

**MECHANICS CENTRE LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE**

**YEAR ENDED 31st MARCH 2008**

Company No 1983373 England & Wales

*(Accounts not subject to Audit)*

WEDNESDAY



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COMPANIES HOUSE

## **MECHANICS CENTRE LIMITED**

### **DIRECTORS' REPORT for the YEAR ENDED 31st MARCH 2008**

The Directors present their report and accounts for the year ended 31st March 2008

#### **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 surplus in the year £35,586 (2007 deficit £3,749) before a covenant to the Trust of £25,000 (2007 £Nil)

#### **DIRECTORS**

The Directors of the Company during the year were

Elected for 2007/2009

Paul Andrews	UCATT
Gerald Cooney	UCATT
Kathy Dyson	MU
Tony Gallagher	PTC NW Region
Alan Manning	NWTUC
Jim McMullen	FBU
Jim McNicholls	CWU
Kieran Quinn	CWU
Margaret Barrow	UCU
Tony Salt	CWU
Michael Graham	PROSPECT

Elected for 2006/2008\*

Bill Campbell	UNISON NW Region
Peter Dodd	CWU
Barrie Eckford	EPIU
John Flannagan	MSF
Jeno Menezes	Manchester TUC
Terance Morley	USDAW
Harri Pickles	UNISON
Harry Spooner	NASUWT
Kevin Morley	Manchester TUC
Helen Richardson	UCU

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

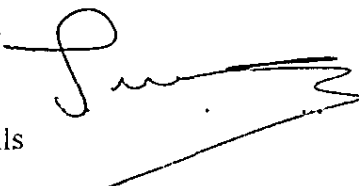
#### **AUDITORS**

As the accounts are not subject to audit a resolution to re-appoint Messrs Appleby & Wood as Auditors under Section 119 of the Companies Act 1989 is not required

This report was approved by the board on 15<sup>th</sup> July 2008.

Signed on behalf of the board of directors

J McNicholls



Secretary

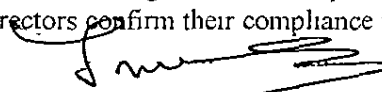
**MECHANICS CENTRE LIMITED**  
**STATEMENT OF DIRECTORS RESPONSIBILITIES**

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

15<sup>th</sup> July 2008

**ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF MECHANICS CENTRE LTD**

In accordance with the engagement letter dated 23<sup>rd</sup> April 2008 and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company for the year ended 31<sup>st</sup> March 2008 which comprise the profit and loss account, balance sheet and related notes from the accounting records and information and explanations you have given to us.

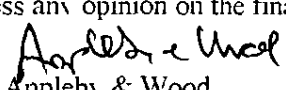
This report is made to the Company's Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with the technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged above your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not therefore express any opinion on the financial statements.

Bolton Enterprise Centre  
Washington Street Bolton  
Greater Manchester

  
Appleby & Wood  
Chartered Accountants  
15<sup>th</sup> July 2008

**MECHANICS CENTRE LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008**

	Notes	2008 £	2007 £
TURNOVER		240,581	200,276
Cost of Sales		(100 569)	(105,204)
Gross Profit		140 012	95,072
Less			
Administrative Expenses		(105,453)	(99,920)
Operating Profit/(Deficit)	1	34,559	(4,848)
Other Income			
Interest Received		1,027	1 099
Profit/(Deficit) on Ordinary Activities before Taxation		35,586	(3 749)
Tax on Profit on Ordinary Activities		-	-
Profit/(Deficit) on Ordinary Activities after Taxation		35,586	(3,749)
Covenant Paid	8	(25,000)	-
Retained Profit/(Deficit) for Financial Year 9		10 586	(3,749)

All of the Company's activities are classed as continuing

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED  
31st MARCH 2008**

Profit/(Deficit) for the Financial Year	10,586	(3,749)
Other Recognised /Gains and (Losses)		
Net - Donations/Grants	(3,445)	(3,445)
Total Recognised Gains and (Losses) Relating to the Year	7,141	(7,194)

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

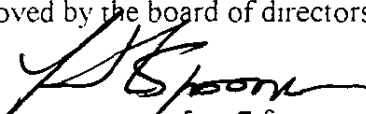
**MECHANICS CENTRE LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2008**

	Notes	2008 £	£	2007 £	£
TANGIBLE FIXED ASSETS	4	58,254		55,450	
CURRENT ASSETS					
Stock		1,730		2,163	
Debtors		33,294		29,534	
Mechanics Centre Trust		-		-	
Prepayments and Other Debtors		7,248		6,974	
Cash at Bank		99,722		84,451	
Cash in Hand		437		418	
		-----		-----	
		142,431		123,540	
		=====		=====	
Less CREDITORS Amounts Falling Due Within One Year					
Trade Creditors		11,285		26,864	
Mechanics Centre Trust		23,439		17,097	
PAYE, Other Taxation and Social Security		4,130		3,256	
Accruals		39,397		18,182	
		-----		-----	
		78,251		65,399	
Net Current Assets		-----	64,180	-----	58,141
		-----		-----	
Total Assets Current Liabilities		122,434		113,591	
		=====		=====	
Capital & Reserves					
Donations Fund	7	40,617		42,360	
Profit and Loss Account	9	81,817		71,231	
		-----		-----	
'Shareholders Funds'	10	122,434		113,591	
		=====		=====	

