

MECHANICS CENTRE LIMITED

FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 31st MARCH 2004

Company No 1983373 England & Wales



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MECHANICS CENTRE LIMITED

DIRECTORS' REPORT for the YEAR ENDED 31st MARCH 2004

The Directors present their report and accounts for the year ended 31st March 2004.

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 £5,834 (2003 £36,262) before a covenant to the Trust of £Nil (2003 £31,500)

DIRECTORS

The Directors of the Company during the year were

Elected for 2002/2004*

Bill Campbell	UNISON NW Region
Peter Dodd	CWU
Barrie Eckford	EPIU
John Flanagan	MSF
Mavis Gatley	Salford TUC
Jeno Menezes	Manchester TUC
Terance Morley	USDAW
Harri Pickles	UNISON
Peter Ritman	AUT
Pauline Smith (Res)	GMB
Harry Spooner	NASUWT

Elected for 2003/2005

Paul Andrews	UCATT
Gerald Cooney	UCATT
Kathy Dyson	MU
Tony Gallagher	PTC NW Region
Edwin Jeffries	UNISON
Alan Manning	NWTUC
Jim McMullen	FBU
Jim McNicholls	CWU
Kieran Quinn*	CWU

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.

COMPANY SECRETARY – Jim McNicholls was appointed secretary on 19th November 2003. On the same date P Ritman retired from office.

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 6th July 2004.

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 6th July 2004

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 2004, 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.

Qualified opinion arising from disagreement about accounting treatment

Financial Reporting Standard 17 Retirement Benefits requires disclosure of cost of providing retirement benefits and the related gains, losses, assets and liabilities. As explained in note 13 the company has not obtained and disclosed the necessary information for the year ending on 31st March 2004.

Except for the absence of these disclosures, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bolton Enterprise Centre
Washington Street Bolton
Greater Manchester

Appleby & Wood
Chartered Accountants & Registered Auditor
6th July 2004

Appleby & Wood

MECHANICS CENTRE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2003**

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
TURNOVER		181,596	189,046
Cost of Sales		(90,505)	(83,215)
Gross Profit		91,091	105,831
Less			
Administrative Expenses		(85,887)	(70,685)
Operating Profit	1	5,204	35,146
Other Income			
Interest Received		630	1,116
Profit on Ordinary Activities Before Taxation		5,834	36,262
Tax on Profit on Ordinary Activities		-	-
Profit on Ordinary Activities After Taxation		5,834	36,262
Covenant Paid	8	(2,800)	(30,751)
Retained Profit for Financial Year 9		3,034	5,511

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31st MARCH 2004

Profit for the Financial Year	3,034	5,511
Other Recognised /Gains and (Losses)		
Net - Donations/Grants	(3,445)	(3,445)
Total Recognised Gains and (Losses)	(411)	2,066
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 2004

	Notes	2004	2003
	£	£	£
TANGIBLE FIXED ASSETS	4	67,003	67,430
CURRENT ASSETS			
Stock		1,397	1,338
Debtors		22,135	16,871
Mechanics Centre Trust		7,520	7,261
Prepayments and Other Debtors		7,917	8,675
Cash at Bank		67,197	64,962
Cash in Hand		427	375
		-----	-----
		106,593	99,482
		=====	=====
Less CREDITORS : Amounts Falling Due Within One Year			
Trade Creditors		12,279	9,955
PAYE, Other Taxation and Social Security		3,895	2,470
Accruals		36,376	33,030
		-----	-----
		52,550	45,455
Net Current Assets		-----	-----
		54,043	54,027
		-----	-----
Total Assets Current Liabilities		121,046	121,457
		=====	=====
Capital & Reserves			
Donations Fund	7	52,695	56,140
Profit and Loss Account	9	68,351	65,317
		-----	-----
'Shareholders Funds'	10	121,046	121,457
		=====	=====

Approved by the board of directors on 6th July 2004 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 2004
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 2004 with comparative figures in respect of the year to 31st March 2003.

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

Depreciation 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 2004**

	<u>2004</u>	<u>2003</u>
1. OPERATING PROFIT IS AFTER CHARGING		
Depreciation	5,863	9,929
Auditors Remuneration	1,890	1,820
	=====	=====
And Crediting Grants & Donations	3,445	3,445
	=====	=====

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 £2,000 (2003 £Nil)

3b. OTHER SALARIES

Wages & Salaries	66,869	65,752
Social Security Costs	3,761	3,259
Other Pension Costs	4,806	4,365
	-----	-----
	75,436	73,376
	=====	=====

Average number of Employees excluding directors and secretary 8 (2003 8)

4. TANGIBLE FIXED ASSETS

	Cost B/fwd	Additions	Cost C/fwd	Depreciation B/fwd Charge this Year	C/fwd	
General Equipment	24,164	1,656	25,820	21,548	1,861	23,409
Kitchen Building & Other Equipment	19,654	3,580	23,234	18,119	1,510	19,629
Bar, Equipment & Utensils	24,672	-	24,672	20,925	937	21,862
Decorating, Designs etc.	29,390	-	29,390	29,390	-	29,390
Furniture & Fittings	32,653	200	32,853	29,261	1,049	30,310
Refurbishment	46,934	-	46,934	46,934	-	46,934
	-----	-----	-----	-----	-----	-----
Gross Premium	177,467	5,436	182,903	166,177	5,357	171,534
on Lease	63,223	-	63,223	7,083	506	7,589
	-----	-----	-----	-----	-----	-----
	240,690	5,436	246,126	173,260	5,863	179,123

Net Book Value £67,003 (2003 £67,430)

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 (2003 £3,580)

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 2004**

6. The company is limited by guarantee and does not have share capital
- | | <u>2004</u> | <u>2003</u> |
|--|----------------|----------------|
| 7. Grants/Donations Fund | | |
| Balance Brought Forward | 56,140 | 59,585 |
| Credit to Profit and Loss Account
towards Depreciation | (3,445) | (3,445) |
| | <u>52,695</u> | <u>56,140</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 £2,800 (2003 £31,500 less £749 cancelled
off previous year) | | |
| 9. Profit and Loss Account | | |
| Balance Brought Forward | 65,317 | 59,806 |
| Retained Profit for the Year | 3,034 | 5,511 |
| | <u>68,351</u> | <u>65,317</u> |
| 10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS | | |
| Profit for the Year | 5,834 | 36,262 |
| Covenant Paid(net) | (2,800) | (30,751) |
| | <u>3,034</u> | <u>5,511</u> |
| Retained Profit for the Year | 3,034 | 5,511 |
| | <u>3,034</u> | <u>5,511</u> |
| Other Recognised Gains and (Losses) | (3,445) | (3,445) |
| | <u>(411)</u> | <u>2,066</u> |
| Net (Reduction)/Increase in the Year | (411) | 2,066 |
| Shareholders Fund at 1st April 2003 | 121,457 | 119,391 |
| | <u>121,046</u> | <u>121,457</u> |
| Shareholders Fund at 31st March 2004 | 121,046 | 121,457 |
| 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 £2,800 (2003 £31,500). 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 2004

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 as of 31st March 2001 by actuaries Hymans Robertson show a surplus of £306m on the overall scheme with a funding level of 105%. However there are many members in the scheme and this is not split into each member.

The employers present contribution is 10.6%, employees 6%.

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%	

The actuaries did note last year that since the valuation date equity markets have fallen materially and average pension funds have fallen by 3% and suggested that an interim funding review is undertaken.

Since 31st March 2002 the Pensions Administrator has indicated the fund has fallen a further 14% by 31st December 2002.