |
|--------------------------------------|----------------|----------------|
| Profit for the Year | 10,640 | 5,834 |
| Covenant Paid(net) | (10,100) | (2,800) |
| | <u>540</u> | <u>3,034</u> |
| Retained Profit for the Year | | |
| | <u>540</u> | <u>3,034</u> |
| Other Recognised Gains and (Losses) | (3,445) | (3,445) |
| | <u>(2,905)</u> | <u>(411)</u> |
| Net (Reduction)/Increase in the Year | | |
| Shareholders Fund at 1st April 2004 | 121,046 | 121,457 |
| | <u>118,141</u> | <u>121,046</u> |
11. FUTURE COMMITMENTS
- The company has entered into a lease with the Mechanics Centre Museum of Labour & Trade Union History Trust a registered Charity holding a similiar lease from the Council of the City of Manchester.
- The term is 125 years at a peppercorn rent from 1989.
12. RELATED PARTIES
- The company has paid a gross covenant to the Mechanics Centre Museum of Labour and Trades Union History Trust Limited of £10,100 (2004 £2,800). There is no ultimate controlling party. Other related party transactions are shown in notes 3, 8 and 11.

MECHANICS CENTRE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2005

13 PENSION FUND – Retirement Benefits

The company and certain staff contribute to The Greater Manchester Pension Fund as an “admitted body”. Financial Reporting Standard 17 requires disclosure in the financial statements of the fair value of the assets and liabilities arising from the company’s retirement benefit obligations and any related funding at each balance sheet date. It also requires disclosure of key actuarial and operating costs of providing retirement benefits, the related finance costs and any other changes in value of the assets and liabilities. The information shown is to be updated by the schemes actuary at each balance sheet date. The directors have concluded that it is not in the shareholders interests to incur the costs of any annual actuarial valuation. The note below therefore includes information from the most recent triennial valuation performed by the actuary for the pension scheme. It is not practicable to qualify the effect of this departure from accounting standards. The latest valuation of the whole as of 31st March 2004 by actuaries Hymans Robertson show a past service deficit of £461m (2001 surplus of £306m) on the overall scheme with a funding level of 93% (2001 105%). However there are many employer organisations in the scheme and the valuation is not split into each member.

The employers present contribution is 12.6%, employees 6%.

The actuarial report executive summary states that “Assuming that a funding level of 100% is targeted over a period of 20 years on the ongoing basis (if our assumptions are borne out in practice), the common employers contribution rate is 14.5% of pensionable pay”. No calculations are available to show how this company will achieve this outcome.

The financial assumptions of the valuation are: -

	Assumed	Real
Investment return – Equities	6.5%	3.7%
Bonds	5.5%	2.7%
Others	6.25%	3.45%
Pay increases	4.3%	1.5%
Price increases	2.86%	