

**MECHANICS CENTRE LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE**

**YEAR ENDED 31st MARCH 2007**

Company No 1983373 England & Wales

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COMPANIES HOUSE

## **MECHANICS CENTRE LIMITED**

### **DIRECTORS' REPORT for the YEAR ENDED 31st MARCH 2007**

The Directors present their report and accounts for the year ended 31st March 2007

#### **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 deficit in the year £3,749 (2005 profit £32,089) before a covenant to the Trust of £Nil (2005 £26,000)

#### **DIRECTORS**

The Directors of the Company during the year were

Elected for 2006/2008

Bill Campbell

Peter Dodd

Barrie Eckford

John Flanagan

Jeno Menezes

Terance Morley

Harri Pickles

Harry Spooner

Kevin Morley

Helen Richardson

UNISON NW Region

CWU

EPIU

MSF

Manchester TUC

USDAW

UNISON

NASUWT

Manchester TUC

AUT

Elected for 2005/2007\*

Paul Andrews

Gerald Cooney

Kathy Dyson

Tony Gallagher

Alan Manning

Jim McMullen

Jim McNicholls

Kieran Quinn

Margaret Barrow

Tony Salt

UCATT

UCATT

MU

PTC NW Region

NWTUC

FBU

CWU

CWU

AUT

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

#### **CAPITAL**

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

The liability of the members is limited to £5 each

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information


#### **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 17<sup>th</sup> July 2007

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

17<sup>th</sup> July 2007

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MECHANICS CENTRE LIMITED**

We have audited the financial statements of Mechanics Centre Limited for the year ended 31<sup>st</sup> March 2007, 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 International Standards on Auditing (UK and Ireland).

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 with the other information. Our responsibilities do not extend to any other information.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions Available for Small Entities, in the circumstances set out in note 1 to the financial statements.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board except that the scope of our work was limited as explained below. 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 31<sup>st</sup> March 2007 or of its results 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
- The information given in the Directors' Report is consistent with the financial statements

Bolton Enterprise Centre  
Washington Street Bolton  
Greater Manchester

Appleby & Wood  
Chartered Accountants & Registered Auditor

31<sup>st</sup> October 2007

**MECHANICS CENTRE LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007**

|  | Notes | 2007<br>£ | 2006<br>£ |
|--|-------|-----------|-----------|
| TURNOVER   |       | 200,276   | 219,319   |
| Cost of Sales  |       | (105,204) | (101,493) |
| Gross Profit   |       | 95,072    | 117,826   |
| Less   |       |           |           |
| Administrative Expenses                                    |       | (99,920)  | (86,837)  |
| Operating (Deficit)/Profit                                 | 1     | (4,848)   | 30,989    |
| Other Income   |       |           |           |
| Interest Received  |       | 1,099     | 1,100     |
| (Deficit)/Profit on Ordinary Activities<br>before Taxation |       | (3,749)   | 32,089    |
| Tax on Profit on Ordinary Activities                       |       | -         | -         |
| (Deficit)/Profit on Ordinary Activities<br>after Taxation  |       | (3,749)   | 32,089    |
| Covenant Paid  | 8     | -         | (26,000)  |
| Retained (Deficit)/Profit for Financial Year 9             |       | (3,749)   | 6,089     |

All of the Company's activities are classed as continuing

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31st MARCH 2007**

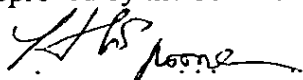
|   |         |         |
|---|---------|---------|
| (Deficit)/Profit for the Financial Year                     | (3,749) | 6,089   |
| Other Recognised /Gains and (Losses)                        |         |         |
| Net - Donations/Grants                                      | (3,445) | (3,445) |
| Total Recognised Gains and (Losses)<br>Relating to the Year | (7,194) | 2,644   |

