

DERWENT RESERVOIR SAILING CLUB LIMITED

(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

30th SEPTEMBER 1996

Company No: 917988

RAINBOW GILLESPIE
CHARTERED ACCOUNTANTS
26 ESLINGTON TERRACE
NEWCASTLE UPON TYNE
NE2 4SN



DERWENT RESERVOIR SAILING CLUB LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT

The Council of management present their report and financial statements for the year ended 30th September 1996.

Company law requires the Council members as directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit, or loss of the company for that period. 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 maintaining 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 of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The club is a company limited by guarantee of its members and the principal activity of the company remains that of the provision of sailing facilities.

The company made a surplus for the year of £13,921 (1995 £12,382) of which £4,000 will be appropriated to buildings/grounds maintenance reserve (1994 £4,000) and £5,000 will be appropriated to fixed asset replacement reserve (1995 £Nil), the balance being added to unappropriated reserves.

The state of affairs of the company at the balance sheet date is considered to be satisfactory.

Changes in the fixed assets of the company during the financial year are shown in Note 2 to the financial statements.

DERWENT RESERVOIR SAILING CLUB LIMITED
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DIRECTORS' REPORT (Continued)

The Directors who have served throughout the year were as follows:-

M. Collier Esq	
Mrs M. Greig	(Resigned 11th December 1995)
O. Johnson Esq	
I. Nichol Esq	
W. Schardt Esq	
J. Owen Esq	(Resigned 11th December 1995)
J. Boanas Esq	
Mrs S. Owen	
J. Hull Esq	
C. Whinn Esq	(Resigned 11 December 1995)
J. Orton Esq	
P. Kemp Esq	
Mrs. S. Hull	
E. Groves Esq	(Appointed 11th December 1995)

Rainbow Gillespie have signified their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming Annual General Meeting.

SIGNED BY ORDER OF THE COUNCIL



W. SCHARDT
Secretary



Newcastle upon Tyne
11th November 1996

DERWENT RESERVOIR SAILING CLUB LIMITED
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BALANCE SHEET AS AT 30TH SEPTEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	2	15,598	15,500
<u>CURRENT ASSETS</u>			
Stocks		2,551	1,629
Debtors	3	59	1,298
Investment	4	44	44
Cash at bank and in hand		95,291	80,278
		<u>97,945</u>	<u>83,249</u>
<u>CURRENT LIABILITIES</u>			
Creditors: Amounts falling due within one year	5	26,596	25,723
<u>NET CURRENT ASSETS</u>		<u>71,349</u>	<u>57,526</u>
<u>TOTAL ASSETS LESS</u>			
<u>CURRENT LIABILITIES</u>		<u>86,947</u>	<u>73,026</u>
<u>CAPITAL AND RESERVES</u>			
Capital reserve	7	26,212	26,310
Clubhouse improvements reserve	7	11,750	11,750
Fixed asset replacement reserve	7	13,553	8,455
Building/grounds maintenance reserve	7	8,041	4,041
Income and expenditure reserve	7	5,749	828
Vat refund reserve	7	21,642	21,642
		<u>86,947</u>	<u>73,026</u>

The Financial Statements were approved by the Council on 11th November 1996.

 J. Boanas - Commodore
 P. Kemp - Honorary Treasurer

DERWENT RESERVOIR SAILING CLUB LIMITED
(A Company Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 30TH SEPTEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>INCOME</u>			
Subscriptions, boat fees and sundry income	1	42,757	44,163
Open meetings and race training		1,359	2,332
Interest received on bank deposit and business premium accounts		4,648	2,621
Insurance commission		25	24
Surplus for the year			
Bar account	9	1,748	1,382
Kitchen account	10	974	812
Derwent/B. Telecom Week accounts		2,782	1,092
Social Committee account		369	724
		<u>5,873</u>	<u>4,010</u>
		<u>54,662</u>	<u>53,150</u>
<u>EXPENDITURE</u>			
Rent, rates and insurance		5,796	5,784
Sailing Committee		14,368	14,382
House expenses & ground expenses		8,862	8,211
Club officials' secretarial expenses and newsletters		2,527	2,805
Cleaning wages and materials		3,129	2,126
Bank charges		27	237
		<u>34,709</u>	<u>33,545</u>
Bad debt written off		-	1,089
Corporation tax payable	11	1,143	1,020
Audit fee		650	650
Depreciation	2	4,574	4,508
Contribution from Optimist Class		(125)	(125)
(Profit)/loss on disposal of assets		(210)	81
		<u>40,741</u>	<u>40,768</u>
<u>SURPLUS ON ORDINARY ACTIVITIES</u>		<u>13,921</u>	<u>12,382</u>
Building/Grounds maintenance reserve transfer		(4,000)	(4,000)
Fixed assets replacement reserve transfer		(5,000)	-
<u>UNAPPROPRIATED SURPLUS FOR YEAR</u>		<u>4,921</u>	<u>8,382</u>

The company's turnover and expenses all relate to continuing operations.