**NOTES**

- (a) For the year ended 31<sup>st</sup> March 2008 the company was entitled to the exemption conferred under section 249A(1) of the Companies Act 1985 not to have its accounts audited
- (b) No notice has been deposited by members requiring the company to obtain an audit under section 249B(2) of the Companies Act 1985 in relation to the year ended 31<sup>st</sup> March 2008
- (c) The directors acknowledge their responsibilities for
- I ensuring the company keeps accounting records which comply with section 221 of the Companies Act 1985 and
  - II preparing the Financial Statements which give a true and fair view of the state of the affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226 and which otherwise comply with the Companies Act relating to the Financial Statements so far as applicable to the company

Approved by the board of directors on 15<sup>th</sup> July 2008 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 2008**  
**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 2008 with comparative figures in respect of the year to 31st March 2007

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 2009. 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 Decor, 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 2008**

	2008	2007
	£	£
1 OPERATING PROFIT IS AFTER CHARGING		
Depreciation	3,225	3,529
Accountants/Auditors Report	3,275	3,580
	=====	=====
And Crediting Grants & Donations	3,445	3,445
	=====	=====

In common with many other business of our size and nature we use our accountants 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 £3,000 (2007 £2,500)

**3b OTHER SALARIES**

Wages & Salaries	67,012	79,885
Social Security Costs	3,920	5,039
Other Pension Costs	6,769	6,485
	-----	-----
	77,701	91,409
	=====	=====

Average number of Employees excluding directors and secretary 8 (2007 8)

**4 TANGIBLE FIXED ASSETS**

	Cost B/fwd	Additions	Cost C/fwd	Depreciation B/fwd	Charge this Year	Disposal	C/fwd
General Equipment	26,821	-	26,821	25,487	710	-	26,197
Kitchen Building & Other Equipment	23,516	-	23,516	23,516	-		23,516
Bar. Equipment & Utensils	24,672	-	24,672	24,672	-		24,672
Decorating, Designs etc	29,390	-	29,390	29,390	2,009		31 399
Furniture & Fittings	33,852	6,029	39,881	33,852	-		33,852
Refurbishment	46,934	-	46,934	46,934	-		46,934
	-----	-----	-----	-----	-----	-----	-----
Gross Premium	185,185	6 029	191,214	183,851	2,719	-	186,570
on Lease	63,223	-	63,223	9,107	506	-	9,613
	-----	-----	-----	-----	-----	-----	-----
	248,408	6,029	254,437	192,958	3,225	-	196,183
	=====	=====	=====	=====	=====	=====	=====

Net Book Value £58,254 (2007 £55 450) (Net of disposals cost 2007 £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 (2007 £Nil)

**MECHANICS CENTRE LTD****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2008**

6 The company is limited by guarantee and does not have share capital

	2008	2007
	£	£
7 Grants/Donations Fund		
Balance Brought Forward	42,360	45,805
Transfer from Account	1,702	-
Credit to Profit and Loss Account towards Depreciation	(3,445)	(3,445)
	-----	-----
	40,617	42,360
	=====	=====

8 Charge is made in the accounts for a covenant paid to Mechanics Centre Museum of Labour and Trades' Union History Trust Limited of £25,000 (2007 £Nil)

9 Profit and Loss Account		
Balance Brought Forward	71,231	74,980
Retained Profit/(Deficit) for the Year	10,586	(3,749)
	-----	-----
Balance Carried Forward	81,817	71,231
	=====	=====

10 **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

Profit/(Deficit) for the Year	35,586	(3,749)
Covenant Paid(net)	(25,000)	-
	-----	-----
Retained Profit/(Deficit) for the Year	10,586	(3,749)
Other Recognised Gains and (Losses)	(3,445)	(3,445)
Addition to Grants/Donations Fund	1 702	-
	-----	-----
Net Increase/(Reduction) in the Year	8,843	(7,194)
Shareholders Fund at 1st April 2007	113,591	120,785
	-----	-----
Shareholders Fund at 31st March 2008	122,434	113,591
	=====	=====

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 £33,780 (2007 £26,000) with Mechanics Centre share based upon the services utilised by it.

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 £25,000 (2007 £Nil). 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 £25,430 (2007 £22,697).



## MECHANICS CENTRE LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2008

#### 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 31<sup>st</sup> March 2007 by actuaries Hymans Robertson show a past service surplus of £3m (2004 deficit of £461m) on the overall scheme with a funding level of 100% (2004 93%). 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 2008 were -

		2008		2007	
		Assumed		Assumed	
Investment return –	Equities	7.7%		7.8%	
	Bonds	5.7%		4.9%	
	Property	5.7%		5.8%	
	Cash	4.8%		4.9%	
		Assumed	Real	Assumed	Real
Discount rate		6.9%	3.2%	5.4%	2.1%
Pension Increases		3.6%		3.2%	
Pay increases		5.1%	1.5%	4.7%	1.5%
Price increases		3.6%		3.2%	

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

The employers present contribution is 12.6%, employees 6% and will provisionally increase to 13.2% for the employer for 2008/9 and 13.7% thereafter