

<b>HUNTINGDON LEISURE CENTRE</b>
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***DRAFT***

***Statement of Accounts  
For the Year Ended 31<sup>st</sup> March 2009***

<b>Management Committee Chairman 2008/09 Huntingdon Leisure Centre</b>	<b>Councillor J J Dutton</b>
<b>Officers of Huntingdonshire District Council Chief Executive Corporate Director, Commerce &amp; Technology</b>	<b>Mr D Monks Mr T Parker</b>
<b>Auditors</b>	<b>Grant Thornton UK LLP</b>



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**To be inserted once the audit has been completed**

## INTRODUCTION AND FINANCIAL SUMMARY

### INTRODUCTION

Huntingdon Leisure Centre is one of five Leisure Centres in the local area, each Centre is overseen by a Management Committee, constituted under section 102 of the Local Government Act 1972. The membership of the Huntingdon Committee is drawn from the following partners;

Huntingdonshire District Council  
Cambridgeshire County Council  
Huntingdon Town Council  
St Peter's School, Huntingdon

Huntingdonshire District Council employs all the staff working at the Centre and processes all financial transactions through its bank accounts. However, being a separate statutory body from the District Council, the Management Committee is required to prepare an individual statement of accounts in accordance with the Accounts and Audit Regulations.

The 2008/09 financial year, is the last year that separate accounts will be produced for the Centre because by mutual agreement of the Management Committee members, the agreement is being terminated with effect from 31<sup>st</sup> March 2009.

In order to provide the public with a meaningful report on the financial affairs of local council services, a Statement of Recommended Practice on Local Authority Accounting (the SORP) has been approved. This sets out the form and content of the accounts and this Statement of Accounts complies with the SORP. The SORP is updated annually to reflect the latest developments in accountancy – last year there were significant changes but this year there are no major changes affecting the presentation or content of the financial statements.

The financial statements in this booklet represent the accounts of Huntingdon Leisure Centre for 2008/09, including a Balance Sheet, which summarises the Management Committee's assets and liabilities at 31<sup>st</sup> March 2009, and a cash flow statement which sets out where the money came from and how it was spent. Where relevant, explanatory notes on pages **XX** to **XX** give greater detail.

### FINANCIAL OVERVIEW

The financial performance of Huntingdon Leisure Centre is summarised in the table below:-

	Budget £'000	Actual £'000	Variation £'000
Expenditure	1,931	1,874	-57
Less Charges	1,160	1,013	-147
Grants	0	3	+3
Partner Contributions	99	100	+1
HDC	672	749	+77
Contribution to (-) from Reserves	0	9	+9

More detail is shown in the financial statements on page **XX**.

When the 2008/09 budget was set it was envisaged that the redevelopment of the Centre would be completed early in the year and that the new facilities would be generating income. However, the redevelopment didn't start generating income until late November 2008 and some facilities didn't open until February 2009. The delay to this scheme resulted in lower income than budgeted for in 2008/09 being received.

## INTRODUCTION AND FINANCIAL SUMMARY (Continued)

Uncertainty as to whether Local Authorities would still be excluded from the irrecoverable VAT on "exempt" services calculation led to the Centre budgeting to cover this potential cost. During the year, the Inland Revenue confirmed that Local Authorities were exempt from this calculation, saving the Centre £18k.

The accounting requirement to recognise the effect, in present value, of employee service in the current year on the pension fund liability for future payments resulted in expenditure of £6k being incurred. This is £9k less than expected.

Charges from Huntingdonshire District Council for support services, which reflects the cost of staff time spent on work for the Centre, were £42k lower than expected. The charges for capital investment, which vary due to changes in the timing and cost of individual schemes to improve or extend facilities, were £11k higher than expected.

Contributions towards the running costs of the Centre are received from the County Council and St Peter's School in respect of the use of the facilities for educational purposes. The level of these contributions are determined by the cost share agreement signed by the interested parties when the centre was first opened. Huntingdonshire District Council finances the revenue deficit and provides capital resources for new investment.

Huntingdonshire District Council charges the Centre for the management of the centre and for the financing of the capital investment.

### **BALANCE SHEET**

The overall position as at 31<sup>st</sup> March 2009 is presented in the Balance Sheet on page **XX**.

The balance sheet shows revenue reserves totalling £17k.

### **CAPITAL**

In 2008/09 £1,612k was invested in the Leisure Centre to develop new facilities at the site and maintain existing ones. Details are given on page **XX**. Huntingdonshire District Council initially financed all of this expenditure however, Cambridgeshire County Council will be reimbursing the District Council 26.1% of the costs of certain schemes.