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

**MECHANICS CENTRE LIMITED****BALANCE SHEET AS AT 31st MARCH 2007**

|   | Notes | 2007<br>£ | 2006<br>£ |
|---|-------|-----------|-----------|
| TANGIBLE FIXED ASSETS                                 | 4     | 55,450    | 57,109    |
| CURRENT ASSETS  |       |           |           |
| Stock   |       | 2,163     | 1,447     |
| Debtors   |       | 29,534    | 27,425    |
| Mechanics Centre Trust                                |       | -         | 3,032     |
| Prepayments and Other Debtors                         |       | 6,974     | 5,369     |
| Cash at Bank  |       | 84,451    | 84,878    |
| Cash in Hand  |       | 418       | 390       |
|   |       | -----     | -----     |
|   |       | 123,540   | 122,541   |
|   |       | =====     | =====     |
| Less CREDITORS Amounts Falling<br>Due Within One Year |       |           |           |
| Trade Creditors                                       |       | 26,864    | 12,668    |
| Mechanics Centre Trust                                |       | 17,097    | -         |
| PAYE, Other Taxation and Social<br>Security           |       | 3,256     | 5,399     |
| Accruals  |       | 18,182    | 40,798    |
|   |       | -----     | -----     |
|   |       | 65,399    | 58,865    |
| Net Current Assets                                    |       | -----     | -----     |
|   |       | 58,141    | 63,676    |
|   |       | -----     | -----     |
| Total Assets Current Liabilities                      |       | 113,591   | 120,785   |
|   |       | =====     | =====     |
| Capital & Reserves                                    |       |           |           |
| Donations Fund  | 7     | 42,360    | 45,805    |
| Profit and Loss Account                               | 9     | 71,231    | 74,980    |
|   |       | -----     | -----     |
| 'Shareholders Funds'                                  | 10    | 113,591   | 120,785   |
|   |       | =====     | =====     |

Approved by the board of directors on 17<sup>th</sup> July 2007 and signed on its behalf by



... ) DIRECTOR H Spooner

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

**MECHANICS CENTRE LIMITED - YEAR ENDED 31st MARCH 2007**  
**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 2007 with comparative figures in respect of the year to 31st March 2006.

This basis has been adopted by the board as a result of its forward review of the company's activities and the budget it has prepared for the 15 months to 30<sup>th</sup> June 2008. 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 2007**

|                                      | 2007              | 2006              |
|--------------------------------------|-------------------|-------------------|
|                                      | £                 | £                 |
| 1 OPERATING PROFIT IS AFTER CHARGING |                   |                   |
| Depreciation                         | 3,529             | 5,111             |
| Auditors Remuneration                | 3,580             | 3,050             |
|                                      | <u>          </u> | <u>          </u> |
| And Crediting Grants & Donations     | 3,445             | 3,445             |
|                                      | <u>          </u> | <u>          </u> |

In common with many other business of our size and nature we use our auditors to prepare and submit returns to the tax authorities, provide tax advice and assist with the preparation of the financial statements

**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 (2006 £2,500)

**3b OTHER SALARIES**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Wages & Salaries      | 79,885            | 73,366            |
| Social Security Costs | 5,039             | 4,116             |
| Other Pension Costs   | 6,485             | 5,485             |
|                       | <u>          </u> | <u>          </u> |
|                       | 91,409            | 82,967            |
|                       | <u>          </u> | <u>          </u> |

Average number of Employees excluding directors and secretary 8 (2006 8)

