

ST. IVO LEISURE CENTRE

DRAFT

***Statement of Accounts
For the Year Ended 31st March 2009***

Management Committee Chairman 2008/09 St. Ivo Leisure Centre	Councillor J D Ablewhite
Officers of Huntingdonshire District Council Chief Executive Corporate Director, Commerce & Technology	Mr D Monks Mr T Parker
Auditors	Grant Thornton UK LLP

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To be inserted once the audit has been completed

INTRODUCTION AND FINANCIAL SUMMARY

INTRODUCTION

St. Ivo 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 St. Ivo Committee is drawn from the following partners;

Huntingdonshire District Council
Cambridgeshire County Council
St Ivo School
St Ivo Users Committee

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 31st 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 St. Ivo Leisure Centre for 2008/09, including a Balance Sheet, which summarises the Management Committee's assets and liabilities at 31st 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 St. Ivo Leisure Centre is summarised in the table below:-

	Budget £'000	Actual £'000	Variation £'000
Expenditure	3,099	2,724	-375
Less Charges	1,916	1,829	-87
Partner Contributions	225	225	0
HDC	958	673	-285
Contribution to (-) from Reserves	0	-3	-3

More detail is shown in the Income and Expenditure Account on page **XX**.

This year, expenditure at the Leisure Centre was below the budget by £375k. General running costs were £300k below the budget mainly due to savings on employee costs and utility bills. Leisure Centres are being asked to reduce their running costs and St Ivo has been successful in this task. Income from customers was £87k below expected levels with membership packages and bars and catering activities accounting for most of this reduction.

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 £28k.

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 £8k being incurred. This is £18k 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 £68k 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 £39k higher than expected.

Contributions towards the running costs of the Centre are received from the County Council 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 the 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 31st March 2009 is presented in the Balance Sheet on page **XX**.

The balance sheet shows revenue reserves totalling £59k.

CAPITAL

In 2008/09 there was capital investment of £580k to develop the assets of the Leisure Centre. 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 and other external contributions totalling £36k were received.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS
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The Leisure Centre Management Committees' Responsibilities

The St. Ivo 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 31st 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.

ACCOUNTING POLICIES (Continued)
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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
	Income from Charges		
267	Swimming		259
145	Fitness Suite		139
391	Advantage Membership		420
400	Hospitality		391
5	Vending		5
96	Centre Functions		100
109	Civic Hall		109
325	Other Indoor Activities		326
80	Synthetic & Outdoor Pitches		80
1,818			1,829
	Income from Partner Contributions	1	
756	Huntingdonshire District Council		673
228	Cambridgeshire County Council		225
984			898
2,802	Total Income		2,727
	Expenditure		
2,528	Operational Expenditure		2,437
2,528	Total Expenditure		2,437
-274	Surplus(-)/Deficit for the year		-290

STATEMENT OF MOVEMENT ON THE LEISURE CENTRE RESERVE

2007/08 £'000		2008/09 £'000
-274	Surplus (-) / Deficit for the Year	-290
275	Add Capital Charges	287
1	Contribution to(-) / from Repair & Renewals Fund	-3

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
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2007/08		2008/09
£'000		£'000
-274	Surplus (-) / Deficit on the Income & Expenditure Account	-290
<u>-274</u>	Total recognised gain (-) / loss for the year	<u>-290</u>

BALANCE SHEET AS AT 31ST MARCH 2009

2007/08		Note	2008/09
£'000		No	£'000
	Current Assets		
5	Cash		5
24	Stock	7	28
149	Debtors	8	130
<u>2</u>	Payments in Advance		<u>9</u>
180			172
	Current Liabilities		
90	Creditors	9	88
<u>34</u>	Receipts in Advance		<u>25</u>
124			113
56	Net Current Assets		59
<u>56</u>	Total Assets less Liabilities		<u>59</u>
	Financed By:		
<u>56</u>	Earmarked Reserves (R & R Fund)	10	<u>59</u>

23rd June 2009

CASH FLOW STATEMENT	
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2007/08 £'000		2008/09 £'000
	Revenue Activities	
	<i>Cash Outflows</i>	
1,319	Employment Costs	1,309
1,504	Other Operating Cash payments	1,428
	<i>Cash Inflows</i>	
-1,823	Cash received for goods & services	-1,785
-1,000	Contributions from Partners	-952
	0 Capital Activities	0
	0 Financing	0
0	Change in Cash & Cash Equivalents	0

NOTES TO THE FINANCIAL STATEMENTS
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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	756	673
Cambridgeshire County Council	228	225

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 £29,000 during 2007/08 and £21,000 during 2008/09.

	2007/08	2008/09
	£'000	£'000
Recruitment Advertising	8	5
Other Advertising	21	16

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 31st 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 £100k, 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 £8k (£20k 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 or where specific contributions or grants are received. This year £28k was received from Sport England towards the cost of the air handling unit and £8k was received from St Ives Cricket Club in respect of the work to the cricket practice area.

Details of gross capital expenditure during the year are shown below.

	2007/08 £'000	2008/09 £'000
Main Leisure Centre Roof		426
Other Facilities		
Outdoor Centre – Including Air Handling Unit & Cricket Practice Area	35	70
Changing Rooms	11	2
Synthetic Pitch	1	16
Swimming Pool Filters		10
Maintenance Review Work	7	56
	54	580

BALANCE SHEET

7 Stock

31 March 2008		31 March 2009	
£'000		£'000	
21	Bars & Catering	19	
0	Vending	0	
3	Goods for Resale	9	
24	Total	28	

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	
120	Cambs County Council	13	
0	Huntingdonshire D C	35	
1	Schools, Colleges	3	
28	Other General Debtors	79	
149	Total	130	

9 Creditors

31 March 2008		31 March 2009	
£'000		£'000	
9	Employees	8	
81	Other General Creditors	80	
90	Total	88	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Revenue Reserves

	£'000
Repairs & Renewals Fund	
Balance 1 st April 2007	56
Movement	3
Balance 31 st March 2008	59

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
Financial assets			
<i>Loans and receivables</i>			
149	149	130	130
Total debtors			
5	5	5	5
Cash and equivalents			
154	154	135	135
Total			
Financial liabilities by class			
<i>Other liabilities at amortised cost</i>			
90	90	88	88
Total creditors			
90	90	88	88
Total			

NOTES TO THE FINANCIAL STATEMENTS (Continued)
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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 GOVERNENCE 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 23rd June 2009.

Signed on behalf of the St. Ivo Leisure Centre Management Committee:

Chairman of the meeting approving the accounts: _____