<b>STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS</b>
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**The Leisure Centre Management Committees' Responsibilities**

The Huntingdon Leisure Centre Management Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its partner authorities officers has the responsibility for the administration of those affairs. For all the Management Committees that officer is Huntingdonshire District Council's Corporate Director, Commerce and Technology.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

**The Corporate Director, Commerce and Technology's Responsibilities**

The Corporate Director, Commerce and Technology is responsible for the preparation of the Leisure Centre Management Committee's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the code), is required to present fairly the financial position of the Committee at the accounting date and its income and expenditure for the year ending 31<sup>st</sup> March 2009.

In preparing this statement of accounts, the Corporate Director has

- selected suitable accounting policies and then applied them consistently.
- made judgments and estimates that were reasonable and prudent.
- complied with the code where appropriate.

The Corporate Director has also

- kept proper accounting records which were up to date at the date of preparation of these accounting statements.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

**ANNUAL STATEMENT OF ASSURANCE ON CORPORATE GOVERNANCE**

**To be inserted once approved by the Corporate Governance Panel in September 2009**



## ACCOUNTING POLICIES

### **1 General**

The Statement of Accounts summarises the Committee's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – a Statement of Recommended Practice 2007* (the SORP) issued by the Chartered Institute of Public Finance and Accountancy which reflect the Financial Reporting Standards (FRS) and Statements of Standard Accounting Practice (SSAPs) applicable to Local Government. The main policies adopted in compiling the accounts are set out below.

### **2 Accounting Concepts**

These accounts have been prepared in accordance with the underlying concepts of

- The Committee being a "going concern" i.e. a continuing business
- Accrual of income and expenditure.
- Primacy of legislative requirements

Due regard is given to consistency and prudence where it does not conflict with the application of the primary concepts. The accounting statements are prepared with the objective of presenting fairly the financial position and transactions of the Committee.

### **3 Debtors and Creditors**

In the revenue accounts income and expenditure are accounted for in the year in which they arise by the creation of debtors and creditors. All capital transactions are accounted for on a similar accruals basis.

### **4 Stock and Work in Progress**

The value of stock held in the main stores is included in the accounts at average purchase price. Work in progress is included at cost or net realisable value whichever is the lower in accordance with SSAP 9.

### **5 Pensions**

Pension costs are charged to the Committee's accounts in respect of employees equal to the contributions paid to the funded pension scheme for these employees. These costs have been determined on the basis of contribution rates set in the actuarial valuation of the superannuation fund. The adoption of FRS17 results in additional cost representing the effect, in present value, of employee service in the year on the pension fund liability for future payments. Discretionary benefits awarded on early retirement are charged to service accounts as they become payable.

### **6 Leisure Centre Management Committees**

The Leisure Centre Management Committees are constituted under section 102 of the Local Government Act 1972 and consequently are required to report independently of Huntingdonshire District Council by means of a separate statement of accounts.

<b>ACCOUNTING POLICIES (Continued)</b>
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**7. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset in one organisation and a financial liability in another organisation. Examples include:

- Goods received but payment not yet made
- Loans
- Investments
- Services delivered but payment not yet received

***Financial Assets***

Financial assets are classified into two types:

- Loans and receivables – assets with a fixed or determinable payment but not quoted in an active market (i.e. trade debtors, fixed term investments)
- Available for sale assets – assets with a quoted market price and no fixed determinable payment (i.e. equity investments)

Loans and receivables are initially measured at fair value and carried at their amortised costs. The Committee has the following loans and receivables:

***Debtors***

Debtors are carried at original invoice amount with no provision being made for doubtful debts.

***Cash and equivalents***

Cash and equivalents comprise cash in hand.

Due to their nature and short-term maturity, the fair values for debtors and cash and equivalents are estimated using their carrying values.

***Financial Liabilities***

Financial liabilities are initially measured at fair value and are carried at their amortised cost. The Committee has the following liabilities measured at amortised cost.

