

Registered number: 02645699
Charity number: 1010563

JESMOND COMMUNITY LEISURE

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

JESMOND COMMUNITY LEISURE
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2012

Trustees

Paul Rea, Chair
Christopher J L Clarke
Michael D Miller
Russell S Deane
W Leslie Hodgson
Elisabeth McAlpine
Philip M Moxon
B Jane Lowdon
David Rushworth
Richard S Taylor
J Barrie Thompson
Simon Leach
Paul Ryder
R Jane Gibbon
Peter A Slater

Company registered number

02645699

Charity registered number

1010563

Registered office

Jesmond Pool, St George's Terrace, Jesmond, Newcastle, NE2 2DL

Company secretary

Christopher J L Clarke

Chief executive officer

Glenn Armstrong

Independent auditors

Ryecroft Glenton, 32 Portland Terrace, Newcastle upon Tyne, NE2 1QP

Bankers

The Co-operative Bank plc, PO Box 101, 1 Balloon Street, Manchester, M60 4EP

Barclays Bank plc, 4 Acorn Road, Newcastle upon Tyne, NE2 2DJ

Solicitors

Dickinson Dees, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne, NE1 3DX

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report together with the audited financial statements of Jesmond Community Leisure (the charitable company) for the year ended 31 December 2012. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The charitable company changed its name to Jesmond Community Leisure on 23rd February 2011. The company continues to be known under the name Jesmond Pool.

The project supports and voluntarily complies with the Charter of Integrity of the Sports and Recreation Trusts Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

Jesmond Community Leisure is a charitable company limited by guarantee set up by a Memorandum of Association on 13 September 1991 and is a registered charity number 1010563.

The object for which the company was established was defined in its original Memorandum as "the provision of swimming facilities for recreation and other leisure time activities for the inhabitants of the local and wider community." Through realising this object, the activities of the charitable company are actively displaying public benefit.

During 2012 the company decided on a broadening of its objects, in order to enable it to provide a wider range of services to its customers. An additional object, "the advancement of education, culture and the arts for the public benefit, including the provision of libraries, cultural activities, learning and information centres and other related services" was approved at a special meeting of the company on 10 June 2012, accepted by Companies House on 14 August 2012, and by the Charity Commission on 1 October 2012.

b. METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

The articles of association define the company structure, which includes both members of the company and directors (both of whom are appointed by the Board). There are currently no bodies who are automatically entitled to nominate directors to the Board, and the Board currently has no plans for changing this. New trustees are identified from amongst the customers and supporters of the project, including those attending the annual meeting. When a particular expertise is required (such as the Finance Director), an open recruitment process is followed.

c. POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

A Trustees' Handbook has been drawn up, to assist in advising new trustees and members of their responsibilities.

d. ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Board of Directors is responsible for making all strategic decisions, and normally meets once a month. Unless particularly sensitive matters are under discussion, Board meetings are open to the public. The Board has established specific working groups, comprising a mixture of trustees, members, staff and other volunteers, to provide advice on Finance, Fundraising, Personnel, Communications, Building Development, and "Looking

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

Ahead" – a group which aims to take a longer term look at potential opportunities for taking forward the company. These groups report to the monthly Board meetings. Day to day management of the activities of the pool and ancillary leisure facilities are delegated to the Chief Executive, who is not a director.

e. RISK MANAGEMENT

The Trustees have assessed the major 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 our exposure to the major risks.

OBJECTIVES AND ACTIVITIES

a. POLICIES, OBJECTIVES AND STRATEGIES FOR ACHIEVING THOSE OBJECTIVES

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the charity commission relating to public benefit.

The overall objects of the company have been slightly broadened during 2012, as described above. In addition its detailed policies and objectives have been refined over the years since its establishment, most notably in the sets of Social Accounts first published in 2007 (the 2006 Social Accounts) and most recently reviewed in the 2008 and 2010 Social Accounts. A further set of Social Accounts covering the period up until the end of 2012 is currently in preparation and is expected to be formally considered by the company during 2013. The 2010 Social Accounts set out the project's Objectives and Strategies as follows:

To meet the swimming and leisure related needs of all groups in the local and wider community

Constantly review the programme and take into consideration customer feedback and community concerns. Network with other similar projects across the country, learn from them and assist them whenever we can.

