ABSTRACT:
The purpose of this report is to highlight the salient points contained in the Annual Accounts of Montrose Golf Links Limited for the year ended 31 March 2011.

1. RECOMMENDATION

It is recommended that the Committee:

(i) notes the 2010/11 Annual Accounts of Montrose Golf Links Limited, a copy of which is attached at Appendix 1; and

(ii) agrees to the amendment of the Minute of Agreement to reflect that there is now no requirement for the accounts to be audited given the classification as a small company.

2. BACKGROUND

The control, management and maintenance of the Montrose Golf Courses has been the responsibility of Montrose Links Golf Limited, a company limited by guarantee, since 1 April 2004.

The members of the Company are Angus Council, Montrose Caledonia Golf Club, Montrose Mercantile Golf Club and Royal Montrose Golf Club. Angus Council is represented by four Directors, with the other company members being represented by three Directors each, making a total of 13. The Council’s Directors for the period of these accounts were Neil Prentice, Senior Service Manager, John Zimny, (former) Head of Environmental Management, Councillor David May and Councillor Paul Valentine. It should be noted that following John Zimny’s resignation as a director on 2 April 2011, Alastair Wilson, Senior Service Manager has taken on this role.

This report provides a commentary on the Montrose Golf Links Limited Annual Accounts for the year ended 31 March 2011 (as attached at Appendix 1).

3. COMMENTARY ON 2010/11 ANNUAL ACCOUNTS

Preparation of 2010/11 Annual Accounts

In previous financial years, the financial statements of Montrose Golf Links Limited have been audited in accordance with Sections 495 and 496 of the Companies Act 2006.

For 2010/11 however, the financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities. This means that whilst the statements have been compiled by chartered certified accountants based on the accounting records and information provided by the company, they are exempt from audit. As such, no audit opinion will be provided as to whether the financial statements give a true and fair view of the financial affairs of Montrose Golf Links Limited.
Whilst in line with relevant legislation, it should be noted that this does not comply with the requirements of the Minute of Agreement between Angus Council and Montrose Golf Links Limited (Clause 13) which states that “The Second Party (Montrose Golf Links Ltd) shall each year send to the First Party’s Director of Finance (Angus Council) a copy of their audited annual accounts within one month of their receipt from the Second Party’s Auditor”. In light of the amended basis on which the accounts have been prepared, it is proposed that the Minute of Agreement be revised to reflect the fact that auditing of the accounts would not now take place.

**Profit & Loss Account**

Overall Position - The 2010/11 Annual Accounts show a net loss of £4,012 before a provision for tax on that loss of £1,693, resulting in an overall net loss for the financial period of £2,319. This compares to the 2009/10 Annual Accounts which showed an overall net loss after tax for the financial year of £92.

Income – Turnover has increased from £451,217 in 2009/10 to £467,991 in 2010/11, an increase of £16,774 (3.7%). Season ticket and daily and party green fee income all increased during the year, as did income from competitions and tournaments.

Expenditure – Expenditure can be split into two main areas – course costs (essentially relating to course maintenance) and administrative costs (overheads). Total expenditure has increased by some £22,896 (5.0%), split between the aforementioned areas as follows:

<table>
<thead>
<tr>
<th>Costs (Summary Position)</th>
<th>2010/11 (£)</th>
<th>2009/10 (£)</th>
<th>Increase / (Decrease) (£)</th>
<th>Increase / (Decrease) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Course Costs</td>
<td>353,866</td>
<td>335,380</td>
<td>18,486</td>
<td>5.5%</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>125,447</td>
<td>121,037</td>
<td>4,410</td>
<td>3.6%</td>
</tr>
<tr>
<td>Total</td>
<td>479,313</td>
<td>456,417</td>
<td>22,896</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

The table below outlines the main movements in Course Costs during 2010/11:

<table>
<thead>
<tr>
<th>Course Costs</th>
<th>2010/11 (£)</th>
<th>2009/10 (£)</th>
<th>Increase / (Decrease) (£)</th>
<th>Increase / (Decrease) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green staff salaries / NI</td>
<td>244,040</td>
<td>224,185</td>
<td>19,855</td>
<td>8.9%</td>
</tr>
<tr>
<td>General Course Care</td>
<td>12,386</td>
<td>14,516</td>
<td>(2,130)</td>
<td>(14.7%)</td>
</tr>
<tr>
<td>Fertilisers, pesticides and others</td>
<td>8,203</td>
<td>7,033</td>
<td>1,170</td>
<td>16.6%</td>
</tr>
<tr>
<td>Vehicle &amp; Plant – general expenses</td>
<td>9,532</td>
<td>8,101</td>
<td>1,431</td>
<td>17.7%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>52,302</td>
<td>55,092</td>
<td>(2,790)</td>
<td>(5.1%)</td>
</tr>
<tr>
<td>Other Course Costs</td>
<td>27,403</td>
<td>26,453</td>
<td>950</td>
<td>3.6%</td>
</tr>
<tr>
<td>Total</td>
<td>353,866</td>
<td>335,380</td>
<td>18,486</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

With regard to the 8.9% increase in green staff salaries / NI, these are higher in the main due to one-off costs incurred during the year. Likewise, the 11.8% increase in management / admin expenses is largely due to a new staff appointment where there was a crossover of individuals in the post.
The net assets of Montrose Golf Links Limited have reduced in value over the course of the year by £2,319, from £216,350 to £214,031 reflecting the loss for the period. Despite this reduction in net assets (which, it should be noted, has followed a similar downward trend over recent years) the company maintains a robust financial position.

In terms of the company’s liquidity position, the balance sheet shows net current liabilities of £52,137, a decrease of £47,835 from the 2009/10 position of £99,972. It should be noted however that this is after taking in Trade Creditors totalling £190,849, some £176,044 of which is in respect of member’s subscriptions paid in advance. This is due to timing differences between the subscription year and the accounting year. With regard to all other Trade Creditors, this has reduced by £25,287 to £14,805.

Whilst the net current liability position remains comfortably underwritten by tangible assets, the cash flow position will continue to require close monitoring however to ensure Montrose Golf Links Limited does not encounter any trading difficulties.

4. RISKS

This report does not require any specific risk issues to be addressed.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications for the Council arising from this report.

6. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications associated with this report.

7. EQUALITIES IMPLICATIONS

The issues contained in this report fall within an approved category that has been confirmed as exempt from an equalities perspective.

8. CONSULTATION

The Chief Executive, Director of Neighbourhood Services, Director of Infrastructure Services, Head of Law & Administration, and the Head of Finance have been consulted in the preparation of this report.

9. CONCLUSION

The Profit and Loss Account and Balance Sheet of Montrose Golf Links Limited provide a sound financial base from which to continue operations.

COLIN McMAHON
Director of Corporate Services

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.