**4 TANGIBLE FIXED ASSETS**

|                                       | Cost<br>B/fwd     | Additions         | Cost<br>C/fwd     | B/fwd             | Depreciation<br>Charge this<br>Year | Disposal          | C/fwd             |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------|
| General Equipment                     | 25,950            | 871               | 26,821            | 25,950            | 536                                 | (999)             | 25,487            |
| Kitchen Building &<br>Other Equipment | 23,516            | -                 | 23,516            | 22,743            | 773                                 |                   | 23,516            |
| Bar, Equipment &<br>Utensils          | 24,672            | -                 | 24,672            | 23,736            | 936                                 |                   | 24,672            |
| Decorating, Designs<br>etc            | 29,390            | -                 | 29,390            | 29,390            | -                                   |                   | 29,390            |
| Furniture & Fittings                  | 33,852            | -                 | 33,852            | 33,074            | 778                                 |                   | 33,852            |
| Refurbishment                         | 46,934            | -                 | 46,934            | 46,934            | -                                   |                   | 46,934            |
|                                       | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u>                   | <u>          </u> | <u>          </u> |
| Gross Premium                         | 184,314           | 871               | 185,185           | 181,827           | 3,023                               | (999)             | 183,851           |
| on Lease                              | 63,223            | -                 | 63,223            | 8,601             | 506                                 | -                 | 9,107             |
|                                       | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u>                   | <u>          </u> | <u>          </u> |
|                                       | 247,537           | 871               | 248,408           | 190,428           | 3,529                               | (999)             | 192,958           |
|                                       | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u>                   | <u>          </u> | <u>          </u> |

Net Book Value £55,450 (2006 £57,109) (Net of disposals cost £999 BV Nil)

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 (2006 £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 2007**

- 6 The company is limited by guarantee and does not have share capital
- |  | 2007          | 2006          |
|--|---------------|---------------|
|  | £             | £             |
| 7. Grants/Donations Fund                               |               |               |
| Balance Brought Forward                                | 45,805        | 49,250        |
| Credit to Profit and Loss Account towards Depreciation | (3,445)       | (3,445)       |
|  | <u>42,360</u> | <u>45,805</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 £Nil (2006 £26,000)
- |  |               |               |
|--|---------------|---------------|
| 9 Profit and Loss Account              |               |               |
| Balance Brought Forward                | 74,980        | 68,891        |
| Retained (Deficit)/Profit for the Year | (3,749)       | 6,089         |
|  | <u>71,231</u> | <u>74,980</u> |
10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS
- |  |                |                |
|--|----------------|----------------|
| (Deficit)/Profit for the Year          | (3,749)        | 32,089         |
| Covenant Paid(net)                     | -              | (26,000)       |
|  | <u>(3,749)</u> | <u>6,089</u>   |
| Retained (Deficit)/Profit for the Year | (3,749)        | 6,089          |
| Other Recognised Gains and (Losses)    | (3,445)        | (3,445)        |
|  | <u>(7,194)</u> | <u>2,644</u>   |
| Net (Reduction)/Increase in the Year   | (7,194)        | 2,644          |
| Shareholders Fund at 1st April 2006    | 120,785        | 118,141        |
|  | <u>113,591</u> | <u>120,785</u> |
| Shareholders Fund at 31st March 2007   | 113,591        | 120,785        |
- 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 similar lease from Manchester City Council
- The term is 125 years at a peppercorn rent from 1989 The companies also pay ongoing service and maintenance charges for the building and common parts to Manchester City Council in total £26,000 (2006 £24,000)
- 12 RELATED PARTIES
- The company has paid a gross covenant under Gift Aid to the Mechanics Centre Museum of Labour and Trades Union History Trust Limited of £Nil (2006 £26,000) There is no ultimate controlling party Other related party transactions are shown in notes 3, 8 and 11 It is also noted that Directors represent Trade Unions who use the Company's conference facilities The charges made to the Trade Unions are on a commercial basis The room rental turnover to Trade Unions amounts to £22,697 (2006 £24,787)



## MECHANICS CENTRE LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2007

#### 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 quantify the effect of this departure from accounting standards. The latest valuation of the whole as of 31<sup>st</sup> 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 Scheme administrator believes a separate FRS17 report would be costly and the information is very limited.

The updated financial assumptions of the valuation at 31<sup>st</sup> March 2006 were -

|                              | Assumed | Real |
|------------------------------|---------|------|
| Investment return – Equities | 7.7%    |      |
| Bonds                        | 4.8%    |      |
| Property                     | 5.7%    |      |
| Cash                         | 4.8%    |      |
| Discount rate                | 5.1%    | 1.9% |
| Pay increases                | 4.6%    | 1.5% |
| Price increases              | 3.1%    |      |

Figures are not available for the deficit relating to this company above

The employers present contribution is 12.6%, employees 6%