

APPENDIX 2

# **ETWALL LEISURE CENTRE**

## **STATEMENT OF ACCOUNTS**

**2011/2012**

**DRAFT FOR AUDIT**

# CONTENTS

	Page
Foreword	2
Statement of Accounting Policies	4
Etwall Pool Revenue Account	5
Balance Sheet	6
Notes to Balance Sheet	7
Cash Flow Statement	8
Statement of Responsibilities for the Statement of Accounts	9
Certificate by Responsible Financial Officer	10

# FOREWORD

## 1. INTRODUCTION

The Statement of Accounts, which follows, shows the financial performance of the Etwall Leisure Centre. The Leisure Centre was opened in July 2009 at a cost of £7m and replaced the previous swimming pool and squash facilities. The Leisure Centre encompasses a multi-functional sports hall, gym and swimming pool, together with facilities for general health and fitness activities. It is based on the John Port school site in the Parish of Etwall.

The Leisure Centre is governed and managed by a Joint Management Committee (JMC). The Joint Management Committee consists of representatives of South Derbyshire District Council, John Port School, Etwall, together with Derbyshire County Council.

From 1<sup>st</sup> April 2011, the day to day operational management of the Centre was transferred to Active Nation, a leisure trust/company. Accordingly, the staff were transferred across to this company as part of the out-sourcing agreement and contractual arrangements.

## 2. FUNDING ARRANGEMENTS

Prior to August 2009, the net revenue costs of the swimming pool and squash courts were shared in accordance with the (then) existing JMC agreement. Broadly, South Derbyshire District Council funded 60%, John Port School 26% and the County Council 14%.

From 1<sup>st</sup> August 2009, the arrangements for the new Leisure Centre were based on revenue expenditure to be funded 62% South Derbyshire District Council and 38% John Port School.

This excluded Derbyshire County Council, who had previously made a capital contribution of £260,000 towards the capital costs of the new Centre. Effectively, this was to “buy out” of the running costs of a new facility. The County Council made a cash contribution of £68,462 in 2011/12, relating to financial year 2010/2011 and 2011/2012.

A new Constitution and JMC agreement for the new facility was still in the progress of being agreed during 2011/12. A revised constitution was due to be considered by the JMC on 16<sup>th</sup> July 2012.

### 3. FINANCIAL SUMMARY

In 2011/2012 the net spending of the Joint Management Committee at £259,772 was £4,664 lower than the budgeted expenditure of £264,436. This is shown in more detail below.

The position was as follows:

	Original Budget £	Actual £	Variance £
Expenditure	264,436	261,280	(3,156)
Operating Income	0	(1,508)	(1,508)
Net Expenditure	<u>264,436</u>	<u>259,772</u>	<u>(4,664)</u>

Financed by:

	Original Budget £	Actual £	Variance £
South Derbyshire DC	139,018	119,360	(19,658)
John Port School	85,204	71,950	(13,254)
Derbyshire County Council	40,214	68,462	28,248
Net Expenditure	<u>264,436</u>	<u>259,772</u>	<u>(4,664)</u>

### 4. ASSETS

The ownership of the Leisure Centre is vested in John Port School. The assets are therefore not included in the Joint Management Committee's accounts.

### 5. FINANCE AND OPERATING LEASES

An operating lease is used to finance a vending machine. The amount paid under this lease in 2011/2012 was £2,272 (2010/2011 £2,272). The future cash payments required under this lease is estimated at £6,248.

	Vehicles, Plant and Equipment £
Lease Expiring in 2012/2013	0
Lease Expiring between 2013/2014 and 2016/2017	6,248
Lease Expiring after 2016/2017	0
TOTAL DUE	<u>6,248</u>

# STATEMENT OF ACCOUNTING POLICIES

## 1. REVENUE TRANSACTIONS

These are maintained on an income and expenditure/accruals basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice (SORP). This means that sums due to or from the Joint Committee during the year are included whether or not the cash has actually been received or paid in the year.

An exception to this principle relates to telephone charges, which are charged on the due date rather than being apportioned between financial years. This policy is applied consistently each year and therefore does not have a material effect on the year's accounts.

## 2. ALLOCATION OF EXPENDITURE AND CENTRAL SUPPORT SERVICES

The cost of management and administration have been allocated as follows:

<u>Cost</u>	<u>Basis of Allocation</u>
Central Departments	Gross expenditure

## 3. LEASES

**Finance Leases:** The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- A charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset - the liability is written down as rent becomes payable).
- A finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as rent becomes payable).