***Creditors***

Creditors are carried at their original invoice amount

Due to their nature and short-term maturity, the fair value for creditors is estimated using their carrying values

**INCOME & EXPENDITURE ACCOUNT**

2007/08 £'000		Note No	2008/09 £'000
	<b>Income from Charges</b>		
228	Swimming		242
113	Fitness Suite		117
247	Advantage Membership		275
101	Hospitality		116
36	Vending		39
185	Other Indoor Activities		202
34	Synthetic & Outdoor Pitches		22
944			1,013
0	<b>Income from Misc Grants</b>		3
	<b>Income from Partner Contributions</b>	1	
663	Huntingdonshire District Council		749
52	Cambridgeshire County Council		55
42	St Peters School		45
757			849
<b>1,701</b>	<b>Total Income</b>		<b>1,865</b>
	<b>Expenditure</b>		
1,572	Operational Expenditure		1,695
<b>1,572</b>	<b>Total Expenditure</b>		<b>1,695</b>
<b>-129</b>	<b>Surplus(-)/Deficit for the year</b>		<b>-170</b>

**STATEMENT OF MOVEMENT ON THE LEISURE CENTRE RESERVE**

2007/08 £'000		2008/09 £'000
-129	Surplus (-) / Deficit for the Year	-170
134	Add Capital Charges	179
<b>5</b>	<b>Contribution to(-) / from Repair &amp; Renewals Fund</b>	<b>9</b>

<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>		
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<b>2007/08</b>		<b>2008/09</b>
<b>£'000</b>		<b>£'000</b>
-129	Surplus (-) / Deficit on the Income & Expenditure Account	-170
<b>-129</b>	Total recognised gain (-) / loss for the year	<b>-170</b>

**BALANCE SHEET AS AT 31ST MARCH 2009**

<b>2007/08</b>		<b>Note</b>	<b>2008/09</b>
<b>£'000</b>		<b>No</b>	<b>£'000</b>
<b>Current Assets</b>			
1	Cash		2
19	Stock	7	15
63	Debtors	8	65
9	Payments in Advance		13
<u>92</u>			<u>95</u>
<b>Current Liabilities</b>			
60	Creditors	9	68
6	Receipts in Advance		10
<u>66</u>			<u>78</u>
26	<b>Net Current Assets</b>		17
<u>26</u>	<b>Total Assets less Liabilities</b>		<u>17</u>
<b>Financed By:</b>			
<u>26</u>	<b>Earmarked Reserves (R &amp; R Fund)</b>	10	<u>17</u>

23rd June 2009

<b>CASH FLOW STATEMENT</b>	
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2007/08 £'000		2008/09 £'000
	<b>Revenue Activities</b>	
	<i>Cash Outflows</i>	
844	Employment Costs	922
887	Other Operating Cash payments	944
	<i>Cash Inflows</i>	
-936	Cash received for goods & services	-1,013
-795	Contributions from Partners	-853
	<b>0 Capital Activities</b>	<b>0</b>
	<b>0 Financing</b>	<b>0</b>
<b>0</b>	<b>Change in Cash &amp; Cash Equivalents</b>	<b>0</b>

<b>NOTES TO THE FINANCIAL STATEMENTS</b>
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## Income and Expenditure Account

### 1 Related Party transactions

Material transactions with related parties during 2008/09 were income amounts and are listed below:-

	2007/08	2008/09
	£'000	£'000
Huntingdonshire District Council	663	749
Cambridgeshire County Council	52	55
St Peters School, Huntingdon	42	45

### 2 Expenditure on Publicity

Under section 5 of the Local Government Act 1986, the Committee is required to disclose the level of expenditure incurred on publicity. The spending on publicity as defined by the Act, totalled £19,000 during 2007/08 and £19,000 during 2008/09.

	2007/08	2008/09
	£'000	£'000
Recruitment Advertising	7	4
Other Advertising	12	15

### 3 Pension Costs

Huntingdonshire District Council, on behalf of the Committee, participates in a funded defined benefit pension scheme administered by Cambridgeshire County Council. The last triennial actuarial valuation of the fund was at 31<sup>st</sup> March 2007.

The statement of fund assets and liabilities is shown in the notes to the Statement of Accounts of Huntingdonshire District Council in which lies responsibility for pension liabilities in respect of employees working at the Leisure Centre.

In 2008/09 the Committee paid an employer's contribution of £77k, representing 16.3% of employees pensionable pay into Cambridgeshire County Council's Superannuation Fund, which provides members with defined benefits related to pay and service. The contribution rate was determined by the fund's actuary based on triennial valuations, reviewed at 31st March 2007. The adoption of FRS17 results in additional direct costs in 2008/09 of £6k (£15k in 2007/08) representing the present value of employee service in the year on the pension fund liability for future payments.

In addition, the Committee is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases.

