Registra-

Fairthorne Manor Recreation Limited

Report and Financial Statements

Year Ended

31 December 2005

BDO Stoy Hayward

Chartered Accountants

Fairthorne Manor Recreation Limited

Annual report and financial statements for the year ended 31 December 2005

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Directors

C J Hand
M Tilbury
P J Cooper
D J Adams

Secretary and registered office

M J Short, Fairthorne Manor, Curdridge, Southampton, SO30 2GH

Company number

2598141

Auditors

BDO Stoy Hayward LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

Fairthorne Manor Recreation Limited

Report of the directors for the year ended 31 December 2005

The directors present their report together with the audited financial statements for the year ended 31 December 2005.

Results

The profit and loss account is set out on page 5 and shows the profit for the year.

Principal activities

The company's principal activity is the provision of recreational facilities.

Directors

The directors of the company during the year were:

C J Hand
R L Collyns (resigned 14 June 2005)
M Tilbury
P J Cooper
D J Adams

No director had any beneficial interest in the share capital of the company nor in the shares of any other group companies.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 and of the profit or loss of the company for that year. 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 and;
- 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.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

M J Short

Secretary

30 June 2006

To the shareholders of Fairthorne Manor Recreation Limited

We have audited the financial statements of Fairthorne Manor Recreation Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and

- the financial statements have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Southampton

Date: 7 August 2006

Fairthorne Manor Recreation Limited

Profit and loss account for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	2	**172,442**	158,857
Cost of sales		**38,206**	38,554
Gross profit		**134,236**	120,303
Administrative expenses		**82,047**	88,990
Operating profit	3	**52,189**	31,313
Gift aid payment		**(47,189)**	(26,313)
Profit on ordinary activities before and after taxation for the financial year		**5,000**	5,000
Retained profit brought forward		**10,000**	5,000
Retained profit carried forward		**15,000**	10,000

The notes on pages 7 to 11 form part of these financial statements.

Fairthorne Manor Recreation Limited

Balance sheet at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	5		**1**		1
Tangible assets	6		**4,095**		-
			4,096		1
Current assets					
Stocks		**7,152**		4,936	
Debtors	7	**64,111**		61,733	
Cash at bank and in hand		**1,061**		1,997	
		72,324		68,666	
Creditors: amounts falling due within one year	8	**56,420**		53,667	
Net current assets			**15,904**		14,999
Total assets less current liabilities			**20,000**		15,000
Capital and reserves					
Called up share capital	9		**5,000**		5,000
Profit and loss account			**15,000**		10,000
Shareholders' funds			**20,000**		15,000

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the board of directors and authorised for issue on 30 June 2006

C J Hand
Director

The notes on pages 7 to 11 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention. The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by the Financial Reporting Standard for Smaller Entities (effective January 2005) not to prepare a cash flow statement.

Goodwill

Goodwill arising on an acquisition of a trade undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 5 years.

Negative goodwill is released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased are recovered, whether through depreciation or sale.

The profit or loss on disposal of a business includes any goodwill arising on acquisitions which was previously eliminated against reserves.

Turnover

Turnover represents sales to external customers at invoiced amounts net of value added tax.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

1 Accounting policies *(continued)*

Pensions

Fairthorne Manor Recreation Limited participates in a multi-employer pension plan for employees of both YMCA England and member YMCAs. The plan's actuary has advised that it is not possible to identify separately the assets and liabilities relating to Fairthorne Manor Recreation Limited for the purposes of FRS 17 disclosure.

The cost of the defined benefit pension plan is charged to the Statement of Financial Activities so as to spread the cost of pensions over the service lives of employees. Pension cost is assessed in accordance with the advice of qualified actuaries. Actuarial surpluses and deficits are spread over a period of 13 years.

2 Turnover

Turnover arises solely within the United Kingdom.

3 Operating profit

	2005 £	2004 £
This is arrived at after charging:		
Auditors' remuneration - audit services	**2,200**	2,200

4 Directors' remuneration

No director received any emoluments during the current year (2004 - £nil).

