

REGISTERED COMPANY NUMBER 04376721 (England and Wales)
REGISTERED CHARITY NUMBER 01095215

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
ACTIVE LIFE LIMITED

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

THURSDAY



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ACTIVE LIFE LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2012

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ACTIVE LIFE LIMITED

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The chairman presents his report for the period

2012 has seen a period of sustained growth. It was the first operational year for the new facilities at Herons Leisure Centre (Herne Bay), The Bay Sports Arena (Herne Bay) and Kingsmead Leisure Centre's (Canterbury) refurbished gym. The investment and improved revenue model has generated a satisfactory surplus.

The budgets for 2013 will focus on the re-investment of the 2012 surplus, into the existing facilities showing a firm commitment by the Board to extending our work into the community. In addition, further investment in the year at the Whitstable Swimming Pool gym has proven very successful and popular with customers and brought the facility up to the standard enjoyed elsewhere in Active Life.

The City Council has elected not to exercise the break option on our various centre leases so we now have another 9 years remaining on those leases. This is excellent news and will allow the Board and Management Team to continue to develop an even stronger working relationship in partnership with the Council to provide a first class leisure service for the whole community.

2012 was a very successful year, brought about by careful financial planning, re-investment of funds, hard work by all the staff and an excellent working relationship with Members and Staff at the City Council. Going forward we cannot allow the organisation to become complacent on the recent success, we operate in a very competitive environment. Active Life will need to continue to improve the level of service it provides to all its customers. The major project on the horizon will be the re-development of the Kingsmead Leisure Centre. A considerable amount of work has already been carried out on this prodigious scheme. There will also be significant increases in spend to maintain and improve the standard of facilities, extend the health promotion programmes, improve the IT infrastructure, and promote the Active Life brand and all it stands for.

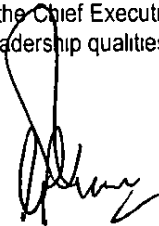
2013 will see the departure of the Deputy Chief Executive and Company Secretary, Adam Kent, to pastures new. He will be sorely missed. During his tenure he has been an invaluable member of staff, providing excellent financial information and sound advice at all times. He will be a difficult act to follow. I speak on behalf of all members of the Board in wishing him the very best in his new venture.

On a personal basis, having held the post of Chairman since 2006, I have decided not to put forward my name for re-election as Chairman at the Annual General Meeting, but would wish to remain on the Board, subject to the approval of Board Members.

I trust I will be leaving as Chairman an organisation in a much more robust position. My successor will have an interesting and challenging period with the new partnership arrangements with the City Council, the re-development of Kingsmead Leisure Centre and numerous other initiatives.

Finally my thanks to the Chief Executive, Neil West. It has been a pleasure to have worked with Neil over the past seven years. He has provided great leadership qualities, is enterprising, hard working and has vision.

G S Knox
Chairman



Date 19 June 2013

ACTIVE LIFE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2012**

The trustees who are also directors of the Charitable Company for the purposes of the Companies Act 2006, present their report with the financial statements of the Charitable Company for the year ended 31 December 2012. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

04376721 (England and Wales)

Registered Charity number

01095215

Registered office

Amphenol Complex
Thanet Way
Whitstable
Kent
CT5 3JR

Trustees

G S Knox
S P Jones
E A Taylor
Dr J Charlesworth
R Flaherty
J N Gaskell
K J Hooker
P J Newey
I J Wild
G Charilaou
C Longmire
N E Wells

Company Secretary

A J Kent

Auditors

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Bankers

National Westminster Bank
City Centre Branch
11 The Parade
Canterbury
Kent
CT1 2SQ

Solicitors

Girtings Solicitors
Stourside Place
Ashford
Kent
TN23 1PP

ACTIVE LIFE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2012**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Charitable Company is registered as a member's limited liability company and was set up by a Memorandum of Association on 19 February 2002

The Charitable Company is constituted under a Memorandum of Association dated 28 November 2002 and is a registered charity, number 01095215

Method of appointment or election of Trustees

The management of the Charitable Company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association

Organisational structure and decision making

The board of trustees of up to 12 members meet a minimum of 4 times a year to administer the Charitable Company. There is also a subcommittee to cover Finance and General Purposes. A Chief Executive is appointed by the trustees to manage the day to day operations of the Charitable Company.

Risk management

The trustees have assessed the majority risks to which the Charitable Company is exposed, in particular those related to the operations and finances of the Charitable Company, and are satisfied that systems and procedures are in place to mitigate the exposure to the major risks.

Financial review

The unrestricted funds are in deficit to the value of £1,401,686 owing primarily to a deficit on the defined benefit pension scheme of £1,038,000. The Charitable Company continues to make employer contributions at the level set by the scheme actuary and is considering a number of options with regard to the future of the scheme and the impact on future funding levels and employer contribution rates.