The surplus for the year and the retained surplus have been calculated on the historical cost basis.

DERWENT RESERVOIR SAILING CLUB LIMITED
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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30TH SEPTEMBER 1996

	<u>1996</u>	<u>1995</u>
	£	£
Surplus for the year	13,921	12,382
VAT rebate received on members' subscriptions	-	17,462
Interest on VAT rebate	-	5,573
Tax thereon	-	(1,393)
	<hr/>	<hr/>
Total Gains and Losses recognised since the last Annual Report	<u>13,921</u>	<u>34,024</u>

DERWENT RESERVOIR SAILING CLUB LIMITED
(A Company Limited by Guarantee)

30TH SEPTEMBER 1996

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

- (a) The financial statements have been prepared under the historical cost convention, with the exception of assets held on 1st October 1984 which have been revalued.

Income and expenditure has been brought into the financial statements on the accruals basis except for subscriptions which are brought in on a receipts basis. The effect of this is not considered material with respect to the financial statements as a whole.

- (b) Fixed assets are depreciated so as to write off the cost or valuation over the expected useful lives of the assets.

The rates used are - 25% of cost in year of acquisition
- 10% of cost or valuation thereafter

- (c) Stocks are stated at the lower of cost and market value.

2. TANGIBLE FIXED ASSETS

	<u>Sailing Equipment and Fixtures & Fittings</u>
<u>Cost or Valuation</u>	<u>£</u>
At 1st October 1995	57,440
Additions	5,271
Disposals	(1,702)
	<hr/>
At 30th September 1996	61,009
	<hr/>
<u>Depreciation</u>	
At 1st October 1995	41,940
Charge for the year	4,574
Re disposals	(1,103)
	<hr/>
At 30th September 1996	45,411
	<hr/>
<u>Net Book Value</u>	
At 30th September 1996	15,598
	<hr/>
At 30th September 1995	15,500
	<hr/>

DERWENT RESERVOIR SAILING CLUB LIMITED
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30TH SEPTEMBER 1996

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>1996</u> £	<u>1995</u> £
3. <u>DEBTORS</u>		
Sundry debtors and prepayments	59	1,151
VAT repayable	-	147
	<u>59</u>	<u>1,298</u>
4. <u>CURRENT ASSETS INVESTMENT</u>		
Northern Rock Building Society	44	44
	<u>44</u>	<u>44</u>
5. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Sundry creditors	20,813	19,390
Corporation tax	1,143	2,054
Taxation and social security	1,581	666
Sailing Class funds (note 6)	3,059	3,613
	<u>26,596</u>	<u>25,723</u>
6. <u>SAILING CLASS FUNDS</u>		
International 14	210	247
Flying Fifteen	387	415
Enterprise	159	186
GP Fourteen	435	474
National Twelve	43	8
Laser	422	410
Mirror	112	176
Sailboard	233	243
Topper	56	118
Optimist	838	1,172
Fireball	164	164
	<u>3,059</u>	<u>3,613</u>

DERWENT RESERVOIR SAILING CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. CAPITAL AND RESERVES

	<u>Capital Reserve</u>	<u>Clubhouse Improve- ments Reserve</u>	<u>Fixed Assets Replace- ment Reserve</u>	<u>Building /Grounds Main- tenance Reserve</u>	<u>Income and Expen- diture Reserve</u>	<u>VAT Refund Reserve</u>
	£	£	£	£	£	£
At 1st October 1995	26,310	11,750	8,455	4,041	828	21,642
Profit for the year	-	-	-	-	13,921	-
Transfer to fixed asset replacement reserve	(98)	-	98	-	-	-
Transfer to profit & loss acc	-	-	5,000	4,000	(9,000)	-
	<u>26,212</u>	<u>11,750</u>	<u>13,553</u>	<u>8,041</u>	<u>5,749</u>	<u>21,642</u>
At 30th September 1996	26,212	11,750	13,553	8,041	5,749	21,642

Capital Reserve

The capital reserve is made up of the valuation of fixed assets as at 30th September 1996 totalling £15,598 (1995 £15,500) and amounts due to North East Water Plc under the lease referred to in Note 12 totalling £10,810 (1995 £10,810).