To secure the long term future of the project by maintaining its financial viability

Employ rigorous financial controls and management systems.
Operate in a way that meets Charity Commission and Company regulatory requirements.
Use regular budgetary controls, cash flow and pricing reviews.
Take reputable legal and financial advice.
Have a Trustee working group for financial matters.

To ensure we retain local support, through a strong sense of community interaction

Be open and accountable in operating the project on behalf of local people, through communication with our community.
Keep local people aware of the operation and updated on the project's progress, and attend community events.
Encourage public to attend Trustee meetings.
Provide a programme that reflects customer demand.
Have a Trustee working group for communication matters.

To maintain and develop the building, at least in line with lease requirements

Enhance and develop the building as funds allow.
Have a Trustee working group for building matters.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

To provide a working environment that values and develops all of its people to ensure business success, whilst being inclusive and participative

Recruit, train and retain motivated, highly qualified, flexible and empowered staff.
Encourage full staff participation in the running and success of the project.
Enhance the skills of staff by providing excellent training opportunities.
Offer high quality training and support to all operational volunteers, enabling them to gain paid employment at Jesmond Pool or elsewhere.
Make full use of volunteers as Trustees/Directors and Members of the project.
Have a Trustee working group for Human Resource matters.

To operate the building and activities, following current industry and best practice guidelines

Ensure operational managers are industry qualified, and keep Trustees updated with industry trends.
Regularly train all staff in operational matters, following industry best practice guidelines.

To reduce our environmental impact

Operate the building in an energy efficient manner.
Identify and reduce our carbon footprint.
Provide facilities to encourage users to walk, cycle or use nearby public transport to reach the pool.
Actively recycle products used within the pool by staff and customers.
To keep our chemical impact as low as possible by using new technologies.

b. ACTIVITIES FOR ACHIEVING OBJECTIVES

During 2012 the company continued to develop its activities in pursuit of these objectives, following on from the activities documented in the 2010 social accounts. The Pool continues to play a prominent role in the local and wider community and during 2012 took part in discussions which it is hoped will facilitate the emergence of a new community-run structure for Jesmond Library.

A further Strategy Day was held on 26 May 2012, to help identify and refine the company's strategic priorities, including making full use of a new extension to the building, which was completed in the early autumn and officially opened by the Paralympic Gold Medallist Josef Craig on 1 December. Early signs are that the visibility of the new gym, along St George's Terrace, has helped attract new customers to the building, while a new treatment room, operated by Jala Therapies, provides an additional service for customers.

c. VOLUNTEERS

The charitable company is grateful for the unstinting efforts of its volunteers who are involved in service provision. It is estimated that over 1,000 volunteer hours were provided during the year of which approximately 1/5th related to essential work with the remainder enhancing the quality of service offered by the pool.

ACHIEVEMENTS AND PERFORMANCE

a. GOING CONCERN

After making appropriate enquiries, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. REVIEW OF ACTIVITIES

Mission

Supporting our community through the provision of swimming and other leisure related activities.

Values

- Belief in the power of sport and leisure related activities, to benefit all members of our community, regardless of their state of health or disability, and
- Belief in the ability of local communities to meet local needs.

Objective 1: to meet the swimming and leisure needs of all groups in the local and wider community.

We endeavour to offer a programme of activities to suit the needs of all our customers. We have kept our swimming timetable as accessible as possible, recognising the differing needs of adults and children, in times and in style of activity. There are slots in our timetable for babies through to older people, with instruction available for all. Holiday programmes also recognise these needs.

Activities in the fitness suites recognise differing needs by offering classes for teenagers and older people, or those on GP referrals. The basement and pool-side fitness suites each have a slightly different ambience and range of equipment, providing an extra degree of choice for the increasing number of customers using fitness equipment.

The upstairs studio is used by all ages and by groups ranging from baby massage classes, through children's holiday activities, to a full range of exercise, dance and fitness classes.

We know that the majority of our users are local, but we also draw support from a wide area.

Our impact on other similar bodies throughout the UK remains good, and we continue to offer advice and support to many organisations on operational management and social accounting.

Objective 2: to secure the long term future of the Project by maintaining its financial viability.

Our financial performance is monitored by the finance group, which meets every month and reports back to the Trustees. Monthly budget reports and P&L accounts are prepared and investigated to ensure we are up to date with financial performance.