The remaining deficit of £363,686 has arisen because expenditure on charitable activities has consistently exceeded income. The Charitable Company has addressed this imbalance through significant investment in leisure facilities and service improvements; the 2012 financial statements report a surplus on charitable activity with plans for the future expected to continue improving the funds deficit.

Reserves policy

The Trustees recognise that the Charitable Company has absorbed deficits on its charitable operations by careful management of working capital, in particular its cash reserves. As such, the Trustees have set a reserves policy based on liquidity indicators. The Charitable Company shall maintain a current assets balance which is equivalent to 2 weeks of charitable expenditure.

Employee involvement and employment of the disabled

Employees are consulted on issues of concern to them by means of a regular consultative committee and staff meetings and are kept informed on specific matters directly by management.

The Charitable Company has implemented a number of detailed policies in relation to all aspects of personnel matters including

- Equal opportunities
- Volunteers
- Health and safety

In accordance with the Charities equal opportunities policy, the Charitable Company has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

ACTIVE LIFE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2012**

OBJECTIVES AND ACTIVITIES

Policies and Objectives

The objects of the Charitable Company are

- to provide or assist in the provision of facilities and services for recreation and other leisure time occupation primarily in the District of Canterbury in the interest of social welfare, such facilities being provided to the public at large save that special care facilities may be provided for persons who by reason of their youth, age, infirmity or disability may have need of special facilities and/or
- to promote, maintain, improve and advance education primarily in the District of Canterbury for the benefit of the public, particularly dramatic education and to foster the public interest in arts

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees regularly consider how planned activities will contribute to the charitable aims and objectives they have set.

The trustees acknowledge that the Charitable Company charges a fee for many of the services it provides. It is the opinion of the trustees however that the Charitable Company's pricing strategy, which enables increased access to sports facilities for a wide range of disadvantaged persons, including those on low incomes, coupled with the range of services that it provides for young people, the elderly and the disabled are such that the Charitable Company can demonstrate that it operates for the public benefit of the community that it serves.

There have been no changes in the objectives since the last annual report.

Strategies for achieving objectives

- To increase admissions
- To increase the health promotion programme
- To increase turnover
- To reduce energy consumption
- To improve customer satisfaction

ACHIEVEMENT AND PERFORMANCE

Statement of the Chief Executive

2012 has proven to be a record year for income and attendances. The extensive investment in the facilities throughout the district since 2009, despite the challenging economic and competitive environment has borne fruit generating returns way above expectations, and the realisation of this performance has been a major contributory factor in the Council's decision to extend its leases with Active Life for a further 9 years from 1 April 2013.

Active Life and the Council are now producing a new partnership agreement and delivery plan that focusses on the impact the service has on people's lives and in particular targeting those that, for a variety of reasons, do not or cannot access the services. Future funding from the Council will be awarded to initiatives that provide the greatest social return aligned to the aspirations set out in its Corporate Plan and consistent with Active Life's Charitable Objects.

ACTIVE LIFE LIMITED**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2012****ACHIEVEMENT AND PERFORMANCE - continued****Table 1 – Performance Indicators**

YEAR	ADMISSIONS	HEALTH PROMOTION SESSIONS PER WEEK	HEALTH PROMOTION ADMISSIONS	CENTRE TURNOVER (£m)	STAFF COSTS / TURNOVER	AVERAGE SPEND PER USER
02/03	826,541	20		£2 44	63%	£2 95
03/04	838,429	27		£2 51	67%	£2 99
04/05	851,839	35	5,858	£2 64	64%	£3 03
05/06	867,185	43	6,609	£2 80	65%	£3 41
2006	894,123	44	9,253	£3 24	62%	£3 62
2007	892,926	47	14,347	£3 34	61%	£3 74
2008	907,323	52	17,175	£3 45	64%	£3 81
2009	869,223	53	21,722	£3 41	65%	£3 92
2010	787,682	53	21,998	£3 31	72%	£4 20
2011	814,802	59	30,528	£3 47	70%	£4 26
2012	910,590	60	35,912	£4 15	66%	£4 56

Admissions

Admissions have increased by 123,000, (15.6%) since the low point in 2010, and were 48,750 above target for 2012. Throughput at the Whitstable Swimming Pool remained fairly static, whereas the relatively new facilities at the Whitstable Sports Centre are now at full run rate. There were more significant increases at the new facilities in Herne Bay, and at the Kingsmead Leisure Centre after new gym equipment was installed and more customers returned from a competitor that had opened its doors in January 2010.