5 Intangible assets

	Purchased goodwill £
Cost or valuation	
At 1 January 2005 and 31 December 2005	**1**

6 Tangible fixed assets

	Assets in the course of construction £
Cost	
Additions and at 31 December 2005	**4,095**
At 31 December 2004	-

7 Debtors

	2005 £	2004 £
Trade debtors	**-**	352
Amounts owed by group undertakings	**55,960**	52,854
Other debtors	**8,151**	8,527
	64,111	61,733

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	**12,423**	1,477
Taxation and social security	**1,095**	1,102
Other creditors	**42,902**	51,088
	56,420	53,667

9 Share capital

	Authorised		Allotted, called up and fully paid	
	2005	2004	2005	2004
	£	£	£	£
Ordinary shares of £1 each	**50,000**	50,000	**5,000**	5,000

10 Pensions

The company participates in a contributory pension plan providing defined benefits based on final pensionable pay for both employees of YMCA England and member YMCAs. The assets of the YMCA Pension Plan are held separately from those of Fairthorne Manor Recreation Limited and at the year end these were invested in pooled funds operated by Northern Trust, Legal & General and Schroder. Northern Trust manages the Plan's equities and bonds, Legal & General and Schroder manage property units only. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The pension charge for the year was £2,128 (2004: £1,391).

The most recent completed valuation was at 1 May 2005. The assumptions used which have the most significant effect on the results of the valuation are those relating to the pre-retirement investment yield of 7.0% per annum, the post-retirement investment yield of 5% and the rate of earnings increase of 5.25% per annum. The result of the valuation showed that the actuarial value of the assets was £34.3m. This represented 57% of the benefits that had accrued to members, after allowing for expected future increases in earnings. However, under Section 56 of the Pension Act 1995, the Minimum Funding Requirement (the MFR) funding level was 89%.

During the year ended 31 December 2005, contributions for employees were 8% of salary and the employer contributions were 14.4%.

As from 1 July 2006, the employer's contribution rate will increase to 26% with the employee rate remaining at 8%.

The plan's actuary has advised that it is not possible to identify separately the assets and liabilities relating to Fairthorne Manor Recreation Limited for the purposes of FRS 17 disclosure.

After taking professional advice and having consideration to the various options open to them, YMCA England, in its capacity as Principal Employer in the YMCA Pension Plan and in conjunction with the Trustee of the YMCA Pension Plan, made the recommendation that the YMCA Pension Plan should close to new members and future benefit accruals. After consultation with members and participating YMCA employers, the Trustee of the YMCA Pension Plan informed Fairthorne Manor Recreation Limited on 8 May 2006 that they would adopt the recommendation and that the YMCA Pension Plan will close with effect from 30 April 2007.

The last valuation, prepared as at 1 May 2005, showed that the YMCA Pension Plan had a deficit of £26.5 million. Negotiations are continuing as to how this is to be allocated between participating YMCA employers. In addition, Fairthorne Manor Recreation Limited may have over time liabilities in the event of the non-payment by other participating YMCAs of their share of the YMCA Pension Plan's current deficit. It is not possible currently to quantify the potential amount that Fairthorne Manor Recreation Limited may need to pay in the future.

11 Commitments under operating leases

As at 31 December 2005, the company had annual commitments under non-cancellable operating leases as set out below:

	2005 £	2004 £
Operating leases which expire:		
Within one year	**3,725**	-
In two to five years	**-**	3,725
After five years	**17,510**	17,510
	21,235	21,235

12 Related party disclosures

Controlling parties

The company is controlled by YMCA Fairthorne Group, its parent company.

The company has taken advantage of the exemption conferred by the Financial Reporting Standard for Smaller Entities not to disclose transactions with members of the group headed by YMCA Fairthorne Group on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

Related party transactions and balances

	Amounts owed by related party 2005 £	Amounts owed by related party 2004 £
YMCA Fairthorne Group	**55,960**	52,854

13 Ultimate parent company and parent undertaking of larger group

The largest group in which the results of the company are consolidated is that headed by YMCA Fairthorne Group (formerly South East Hampshire YMCA), incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Cardiff, CF4 3UZ, and the Charity Commission (www.charity-commission.gov.uk). No other group accounts include the results of the company.