We have tried to benchmark our financial performance with others in the industry, and have been part of a Sporta (the national recreational trusts organisation) benchmarking project. This has shown our performance to be exceptional, considering our size, and the competition around us. We shall continue to work with this group to develop this.

Objective 3: to ensure that we retain local support, through a strong sense of community interaction.

We network with as many community groups as possible, through our staff and Trustees, and maintain an ongoing dialogue with users, through the staff and customer comments. Our website enables us to convey information to users, and we put all our main documents on the site for all to see. We have always found that our users are happy to speak to us to suggest improvements, or question what we do. This is invaluable marketing for us, and something we value strongly. We produce and deliver our Splash newsletter several times during the year, when we let the community know what we have been doing, and are planning for the future. This includes an annual special edition of the newsletter, targeted at new students moving into the area at the beginning of the autumn term. We have also further developed the use of social media such as Facebook and the use of email lists, and generate publicity through the Jesmond Local website.

We support the annual Jesmond Community Festival both through providing some funding, and through making our premises available free of charge. We have a Trustee group dealing purely with communications, who advise and direct the organisation in its community interaction.

We support young people from our local community through providing training and volunteering opportunities.

Objective 4: to maintain and develop the building, at least in line with lease requirements.

We far exceed our lease requirements in looking after, and developing the building, as we need to ensure we offer a good service. Since our upgrading of the building in 2003, we have continued to invest in improvements and maintenance, in order to keep the building open and usable. We have never had to close the service, due to neglect or lack of spending, and we have a Trustee group who meet when required, to look after all building aspects.

2012 was notable, not just for the construction of a new building extension, mentioned elsewhere, but also for the repeated instances of flooding, which affected the building's basement level, along with many other buildings in Jesmond. We are very grateful for the efforts of staff and volunteers, whose prompt assistance helped minimise the interruption to our services, and to our insurers and various building and service companies.

Objective 5: to provide a working environment that values and develops all of its people, to ensure business success, whilst being inclusive and participative.

In 2009, we received a certificate from Investors in People, for being recognised for over 10 years. This is a great testament for the company, and meets this objective perfectly. We opted to use the new standard in our IIP reassessment, and were judged to be "Bronze" level. We just missed out on the "Silver" level, but we are now in the top 3% of businesses in the country, on people management issues.

Staff are involved in the management of the business as much as they would like to be, with members on sub groups, and staff participation at strategic planning events.

Training is a constant activity at the pool, with all lifeguards needing to re qualify every 2 years. We also develop staff in other areas to help the business, and their own development. Volunteers continue to be a vital aspect of Jesmond Pool, and we train and develop local people throughout the year. Any typical year will see over 50 new lifeguards come from our training programmes, and many of these go on to work for us in unpaid and/or paid positions. It is particularly pleasing when local children who have used the pool all of their lives, go on to be lifeguards for us. This has happened on many occasions, and the service benefits greatly from this.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

Objective 6: to operate the building and activities, following current industry and best practice guidelines.

We ensure that all activities are led by suitably qualified staff, and follow sector guidelines. Our procedures are reviewed as part of ongoing training, and we ensure that all staff who need CRB (criminal records bureau) clearance are validated before working for us. We remain part of the Leisurewatch scheme for child protection, and we have our Approved Training Centre status externally reviewed each year.

Several of our staff members are members of leisure institutes, and receive regular updates on industry provision and developments. We also have staff members attending industry seminars and updates as part of CPD and currency status.

Objective 7: to reduce our environmental impact.

We had a building review by the Carbon Trust in 2009, following their grant in the previous year for our solar panels. The report was extremely favourable, and there were no significant issues or recommendations.

We continue to reduce our energy consumption, through good housekeeping and maintenance, and have been successful in reducing our carbon footprint by 20 tonnes per year.

FINANCIAL REVIEW

a. RESERVES POLICY

The directors consider the reserves of the company to be adequate to meet the immediate working capital needs of the company. At the present time, the company has free, unrestricted reserves of £259,244. The level of reserves reduced during 2012, as a result of the cost of building our new extension. Free reserves do not include those reserves that could only be realised by disposing of fixed assets. The Trustees are confident that free, unrestricted reserves will rise over the next few years to accomplish the reserves policy. This policy is that in the short term unrestricted reserves will not fall below £50,000, and the longer term aim is to build free reserves to a level equivalent to one year's turnover which at 31 December 2012 would be £598,000.

b. PRINCIPAL FUNDING

As a charity, Jesmond Community Leisure is unusual in that the vast majority of its income comes directly from its trading activities.