The Pier Sports Centre closed in August 2011 replaced by new fitness facilities at the Herons Swimming Pool and by a new sports and roller skating venue at the Bay Sports Arena located within the Herne Bay High School. The net increase in admissions in Herne Bay is evident and particularly pleasing at the Bay Sports Arena where it was feared that admissions may actually drop given the move away from the town centre. The reverse has happened as a result of numerous initiatives with the School to provide skating and other activities during school hours, which has in turn encouraged the teenagers and girls in particular, to attend Active Life's public sessions. These programmes with the School will be extended in 2013.

Uptake of memberships and classes at the new fitness facilities at the Herons Leisure Centre has also been excellent. Despite maximising capacity within the new extension, demand now already exceeds supply thereby providing an opportunity to work with the Herne Bay High School to develop facilities there to help accommodate Active Life's expanding membership and health promotion programmes.

The gym at the Whitstable Swimming Pool was expanded in December 2012 and all new equipment installed. Use at that facility has already increased by 80% and bodes well for the growth targets set for 2013. Other initiatives will be pursued in 2013 to increase capacity and help more people become more active.

ACTIVE LIFE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2012**

ACHIEVEMENT AND PERFORMANCE - continued

Detailed analysis undertaken by the Council demonstrates that the profile of our customers across all sites very closely mirrors that of the district as a whole. One segment has been identified as being under represented and that is the over 70's on low income who are also more infirm. This is clearly a group that are unlikely to use their local leisure centre so we will need to look at innovative ways to see if we can help them incorporate more physical activity in their lives to improve their health, well being, and social interaction.

Ultimately, further significant increases in participation can only be achieved by increasing capacity by developing facilities outside the current estate and work continues with other partners to deliver services in the heart of our various communities.

Pricing

Our pricing policy is to maximise revenue to reinvest in the service but ensure that no one is precluded from using the service on the grounds of price, and that every customer perceives the service to be good value.

Market rates are charged for the majority and discounted rates are available to encourage junior and family use, and to those on low income. Our annual customer surveys indicate that the vast majority of customers do rate the service as good value with no particular customer segment suggesting we don't.

Health Promotion

The Health Promotion Programme targets those with a special medical condition who may benefit from expertise and supervision to help improve their health status or other special populations who require support to improve their skill level, knowledge, sense of awareness and social interaction through participating in regular physical activity.

We will continue to expand these programmes to those with chronic conditions and will also extend the scheme to those with non-chronic conditions to target reductions in blood pressure, cholesterol, obesity, and to relieve stress and depression.

Customer Satisfaction

Table 2 – Customer Satisfaction Ratings 2002 – 2012

	KLC	PSC	BSA	WSC	HLC	WSP
2002	7.1	8.1		7.6	7.3	7.4
2003	6.8	7.8		6.3	7.2	7.1
2004	6.9	7.9		7.7	6.3	7.7
2005	7.1	7.8		7.5	6.6	7.6
2006	7.1	7.7		7.8	6.5	7.6
2007	7.2	7.9		7.8	6.8	7.4
2008	6.3	7.7			7.6	7.5
2009*						
2010	6.7	8.5		7.5	8.0	
2011	8.0		8.8	9.3	7.6	8.0
2012	7.5		9.1	9.3	7.2	7.5

* No survey undertaken in 2009

It is pleasing to note that all the centres are now consistently achieving scores above 7 although lower scores are still being seen at the three swimming pools where shower and pool water temperatures do skew results as well as cleanliness of the changing rooms. The shower and water temperatures are outside our direct control and the new partnership agreement with the Council is attempting to address this and, although difficult to constantly keep the changing rooms clean, more resources are being directed to these areas as well as improved methods of cleaning and training. The pool changing rooms at Herons and Kingsmead are also showing their age so major refurbishment of both areas is due again.

Our investment in maintenance, equipment and cleaning resources has been increased and it is expected that the extended gym at the Whitstable Swimming Pool, the increased cleaning resources at Herons, and a major refurbishment of Kingsmead, will raise the scores again.

ACTIVE LIFE LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2012

ACHIEVEMENT AND PERFORMANCE - continued

Costs

The large increase in throughput and turnover has been driven and will be maintained by increased capital and revenue spend. Staff costs in particular have increased with the need for more sales staff and instructors. The staff costs to turnover ratio would be much less too had the Bay Sports Arena been co-located at the Herons Leisure Centre.

A new staff cost control scheme will be introduced during 2013 that should deliver further savings and ensure we are operating most cost effectively.

The Board will consider changes to the pension scheme as it is likely that auto enrolment in 2014 will prove unaffordable. Hedges against future energy costs will also be made by forward buying contracts at the most opportune times to mitigate the risk of extreme cost increases.