Further information can be found in the Cambridgeshire County Council Pension Fund Annual Report which is available on request from The Director of Resources, Shire Hall, Cambridge CB3 0AP.

### 4 Officers emoluments and Members allowances

No employee's remuneration in the year exceeded £50,000. Members allowances are paid by the authorities appointing those Members.

### 5. Audit Fees

External audit fees charged to the Committee's accounts were £5,898, this amount is for the 2008/09 audit.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. Capital Expenditure**

Huntingdonshire District Council finances all capital expenditure except where partners have agreed to make a contribution towards the total scheme cost.

Details of capital expenditure during the year are shown below.

	2007/08 £'000	2008/09 £'000
<b>Major Redevelopment of the Centre</b>		
Enlarge Fitness Suite, provide Spa Facilities & provide Children's Activity Areas		1,331
<b>Plant &amp; Equipment</b>		
Combined Power & Heating Unit		105
Fire Alarm Panel		20
<b>Other Facilities</b>		
Car Park & Footpath Resurfacing/Expansion		3
Swimming Pool Roof		17
Synthetic Pitch		124
Maintenance Review Work	5	12
	<b>5</b>	<b>1,612</b>

**BALANCE SHEET**

**7 Stock**

31 March 2008		31 March 2009	
£'000		£'000	
7	Bars & Catering	7	
2	Vending	2	
10	Goods for Resale	6	
19	Total	15	

**8 Debtors**

The following amounts all fall due in one year, there is no provision for bad debts.

31 March 2008		31 March 2009	
£'000		£'000	
25	Cambs County Council	3	
10	Huntingdonshire D C	45	
21	Schools, Colleges	3	
7	Other General Debtors	14	
63	Total	65	

**9 Creditors**

31 March 2008		31 March 2009	
£'000		£'000	
5	Employees	2	
55	Other General Creditors	66	
60	Total	68	



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10 Revenue Reserves**

	£'000
<b>Repairs &amp; Renewals Fund</b>	
Balance 1 <sup>st</sup> April 2008	26
Movement	-9
Balance 31 <sup>st</sup> March 2009	17

**NOTES TO THE CASH FLOW STATEMENT**

**11 General**

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. These are represented by movements in the balance owed to or from Huntingdonshire District Council.

**12 Changes in cash and cash equivalents**

All cash transactions are processed through the bank accounts of Huntingdonshire District Council. The Committee therefore always has a net nil cash balance.

**Other Notes**

**13 Financial Instruments**

***Fair value of assets and liabilities carried at amortised cost***

Financial liabilities and financial assets are recorded on the Balance Sheet at their amortised cost. Their fair value can be assessed by calculating the present value of the cash flows. Due to the short-term nature of assets and liabilities the fair value is equivalent to the carrying value.

The fair values of the Committee's financial instruments, together with the carrying amounts included on the balance sheet are analysed as follows:

31 March 2008			31 March 2009	
Carrying amount	Fair value		Carrying amount	Fair value
£000s	£000s		£000s	£000s
		<b>Financial assets</b>		
		<i>Loans and receivables</i>		
63	63	Total debtors	65	65
1	1	Cash and equivalents	2	2
<b>64</b>	<b>64</b>	<b>Total</b>	<b>67</b>	<b>67</b>
		<b>Financial liabilities by class</b>		
		<i>Other liabilities at amortised cost</i>		
60	60	Total creditors	68	68
<b>60</b>	<b>60</b>	<b>Total</b>	<b>68</b>	<b>68</b>

<b>NOTES TO THE FINANCIAL STATEMENTS (Continued)</b>
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***Nature and extent of risks arising from Financial Instruments***

The Committee's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay sums due
- Liquidity risk – the possibility that the Committee might not have funds available to meet its commitments to make payments

***Credit risk***

Credit risk arises from credit exposures to the Committee's customers and Public Sector debtors

In relation to the sums owed by the Committee's customers and contractual debtors, the Committee has assessed the nature, historic losses and age of the debts and has made no provision to cover potential losses.

***Liquidity risk***

As the expenditure of the Committee is funded by Huntingdonshire District Council there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All trade and other payables are due to be paid in less than one year.

**CORPORATE GOVERNANCE PANEL CERTIFICATION**

I confirm that these accounts and the accounting policies were approved by Huntingdonshire District Council's Corporate Governance Panel at their meeting held on the 23<sup>rd</sup> June 2009.

Signed on behalf of the Huntingdon Leisure Centre Management Committee:

Chairman of the meeting approving the accounts: \_\_\_\_\_