Income generated from charitable activities fees and subscriptions was £511,929, compared to costs of generating those activities of £568,806, giving an apparent net deficit on the provision of charitable activities of £56,877. Overall, the charitable company generated a small surplus in net incoming resources of £19,311 (2011: £8,015) and the Trustees consider the results for the year to be satisfactory, given the difficult economic circumstances.

PLANS FOR THE FUTURE

The company's financial performance was badly affected during 2012, as a result of the effect of building works on the quality of customers' experience whilst using the building, flooding, and the prevailing economic climate, including rising energy costs. The company's immediate priority is therefore to restore our finances to a more stable and sustainable level, and attract additional customers to use the new facilities.

In the longer term the company continues to be alive to opportunities to use its experience on a wider canvas, without ever risking the continued success of its core business.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Jesmond Community Leisure for the purposes of company law) are responsible for preparing the Trustees' report and 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and 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.

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' report is approved have confirmed that:

- so far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditor in connection with preparing its report and to establish that the charitable company's auditor is aware of that information.

AUDITOR

The auditors, Ryecroft Glenton, have indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 19 May 2013 and signed on their behalf by:

P Rea, Chair

JESMOND COMMUNITY LEISURE
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JESMOND COMMUNITY LEISURE

We have audited the financial statements of Jesmond Community Leisure for the year ended 31 December 2012 set out on pages 11 to 23. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the trustees' responsibilities statement, 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.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. 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 Trustees' report 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 applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JESMOND COMMUNITY LEISURE

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Ryecroft Glenton

Chartered Accountants
Statutory Auditor

32 Portland Terrace
Newcastle upon Tyne
NE2 1QP
21 May 2013

Ryecroft Glenton are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

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STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Restricted funds 2012 £	Unrestricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	5,000	52,857	57,857	6,411
Activities for generating funds	3	-	17,749	17,749	11,641
Investment income	4	-	7,641	7,641	8,762
Incoming resources from charitable activities	5	-	511,929	511,929	526,036
Other incoming resources	6	-	7,945	7,945	850
TOTAL INCOMING RESOURCES		5,000	598,121	603,121	553,700
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	7	-	5,500	5,500	-
Fundraising expenses and other costs	3	-	11,126	11,126	6,413
Charitable activities	8	-	561,259	561,259	533,135
Governance costs	11	-	5,925	5,925	6,137
TOTAL RESOURCES EXPENDED		-	583,810	583,810	545,685
NET INCOME BEFORE TRANSFERS		5,000	14,311	19,311	8,015
Transfers between Funds	18	(5,000)	5,000	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		-	19,311	19,311	8,015
<i>Total funds at 1 January 2012</i>		-	1,517,057	1,517,057	1,509,042
TOTAL FUNDS AT 31 DECEMBER 2012		-	1,536,368	1,536,368	1,517,057

The notes on pages 14 to 23 form part of these financial statements.

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REGISTERED NUMBER: 02645699

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	14		1,277,124		1,051,347
CURRENT ASSETS					
Stocks		4,382		4,433	
Debtors	15	35,074		34,163	
Cash at bank and in hand		253,956		481,623	
			<u>293,412</u>	<u>520,219</u>	
CREDITORS: amounts falling due within one year	16	(34,168)		(42,933)	
NET CURRENT ASSETS			<u>259,244</u>		<u>477,286</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,536,368</u>		<u>1,528,633</u>
CREDITORS: amounts falling due after more than one year	17		-		(11,576)
NET ASSETS			<u>1,536,368</u>		<u>1,517,057</u>
CHARITY FUNDS					
Unrestricted funds	18		<u>1,536,368</u>		<u>1,517,057</u>
TOTAL FUNDS			<u>1,536,368</u>		<u>1,517,057</u>

The Trustees consider that the charitable company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charitable company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at 31 December 2012 and of its net incoming resources for the year in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the charitable company.

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).

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BALANCE SHEET (continued)
AS AT 31 DECEMBER 2012

The financial statements were approved by the Trustees on 19 May 2013 and signed on their behalf, by:

P Rea, Chair

The notes on pages 14 to 23 form part of these financial statements.