2013

The strategy going forward will be to

- Continue to drive growth in participation, income and memberships
- Invest to maintain and improve the quality and breadth of the facilities and service
- Extend our community engagement remit specifically targeting inactive and those least likely or less able to access the service
- Develop an outcomes framework for the service to measure the financial and social impacts the service has in the district
- Continue to develop strategic relationships and programmes to increase capacity in the heart of our communities
- Continually monitor costs to ensure maximum cost effectiveness
- Strengthen and promote the Active Life brand and develop new channels of communication to all residents of the district to promote the benefits of sports and physical activity

ACTIVE LIFE LIMITED

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Active Life Limited for the purposes of company law) are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charity SORP,
- 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 charitable company will continue in business

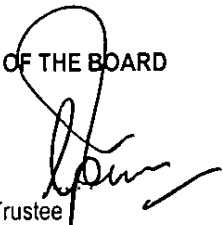
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

ON BEHALF OF THE BOARD



G S Knox - Trustee

Date 19 June 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ACTIVE LIFE LIMITED

We have audited the financial statements of Active Life Limited for the year ended 31 December 2012 on pages eleven to twenty six. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ACTIVE LIFE LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Report of the Trustees

Clair Rayner ACA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE



Date 19 June 2013

ACTIVE LIFE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income & Expenditure account
and Statement of Total Recognised Gains & Losses)
FOR THE YEAR ENDED 31 DECEMBER 2012

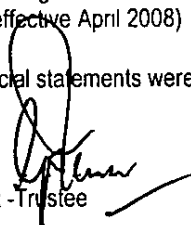
	Notes	Unrestricted Funds £	Restricted Funds £	FRS 17 Adjustment Unrestricted £	31 12 12 Total Funds £	31 12 11 Total Funds £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	13,158	-	-	13,158	13,516
Investment income	3	952	-	-	952	371
Incoming resources from charitable activities						
Operation of leisure and recreation sites	4	4,407,639	-	-	4,407,639	3,744,290
Total incoming resources		<u>4,421,749</u>	<u>-</u>	<u>-</u>	<u>4,421,749</u>	<u>3,758,177</u>
RESOURCES EXPENDED						
Charitable activities						
Operation of leisure and recreation sites	5	4,194,596	-	66,000	4,260,596	3,851,425
Governance costs	6	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>7,500</u>
Total resources expended		<u>4,202,096</u>	<u>-</u>	<u>66,000</u>	<u>4,268,096</u>	<u>3,858,925</u>
NET INCOME FOR THE YEAR before transfers		219,653	-	(66,000)	153,653	(100,748)
Gross transfers between funds	17	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year before other recognised gains and losses		219,653	-	(66,000)	153,653	(100,748)
Actuarial gains/losses on defined benefit schemes	15	<u>-</u>	<u>-</u>	<u>(121,000)</u>	<u>(121,000)</u>	<u>(259,000)</u>
Net movement in funds		219,653	-	(187,000)	32,653	(359,748)
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>(583,339)</u>	<u>29,641</u>	<u>(851,000)</u>	<u>(1,404,698)</u>	<u>(1,044,950)</u>
TOTAL FUNDS CARRIED FORWARD		<u>(363,686)</u>	<u>29,641</u>	<u>(1,038,000)</u>	<u>(1,372,045)</u>	<u>(1,404,698)</u>

BALANCE SHEET
AT 31 DECEMBER 2012

		31 12 12 Total Funds £	31 12 12 Total Funds £	31 12 11 Total Funds £	31 12 11 Total Funds £
	Notes				
FIXED ASSETS					
Tangible assets	11		1,272,458		1,324,429
			1,272,458		1,324,429
CURRENT ASSETS					
Stocks		21,677		21,686	
Debtors amounts falling due within one year	12	122,612		108,407	
Cash at bank and in hand		213,638		12,484	
		357,927		142,577	
CREDITORS					
Amounts falling due within one year	13	(981,869)		(856,469)	
NET CURRENT LIABILITIES			(623,942)		(713,892)
TOTAL ASSETS LESS CURRENT LIABILITIES			648,516		610,537
CREDITORS					
Amounts falling due more than one year	14		(982,561)		(1,164,235)
NET LIABILITIES BEFORE PENSION LIABILITY			(334,045)		(553,698)
PENSION LIABILITY	15		1,038,000		851,000
FUNDS					
Unrestricted funds		(1,401,686)		(1,434,339)	
Restricted funds		29,641		29,641	
TOTAL FUNDS	17		(1,372,045)		(1,404,698)
			(334,045)		(553,698)

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Trustees on 19 June 2013 and were signed on its behalf by


G S Knox - Trustee


S P Jones - Trustee

ACTIVE LIFE LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	31 12 12 £	31 12 11 £
Net cash inflow from operating activities	1	493,554	247,853
Returns on investments and servicing of finance	2	952	371
Capital expenditure and financial investment	2	(171,458)	(534,525)
		<u>323,048</u>	<u>(286,301)</u>
Financing	2	(145,254)	302,441
		<u>177,794</u>	<u>16,140</u>
Increase in cash in the period			