The Council is of the opinion that the sum of £10,810 (1995 £10,810) due to the Water Company will not have to be repaid as there are no fixed repayment dates for this sum and the Council envisages the terms of the present lease will be renewed as from the 14th May 1997. However the Council considers it prudent to have the potential liability to the Water Company included in capital reserve, thus making that amount undistributable.

Clubhouse Improvements Reserve

The balance of £11,750 on this reserve account is payable on demand to the Water Company to reduce the capital outlay incurred by them. It is estimated the capital outlay is in the order of £25,000 and after deducting the £11,750 above, the balance approaching £13,250 will not have to be repaid. However, the Water Company have the right to increase rents payable to them from the date the club took over the improvements in March 1986.

Building/Grounds Maintenance Reserve

From the 31st December 1987 the club is responsible for maintaining the clubhouse and car park following negotiations with the Water Company under the terms of the present lease. At 30th September 1996 the reserve stands at £8,041 (1995 £4,041).

Members Guarantee

The company is limited in that every member undertakes to contribute such an amount not exceeding £5 as may be required in the event of the club being wound up while he is a member or within one year after he ceases to be a member for the payment of debts and liabilities contracted before he ceased to be a member and for the cost of winding up.

DERWENT RESERVOIR SAILING CLUB LIMITED
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30TH SEPTEMBER 1996

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. <u>EMPLOYEES</u>		<u>1996</u>	<u>1995</u>
		<u>No</u>	<u>No</u>
The average number of employees during the year was		10	9
		==	==
and their remuneration was		£	£
Wages		19,200	17,894
Social security		433	276
		=====	=====
		19,633	18,170
		=====	=====
9. <u>BAR ACCOUNT</u>		<u>1996</u>	<u>1995</u>
	<u>% of Sales</u>	<u>£</u>	<u>% of Sales</u>
			<u>£</u>
Sales	100.00	17,375	100.00
	=====	=====	=====
Opening stock		721	638
Purchases		14,305	14,791
		=====	=====
		15,026	15,429
Closing stock		(1,556)	(721)
		=====	=====
Cost of sales	77.53	13,470	81.97
	=====	=====	=====
Gross profit	22.47	3,905	18.03
	=====	=====	=====
Wages and N.I.		1,656	1,589
Staff meals		97	189
		=====	=====
	10.08	1,753	9.91
	=====	=====	=====
Operating profit	12.39	2,152	8.12
	=====	=====	=====
Equipment replacement and repairs		404	76
		=====	=====
Overall profit		1,748	1,382
		=====	=====

DERWENT RESERVOIR SAILING CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. KITCHEN ACCOUNT

		<u>1996</u>		<u>1995</u>
	<u>% of</u> <u>Sales</u>	<u>£</u>	<u>% of</u> <u>Sales</u>	<u>£</u>
Sales	100.00	12,903	100.00	14,445
Opening stock		132		378
Purchases		6,997		7,472
		7,129		7,850
Closing stock		(438)		132
Cost of sales	51.86	6,691	53.43	7,718
Gross profit	48.14	6,212	46.57	6,727
Wages and N.I.		4,572		4,746
Staff refreshments		354		734
	38.18	4,926	37.94	5,480
Operating profit	9.96	1,286	8.63	1,247
Equipment hire, replacement, repairs and heating gas		312		435
Overall profit		974		812

11. TAXATION

The corporation tax charged in the Income and Expenditure Account of £1,143 (1995 £1,020) represents the taxation liability on interest and commissions received by the club for the year ended 30th September 1996.

12. CAPITAL COMMITMENTS

Under a lease commencing 15th May 1967, which runs for a period of 30 years granted by North East Water Company, the sailing club is committed to pay a ground rent of £20 per annum and a commercial rate of interest on all capital expenditure not reimbursed to the Water Company on the construction of the Clubhouse. At 30th September 1985 the Water Company had paid or had entered into commitments for approximately £68,000. At 30th September 1996 the sum of £57,190 (1995 £57,190) had been reimbursed to the Water Company.

DERWENT RESERVOIR SAILING CLUB LIMITED
(A Company Limited by Guarantee)

AUDITORS' REPORT TO THE MEMBERS

OF DERWENT RESERVOIR SAILING CLUB LIMITED

We have audited the Financial Statements on pages 3 to 10 which have been prepared following the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

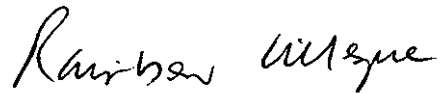
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th September 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rainbow Gillespie
Chartered Accountants
Registered Auditor

Newcastle upon Tyne
NE2 4SN
14th November 1996