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

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

The Trustees have considered the charitable company's current and future prospects and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

1.2 TURNOVER

Turnover comprises revenue recognised by the charitable company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 COMPANY STATUS

The charitable company is a company limited by guarantee. 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.

1.4 FUND ACCOUNTING

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The costs 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.

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

1. ACCOUNTING POLICIES (continued)

1.5 INCOMING RESOURCES

All incoming resources are included in the statement of financial activities when the charitable company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income is received as grants and donations. All monetary donations and grants are included in full in the Statement of Financial Activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Grants receivable for fixed assets are credited to restricted funds until the asset is purchased, at which point they are transferred to unrestricted funds unless the grant provider has included additional restrictions.

Gifts in kind for use by the charity are valued at the estimated cost which would have been incurred by the charity.

Investment income comprises bank and building society interest. The income is recognised when receivable.

1.6 FEES AND SUBSCRIPTIONS

Fees represent income receivable from the provision of swimming, sports and leisure activities to individuals and organisations on a pay for use basis.

Subscriptions received in advance of the period to which they relate are deferred.

1.7 RESOURCES EXPENDED

Expenditure is allocated to the activity to which it relates. The total expenditure against activities shown in the Statement of Financial Activities includes both those costs that relate directly to the activity and an apportionment of support costs against the activity. The costs of staff involved in both charitable and support activities (defined below) have been allocated on the basis of an annual estimate of the time spent by these staff on these activities.

Support costs are those costs that cannot be directly allocated to a charitable activity. They include all central and management costs and administration overheads. Support costs are apportioned between the activities of the charity on a basis consistent with the use of the resources. This has been estimated on the basis of the relative direct costs of the activities. As the direct costs of charitable activities represent more than 95% of total direct costs of the organisation, support costs have been allocated in full against charitable activities, rather than apportion insignificant costs to other activities.

Governance costs are those costs associated with the constitutional and statutory requirements of the charitable company.

The project is not registered for VAT and accordingly the costs shown are inclusive of VAT where applicable.

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

1. ACCOUNTING POLICIES (continued)

1.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

The policy with respect to impairment reviews of fixed assets is ...

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:

Leasehold building Improvements -	5 to 40 years
Pool & sport equipment -	5 years
Fixtures & fittings -	5 years
Office equipment -	3 to 5 years

1.9 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 on a straight line basis.

1.10 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.11 PENSIONS

The charitable company operates a defined contribution pension scheme. The amount charged to the statement of financial activities represents amounts payable by the charitable company for the period.

2. VOLUNTARY INCOME

	Restricted funds	Unrestricted funds	Total funds	<i>Total funds</i>
	2012	2012	2012	<i>2011</i>
	£	£	£	<i>£</i>
Donations	-	3,120	3,120	55
Grants	5,000	-	5,000	6,356
Gifts in kind	-	49,737	49,737	-
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	5,000	52,857	57,857	<i>6,411</i>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

JESMOND COMMUNITY LEISURE
(A company limited by guarantee)

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

3. TRADING ACTIVITIES

	Restricted funds 2012 £	Unrestricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Sale of goods	-	17,749	17,749	11,641
Cost of goods sold	-	11,126	11,126	6,413
Net income from trading activities	-	6,623	6,623	5,228

4. INVESTMENT INCOME

	Restricted funds 2012 £	Unrestricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Bank and savings account income	-	7,641	7,641	8,762

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Restricted funds 2012 £	Unrestricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Provision of swimming and leisure activities	-	511,929	511,929	526,036

Income from charitable activities is received as:

	2012 £	2011 £
Fees	330,691	343,212
Subscriptions	181,238	182,824
Total	511,929	526,036

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

6. OTHER INCOMING RESOURCES

	Total funds 2012 £	Total funds 2012 £	Total funds 2011 £
Compensation payment	4,050	4,050	-
Consultancy income	-	-	850
Insurance claim receivable	3,895	3,895	-
	<u>7,945</u>	<u>7,945</u>	<u>850</u>

7. COSTS OF GENERATING VOLUNTARY INCOME

	Total funds 2012 £	Total funds 2011 £
Grant and lottery bid costs	<u>5,500</u>	<u>-</u>

8. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £	Total 2011 £
Provision of swimming and leisure activities	<u>511,575</u>	<u>49,684</u>	<u>561,259</u>	<u>533,135</u>

9. CHARITABLE ACTIVITIES DIRECT COSTS

	Swimming and leisure activities £	Total 2012 £	Total 2011 £
Chemicals and services	66,374	66,374	55,599
Premises costs and equipment maintenance	67,889	67,889	59,464
Staff expenses	5,551	5,551	3,945
Hire purchase interest and arrangement fee	6,088	6,088	6,009
Wages and salaries	258,328	258,328	257,601
National insurance	14,865	14,865	14,955
Pension cost	10,761	10,761	11,113
Depreciation	81,719	81,719	75,498
	<u>511,575</u>	<u>511,575</u>	<u>484,184</u>

JESMOND COMMUNITY LEISURE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

10. SUPPORT COSTS

	Allocated to charitable activities	Total 2012	<i>Total 2011</i>
	£	£	£
Bank charges	4,603	4,603	3,418
Advertising	1,168	1,168	2,569
Printing and stationery	2,915	2,915	2,733
Telephone and postage	2,839	2,839	2,602
Wages and salaries	34,458	34,458	33,933
National insurance	3,701	3,701	3,695
	<u>49,684</u>	<u>49,684</u>	<u>48,950</u>

11. GOVERNANCE COSTS

	Restricted funds 2012	Unrestricted funds 2012	Total funds 2012	<i>Total funds 2011</i>
	£	£	£	£
Auditors' remuneration (inclusive of VAT)	-	5,250	5,250	5,162
Accountancy fees	-	675	675	975
	<u>-</u>	<u>5,925</u>	<u>5,925</u>	<u>6,137</u>

12. NET INCOME

This is stated after charging:

	2012	<i>2011</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	64,352	58,131
- held under finance leases	17,367	17,367
Auditors' remuneration	5,250	5,162
Pension costs	10,761	11,113
	<u>107,730</u>	<u>102,873</u>

During the year, no Trustees received any remuneration (2011 - £NIL).

During the year, no Trustees received any benefits in kind (2011 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2011 - £NIL).

JESMOND COMMUNITY LEISURE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

13. STAFF COSTS

Staff costs were as follows:

	2012	<i>2011</i>
	£	£
Wages and salaries	292,786	291,535
Social security costs	18,566	18,650
Other pension costs	10,761	11,113
	<u>322,113</u>	<u>321,298</u>

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

	2012	<i>2011</i>
	No.	No.
Teachers and coaches	7	7
General staff	7	7
Management and administration	6	6
	<u>20</u>	<u>20</u>

No employee received remuneration amounting to more than £60,000 in either year.

14. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Office equipment £
COST				
At 1 January 2012	1,426,715	309,374	7,192	28,784
Additions	251,884	51,457	-	4,155
At 31 December 2012	<u>1,678,599</u>	<u>360,831</u>	<u>7,192</u>	<u>32,939</u>
DEPRECIATION				
At 1 January 2012	427,920	262,451	7,192	23,155
Charge for the year	49,926	28,878	-	2,915
At 31 December 2012	<u>477,846</u>	<u>291,329</u>	<u>7,192</u>	<u>26,070</u>
NET BOOK VALUE				
At 31 December 2012	<u>1,200,753</u>	<u>69,502</u>	<u>-</u>	<u>6,869</u>
<i>At 31 December 2011</i>	<u><i>998,795</i></u>	<u><i>46,923</i></u>	<u><i>-</i></u>	<u><i>5,629</i></u>

JESMOND COMMUNITY LEISURE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

14. TANGIBLE FIXED ASSETS (continued)

	Total £
COST	
At 1 January 2012	1,772,065
Additions	307,496
At 31 December 2012	<u>2,079,561</u>
DEPRECIATION	
At 1 January 2012	720,718
Charge for the year	81,719
At 31 December 2012	<u>802,437</u>
NET BOOK VALUE	
At 31 December 2012	<u>1,277,124</u>
<i>At 31 December 2011</i>	<u>1,051,347</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2012 £	2011 £
Pool and sport equipment	-	17,367
	<u> </u>	<u> </u>

15. DEBTORS

	2012 £	2011 £
Trade debtors	3,903	4,071
Grant debtors	17,906	17,906
Prepayments and accrued income	13,265	12,186
	<u>35,074</u>	<u>34,163</u>
	<u> </u>	<u> </u>