Reconciliation of net cash flow to movement in net debt

3

Increase in cash in the period	177,794	16,140
Cash (outflow)/inflow from increase in debt and lease financing	<u>145,254</u>	<u>(302,441)</u>
Change in net debt resulting from cash flows	<u>323,048</u>	<u>(286,301)</u>
Movement in net debt in the period	323,048	(286,301)
Net debt at 1 January	<u>(1,401,587)</u>	<u>(1,115,286)</u>
Net debt at 31 December	<u>(1,078,539)</u>	<u>(1,401,587)</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 RECONCILIATION OF NET INCOMING\OUTGOING) RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 12 12	31 12 11
	£	£
Net incoming\outgoing) resources	153,653	(100,748)
Other finance costs	15,000	(7,000)
Depreciation charges	222,637	168,471
Loss on disposal of fixed assets	792	-
Interest received	(952)	(371)
Decrease in stocks	9	6,310
(Increase) / decrease in debtors	(14,205)	68,242
Increase in creditors	65,620	70,949
Difference between pension charge and cash contributions	<u>51,000</u>	<u>42,000</u>
Net cash inflow from operating activities	<u>493,554</u>	<u>247,853</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 12	31 12 11
	£	£
Returns on investments and servicing of finance		
Interest received	<u>952</u>	<u>371</u>
Net cash inflow for returns on investments and servicing of finance	<u>952</u>	<u>371</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(171,458)</u>	<u>(534,525)</u>
Net cash outflow for capital expenditure and financial investment	<u>(171,458)</u>	<u>(534,525)</u>
 Financing		
Capital repayments in year	(50,000)	(64,500)
New finance leases	104,582	518,317
Repayments on finance leases	<u>(199,836)</u>	<u>(151,376)</u>
Net cash (outflow)/inflow from financing	<u>(145,254)</u>	<u>302,441</u>

ACTIVE LIFE LIMITED**NOTES TO THE CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 DECEMBER 2012**3 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 1 12 £	Cash flow £	At 31 12 12 £
Net cash			
Cash at bank and in hand	12,484	201,154	213,638
Bank overdraft	-	(23,360)	(23,360)
	<u>12,484</u>	<u>177,794</u>	<u>190,278</u>
Debt			
Finance lease	(914,071)	95,254	(818,817)
Debts falling due within one year	(50,000)	-	(50,000)
Debts falling due after one year	<u>(450,000)</u>	<u>50,000</u>	<u>(400,000)</u>
	<u>(1,414,071)</u>	<u>145,254</u>	<u>(1,268,817)</u>
Total	<u>(1,401,587)</u>	<u>323,048</u>	<u>(1,078,539)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008), the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 2006

Under Financial Reporting Standard 17 (Retirement Benefits) the deficit on the Charitable Company's pension scheme has been included in the financial statements and the Charitable Company's reserves have therefore been reduced by the pension deficit creating net liabilities of £1,372,045 (2011 £1,404,698) at the year end. The Trustees are satisfied that the Charitable Company will be able to meet all its obligations as and when they fall due.

Going Concern

The Charitable Company has an agreement with Canterbury City Council for the operation of leisure centres until 31 March 2022 and an indication from Canterbury City Council that they will negotiate with the Charitable Company a management fee at a level which supports its activities for the remainder of the leases.

As disclosed in notes 13 and 14 the Charitable Company also has a loan outstanding of £450,000 from Canterbury City Council. The Council has agreed a repayment schedule with the Charitable Company and does not intend to withdraw this facility in the foreseeable future.

Accordingly, the Trustees are confident that the Charitable Company will continue to deliver positive cash flows and will be able to service its liabilities as and when they fall due. Accordingly, the Trustees consider that the charitable company will manage its business risks successfully and therefore continue to adopt the going concern basis in preparing the annual report and accounts.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the Charitable Company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income represents net sales of goods and services and management fees excluding value added tax, to customers during the year. Certain income is received in advance of the provision of the relevant service and as such is deferred until the service commences.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Building Improvements	- over the remaining life of the lease to the charitable company
Plant and equipment	- Between 20% and 50% straight line
Computer equipment - hardware	- 33% straight line
Computer equipment - software	- 20% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charitable company is exempt from corporation tax on its charitable activities.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES – continued

Service Concession Arrangements

The Charitable Company has a Service Contract with a Local Authority for the maintenance and operation of leisure centres owned by the Local Authority to which it has a lease and management service contract. The Authority has rights under the contract to specify the activities offered by the centres and have influence over the prices charged for them and also may have certain exclusive rights for the use of the centres at certain times. The contract specifies minimum standards for the services to be provided, with deductions from the service management fee payable being made if facilities are unavailable or performance is below the minimum standards.