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

**Operating Leases:** Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

# ETWALL LEISURE CENTRE - REVENUE ACCOUNT

2010/11

2011/12

£	Expenditure	£	£
483,021	Employees	3,704	
219,858	Premises	26,907	
2,865	Transport	86	
86,841	Supplies and Services	32,841	
0	Contractor Payment	179,922	
43,524	Establishment	15,548	
<u>2,272</u>	Leasing	<u>2,272</u>	
838,381			261,280
	<b>Income</b>		
462,335	Admissions and Sales	1,508	
<u>462,335</u>			<u>1,508</u>
<u>376,046</u>			<u>259,772</u>
	<b>Financed by:</b>		
185,049	South Derbyshire D C		119,360
156,766	John Port School		71,950
34,231	Derbyshire County Council		68,462
<u>376,046</u>			<u>259,772</u>

1. There are no employees with remunerations in excess of £40,000.

## BALANCE SHEET

2010/2011		Notes	2011/2012
	<b>Fixed Assets</b>		
£			£
-	Nil	1	-
	<b>Current Assets</b>		
1,471	Stocks		0
241,936	Debtors	2	165,223
300	Cash in Hand		0
	<b>Current Liabilities</b>		
(243,707)	Creditors	3	(99,562)
_____			_____
-			65,661
_____			_____
	Insurance due to JPS 2011/12		13,900
	Income due from JPS 2011/12		(71,950)
	Transfer to sinking fund 2011/12		25,000
	Accruals 2011/12		4,721
_____			_____
-			(65,661)
_____			_____

# NOTES

## 1. FIXED ASSETS

Ownership of the Leisure Centre is vested in John Port School. These are therefore included in their accounts, together with any related financing transactions.

## 2. DEBTORS

	31 March 2011 £	31 March 2012 £
John Port School	94,165	165,223
South Derbyshire District Council	146,514	0
Other	<u>1,257</u>	<u>0</u>
	<u>241,936</u>	<u>165,223</u>

## 3. CREDITORS

	31 March 2011 £	31 March 2012 £
South Derbyshire District Council		
Pension Reserve	28,174	28,174
Sinking Fund	41,667	66,667
Other	<u>173,866</u>	<u>4,721</u>
	<u>243,707</u>	<u>99,562</u>

## CASH FLOW STATEMENT 2011/2012

REVENUE ACTIVITIES	£
<b>Expenditure</b>	
Payments made on behalf of the Committee	
Employees	3,704
Premises	173,393
Transport	86
Supplies and Services	29,843
Contractor Payment	179,922
Establishment	15,548
Leasing	<u>1,704</u>
	<u>404,200</u>
<b>Income</b>	
Fees and Charges	23,459
Contributions:	
- South Derbyshire District Council	(119,360)
- Derbyshire County Council	(68,462)
- John Port School	<u>(71,950)</u>
	<u>(236,313)</u>
 REVENUE ACTIVITIES NET CASH FLOW AND (INCREASE)/ DECREASE IN CASH AND CASH EQUIVALENTS	 <u>167,887</u>
 <b>RECONCILIATION OF SURPLUS TO NET CASHFLOW</b>	
(Surplus)/Deficit	167,887
Increase/(Decrease in Other Creditors)	169,145
(Increase)/Decrease in Other Debtors	(1,258)
	<u>167,887</u>

# **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

## **The Joint Management Committee's responsibilities**

The Joint Management Committee is required:

- i) to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility of the administration of those affairs. In this instance that officer is the Treasurer to the Joint Management Committee.
- ii) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

## **The Treasurer to the Joint Management Committee's responsibilities**

The Treasurer is responsible for the preparation of the JMC's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code of Practice"), is required to present fairly the financial position of the JMC at the accounting date and its income and expenditure for the year.

In preparing this statement of accounts, the Treasurer has:

- i) selected suitable accounting policies and then applied them consistently
- ii) made judgments and estimates that were reasonable and prudent
- iii) complied with the Code of Practice.

The Treasurer has also:

- i) kept proper accounting records which were up to date
- ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

**CERTIFICATION BY RESPONSIBLE FINANCIAL OFFICER**

I certify that this Statement of Accounts presents fairly the financial position of Etwall Leisure Centre for the year ended 31 March 2012.

.....  
Treasurer to the  
Joint Management Committee

.....  
Date