JESMOND COMMUNITY LEISURE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Bank loans and overdrafts	491	-
Net obligations under finance leases and hire purchase contracts	11,579	17,370
Trade creditors	5,561	4,689
Social security and other taxes	4,916	5,230
Accruals and deferred income	11,621	15,644
	<u>34,168</u>	<u>42,933</u>

17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
Net obligations under finance leases and hire purchase contracts	-	11,576
	<u>-</u>	<u>11,576</u>

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
UNRESTRICTED FUNDS					
General Funds - all funds	1,517,057	598,121	(583,810)	5,000	1,536,368
RESTRICTED FUNDS					
Other Restricted Funds	-	5,000	-	(5,000)	-
Total of funds	<u>1,517,057</u>	<u>603,121</u>	<u>(583,810)</u>	<u>-</u>	<u>1,536,368</u>

Restricted grant income in the year represents a grant of £5,000 received from Sir James Knott Trust towards the cost of the new extension of the pool building. This was transferred to unrestricted funds as the asset to which the expenditure relates has been completed and fully commissioned.

JESMOND COMMUNITY LEISURE
(A company limited by guarantee)

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

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	1,517,057	598,121	(583,810)	5,000	1,536,368
Restricted funds	-	5,000	-	(5,000)	-
	<u>1,517,057</u>	<u>603,121</u>	<u>(583,810)</u>	<u>-</u>	<u>1,536,368</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2012 £	Unrestricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Tangible fixed assets	-	1,277,124	1,277,124	1,051,348
Current assets	-	293,410	293,410	520,218
Creditors due within one year	-	(34,166)	(34,166)	(42,932)
Creditors due in more than one year	-	-	-	(11,576)
	<u>-</u>	<u>1,536,368</u>	<u>1,536,368</u>	<u>1,517,057</u>

20. PENSION COMMITMENTS

The charitable company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to £10,761 (2011 - £11,113). There were contributions of £219 (2011 - £nil) payable to the fund at the balance sheet date.

JESMOND COMMUNITY LEISURE

DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	£	£
Income		
Swimming fees, gym fees, lessons and shop income	333,471	341,610
Clubs and schools swimming fees	14,969	13,243
Subscriptions	181,238	182,824
Consultancy	-	850
Compensation	4,050	-
Insurance claims	3,895	-
	537,623	538,527
Purchases		
Opening stock	4,432	1,200
Purchases	11,076	9,645
Less: closing stock	(4,382)	(4,432)
	11,126	6,413
Direct expenses		
Chemicals	7,345	4,075
Gas	21,123	18,994
Electricity	31,066	28,809
Water	5,060	6,130
Staff salaries	322,114	321,298
Other staff expenses	5,331	3,945
Rent and rates	3,420	3,971
Insurance	8,104	6,952
Maintenance materials	5,766	2,319
Maintenance services	20,018	15,532
General cleaning	4,801	5,371
Minor items of equipment	914	2,604
Direct management expenses	13,422	10,108
Depreciation	81,719	75,498
Cost of courses and coached activities	19,909	15,532
Bad debts written off	-	-
Hire purchase interest	6,088	6,009
	556,200	527,147
Surplus/(deficit) before overhead expenses	(29,703)	4,967
Administration	5,059	5,988
Operating loss	(34,762)	(1,021)

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JESMOND COMMUNITY LEISURE
DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	£	£
Operating loss	(34,762)	(1,021)
Other income		
Investment income	7,641	8,762
Grants received	5,000	6,411
Donations received and receivable	52,857	155
	<u>30,736</u>	<u>14,307</u>
	<u><u>30,736</u></u>	<u><u>14,307</u></u>
Governance costs	5,925	6,137
Fundraising expenses	5,500	-
	<u>19,311</u>	<u>8,170</u>
	<u><u>19,311</u></u>	<u><u>8,170</u></u>
Administration		
Bank charges	3,891	3,418
Advertising	1,168	2,569
	<u>5,059</u>	<u>5,987</u>
	<u><u>5,059</u></u>	<u><u>5,987</u></u>
Governance costs		
Audit and accountancy	5,925	6,137
	<u>5,925</u>	<u>6,137</u>
	<u><u>5,925</u></u>	<u><u>6,137</u></u>

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