Property, plant and equipment

The buildings and plant at the centres are leased to the Charitable Company as part of the overall contractual relationship with the Authority but the Authority maintains ultimate control of these assets. Accordingly the access which the Charitable Company has in the use of these assets is to enable it to operate the leisure centres, so that the Charitable Company can provide the public service it is contracted to provide, not to effectively own these public service assets. These assets are therefore not recognised on the Charitable Company's Balance Sheet.

Receipts

The Charitable Company receives an agreed payment from the Authority each year which is adjusted each year by inflation and can be reduced if the Charitable Company fails to meet availability and performance standards in any year but which is otherwise fixed.

In cases where the receipt from the Authority includes funding for specific works to be carried out in accordance with specifications laid down in the contract but which has not been spent at the year end a provision is included in the financial statements to reflect this.

Irrecoverable VAT

Given the nature of the Charitable Company's activities it attracts exempt supplies, which results in the Charitable Company falling under the partial exemption scheme. Input VAT is fully recovered on taxable supplies, together with a proportion of non attributable input VAT. Irrecoverable VAT is written off to the Statement of Financial Activities.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the Charitable Company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charitable Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Beneficial Loan

In accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, the notional interest associated with a beneficial loan is recognised in the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES – continued

Pension costs and other post-retirement benefits

The Charitable Company accounts for the pension scheme in accordance with the Financial Reporting Standard 17 Retirement Benefits

The Charitable Company operates a defined benefits pension scheme and pension charge is based on a full actuarial valuation dated 31 March 2010

The Charitable Company provides pension benefits for eligible staff through a Kent County Council administered pension scheme. The Kent County Council administered scheme is a multi-employer scheme which provides benefits based upon final pensionable pay

For defined benefit schemes the amounts charged to resources expended on charitable activities are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately if the benefits are vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities

The defined benefit scheme is funded, and the assets of the scheme are held separately from those of the charity in a trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on long dated high quality corporate bonds of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date

See note 15 for further information in connection with the Charitable Company's defined benefit scheme

Company Status

The Charitable Company is a company limited by guarantee. The members of the Charitable Company are the Trustees named on page 2. In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charitable Company

2 VOLUNTARY INCOME

	Restricted funds 2012 £	Unrestricted funds 2012 £	Total Funds 2012 £	Total funds 2011 £
Donations	-	13,158	13,158	13,516

3 INVESTMENT INCOME

	Restricted funds 2012 £	Unrestricted funds 2012 £	Total Funds 2012 £	Total funds 2011 £
Deposit account interest	-	952	952	371

ACTIVE LIFE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2012****4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Restricted funds 2012 £	Unrestricted funds 2012 £	Total Funds 2012 £	Total funds 2011 £
Operation of leisure centres	-	4,407,639	4,407,639	3,744,290
Total	-	4,407,639	4,407,639	3,744,290

5 RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	Restricted funds 2012 £	Unrestricted funds 2012 £	Total Funds 2012 £	Total funds 2011 £
Summary by fund type				
Operation of leisure centres	-	4,260,596	4,260,596	3,851,425
Total	-	4,260,596	4,260,596	3,851,425

	Staff costs 2012 £	Other costs 2012 £	Total 2012 £	Total 2011 £
Summary by expenditure type				
Operation of leisure centres	2,736,599	1,523,997	4,260,596	3,851,425
Total	2,736,599	1,523,997	4,260,596	3,851,425

6 GOVERNANCE COSTS

	Restricted funds 2012 £	Unrestricted funds 2012 £	Total Funds 2012 £	Total funds 2011 £
Auditors' remuneration	-	7,500	7,500	7,500

7 SUPPORT COSTS

Included in other costs of £1,523,997 as stated in note 5 above are support costs as follows

	31 12 12 £	31 12 11 £
Support staff costs	19,618	22,877
Premises expenses	506,161	437,834
Travel and accommodation	29,736	22,484
Legal and professional	30,902	56,907
	<u>586,417</u>	<u>540,102</u>

All support costs relate to the sole activity of the Charitable Company, being the provision of leisure, recreation and well being services

ACTIVE LIFE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2012****8 NET INCOMING/(OUTGOING) RESOURCES**

Net resources are stated after charging/(crediting)

	31 12 12	31 12 11
	£	£
Auditors' remuneration	7,500	7,500
Depreciation - owned assets	57,194	63,035
Depreciation - assets on hire purchase contracts and finance leases	165,443	105,436
Hire of plant and machinery	<u>5,584</u>	<u>8,696</u>

9 TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2012 nor for the year ended 31 December 2011

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 December 2012 nor for the year ended 31 December 2011

10 STAFF COSTS

	31 12 12	31 12 11
	£	£
Wages and salaries	2,439,379	2,247,098
Social security costs	119,509	102,795
Other staff costs	19,618	22,877
Other pension costs	<u>177,711</u>	<u>168,309</u>
	<u>2,756,217</u>	<u>2,541,079</u>

The average monthly number of employees during the year was as follows

	31 12 12	31 12 11
Full time	68	48
Part time	<u>252</u>	<u>261</u>
	<u>320</u>	<u>309</u>

One employee received remuneration between £60,000 and £70,000 in 2012 (One in 2011)

ACTIVE LIFE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2012****11 TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Computer equipment £	Totals £
COST				
At 1 January 2012	1,135,532	921,897	117,250	2,174,679
Additions	59,080	112,378	-	171,458
Disposals	-	(59,560)	-	(59,560)
At 31 December 2012	<u>1,194,612</u>	<u>974,715</u>	<u>117,250</u>	<u>2,286,577</u>
DEPRECIATION				
At 1 January 2012	387,692	350,600	111,958	850,250
Charge for year	80,787	138,930	2,920	222,637
Eliminated on disposal	-	(58,768)	-	(58,768)
At 31 December 2012	<u>468,479</u>	<u>430,762</u>	<u>114,878</u>	<u>1,014,119</u>
NET BOOK VALUE				
At 31 December 2012	<u>726,133</u>	<u>543,953</u>	<u>2,372</u>	<u>1,272,458</u>
At 31 December 2011	<u>747,840</u>	<u>571,297</u>	<u>5,292</u>	<u>1,324,429</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Improvements to property £	Plant and machinery £	Computer equipment £	Totals £
COST				
At 1 January 2012	664,375	585,892	8,848	1,259,115
Additions	-	104,582	-	104,582
Disposals	-	-	-	-
At 31 December 2012	<u>664,375</u>	<u>690,474</u>	<u>8,848</u>	<u>1,363,697</u>
DEPRECIATION				
At 1 January 2012	269,900	60,364	973	331,237
Charge for year	41,523	121,000	2,920	165,443
Eliminated on disposal	-	-	-	-
At 31 December 2012	<u>311,423</u>	<u>181,364</u>	<u>3,893</u>	<u>496,680</u>
NET BOOK VALUE				
At 31 December 2012	<u>352,952</u>	<u>509,110</u>	<u>4,955</u>	<u>867,017</u>
At 31 December 2011	<u>394,475</u>	<u>525,528</u>	<u>7,875</u>	<u>927,878</u>

ACTIVE LIFE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2012****12 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 12 12	31 12 11
	£	£
Trade debtors	82,404	78,344
Other debtors	-	298
Prepayments and accrued income	40,208	29,765
	<u>122,612</u>	<u>108,407</u>

13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 12	31 12 11
	£	£
Bank loans and overdrafts	23,360	-
Other loans	50,000	50,000
Hire purchase	236,256	199,836
Trade creditors	84,550	90,139
Social security and other taxes	37,605	31,795
VAT	7,398	14,794
Other creditors	51,155	62,853
Accruals and deferred income	491,545	407,052
	<u>981,869</u>	<u>856,469</u>

The bank overdraft at the year end is represented by a bank balance of £10,000 and net outstanding payments of £33,360. These amounts combined show an overdrawn bank balance at the year end. No bank account operated by the Charitable Company has been overdrawn during the year under review. The overdrawn balance is a book balance and the bank sweep facility ensures cleared funds are available to cover unrepresented cheques.

14 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 12 12	31 12 11
	£	£
Other loans - 1-2 years	50,000	50,000
Other loans - 2-5 years	350,000	400,000
Hire purchase	582,561	714,235
	<u>982,561</u>	<u>1,164,235</u>

No interest is chargeable on the other loan outstanding at the year end. It is repayable by quarterly instalments of £12,500, and will be fully repaid by 2022.

15 EMPLOYEE BENEFIT OBLIGATIONS

The Charitable Company operates a defined benefit pension scheme, which is funded. The pension scheme is administered by The Kent County Council.

The pension costs and provision for the year ending 31 December 2012 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 March 2010.

ACTIVE LIFE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2012**15 EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in the balance sheet are as follows

	Defined benefit pension plans	
	31 12 12	31 12 11
	£	£
Present value of funded obligations	(4,036,000)	(3,515,000)
Fair value of plan assets	<u>2,998,000</u>	<u>2,664,000</u>
Deficit in the scheme	<u>(1,038,000)</u>	<u>(851,000)</u>
Net liability	<u>(1,038,000)</u>	<u>(851,000)</u>

The amounts recognised in the statement of financial activities are as follows

	Defined benefit pension plans	
	31 12 12	31 12 11
	£	£
Current service cost	175,000	169,000
Interest cost	169,000	173,000
Expected return	(154,000)	(180,000)
Past service cost	-	-
	<u>190,000</u>	<u>162,000</u>
Actual return on plan assets	<u>218,000</u>	<u>(15,000)</u>

Changes in the present value of the defined benefit obligation are as follows

	Defined benefit pension plans	
	31 12 12	31 12 11
	£	£
Opening defined benefit obligation	3,515,000	3,135,000
Current service cost	175,000	169,000
Past service cost	-	-
Contributions by scheme participants	53,000	53,000
Interest cost	169,000	173,000
Actuarial losses	186,000	63,000
Benefits paid	<u>(62,000)</u>	<u>(78,000)</u>
	<u>4,036,000</u>	<u>3,515,000</u>

ACTIVE LIFE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2012****15 EMPLOYEE BENEFIT OBLIGATIONS - continued**

Changes in the fair value of scheme assets are as follows

	Defined benefit pension plans	
	31 12 12	31 12 11
	£	£
Opening fair value of scheme assets	2,664,000	2,578,000
Contributions by employer	124,000	127,000
Contributions by scheme participants	53,000	53,000
Expected return	154,000	180,000
Actuarial gains/(losses)	65,000	(196,000)
Benefits paid	(62,000)	(78,000)
	<u>2,998,000</u>	<u>2,664,000</u>

The amounts recognised in the statement of recognised gains and losses are as follows

	Defined benefit pension plans	
	31 12 12	31 12 11
	£	£
Actuarial losses	<u>(121,000)</u>	<u>(259,000)</u>
	<u>(121,000)</u>	<u>(259,000)</u>
Cumulative amount of actuarial losses	<u>(583,000)</u>	<u>(462,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows

	Defined benefit pension plans	
	31 12 12	31 12 11
Equities	69 00%	72 00%
Gilts	1 00%	1 00%
Bonds	13 00%	14 00%
Property	10 00%	10 00%
Cash	3 00%	3 00%
Target return portfolio	4 00%	0 00%
	<u>100 00%</u>	<u>100 00%</u>

ACTIVE LIFE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2012****15 EMPLOYEE BENEFIT OBLIGATIONS - continued**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31 12 12	31 12 11
Discount rate	4.70%	4.70%
Price increases	3.10%	3.00%
Future salary increases	4.50%	4.50%
Future pension increases	2.60%	2.20%

Amounts for the current and previous four periods are as follows

	31 12 12	31 12 11	31 12 10	31 12 09	31 12 08
Defined benefit pension plans					
Defined benefit obligation	(4,036,000)	(3,515,000)	(3,135,000)	(3,598,000)	(2,245,000)
Fair value of scheme assets	2,998,000	2,664,000	2,578,000	2,241,000	1,781,000
Deficit	(1,038,000)	(851,000)	(557,000)	(1,357,000)	(464,000)
Experience adjustments on scheme assets	65,000	(196,000)	5,000	187,000	(569,000)
Experience adjustments on scheme liabilities	-	-	360,000	-	1,000

16 CAPITAL COMMITMENTS

At 31 December 2012 the Charitable Company had capital commitments as follows

	31 12 12 £	31 12 11 £
Contracted for but not provided in these financial statements	-	-

ACTIVE LIFE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2012****17 MOVEMENT IN FUNDS**

	At 1 1 12 £	Net movement in funds £	Transfers between funds £	At 31 12 12 £
Unrestricted funds				
General fund	(1,434,339)	32,653	-	(1,401,686)
Restricted funds				
Henry Smith Fund	5,000	-	-	5,000
MEND	1,382	-	-	1,382
Active Kids 4 Life	23,259	-	-	23,259
	<u>29,641</u>	<u>-</u>	<u>-</u>	<u>29,641</u>
TOTAL FUNDS	<u>(1,404,698)</u>	<u>32,653</u>	<u>-</u>	<u>(1,372,045)</u>

Restricted funds comprise Henry Smith Charity, MEND and Active Kids 4 Life

The use of the Henry Smith fund is to purchase equipment to assist disabled people to access and enjoy the facilities

The use of the MEND fund is to deliver an exercise and nutrition program for overweight children

The use of Active Kids 4 Life fund is to continue to deliver an exercise and nutrition program for the graduates of the MEND programme

18 RELATED PARTIES

Mr Peter Newey, one of the trustees of the Charitable Company, is also a business partner of Farrer Barnes Limited

During the year under review, the Charitable Company made no payments (2011 £2,160) to Farrer Barnes Limited for recruitment services provided to the Charitable Company. There were receipts from Farrer Barnes Limited of £1,183 (2011 £1,641) for the use of Kingsmead Hall. At the year end there were no amounts receivable from Farrer Barnes Limited (2011 £123)

19 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party. The Charitable Company is controlled by the Trustees.