

ACTIVITIES INDUSTRY MUTUAL LIMITED

Annual Report and Financial Statements

for the year ended 31 July 2018

Company Registration No. 05372198

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Company Information

Directors
RT Edwards
AM Gardiner
PTC Gordon
GF MacAulay
PA Rawlinsong Plant
P Reeve

Company number 05372198

**Financial Conduct Authority
Firm Reference Number** 451585

Registered office
7 Maltings Place
169 Tower Bridge Road
London
SE1 3JB

Auditor
Goodman Jones LLP
29-30 Fitzroy Square
London
W1T 6LQ

Managers
Regis Mutual Management Limited
7 Maltings Place
169 Tower Bridge Road
London
SE1 3JB

Chairman's Statement

Once again, I am very pleased to be able to report to you on another successful and prosperous year for the Activities Industry Mutual Limited (AIM).

The following financial statements show that income for the year ended 31st July 2018 was £2,590,273. This was up from £2,411,969 in 2017 and the Mutual recorded a surplus for the eleventh period in succession, of £71,716. Albeit lower than the £194,714 for the year ended 31st July 2017, nevertheless this contributes to an increase in the level of reserves to £678,153.

AIM has now entered its eleventh year and continues to prosper, despite challenges facing the industry. The ethos of mutuality, with a well-managed Mutual, owned and controlled by its Members and fully protected by excess insurance policies with the highest security, continues to hold a strong appeal and AIM's attraction as an alternative to traditional insurance is borne out by the increase in Membership and the recommendations by our Members. The Membership now stands at over 800 Members and contains a truly wide ranging and diverse mix, representing all sectors of the activity industry, from the large multi activity centres offering residential facilities to self-employed Instructors. We have also welcomed two new arrivals to the Regis team this year, being the Mutual Manager, Sophia Reed and Account Executive, Ralph Doe.

Claims and their defensibility continue to be an important part of the Mutual's work and the ability to defend successfully so many of the claims made is due to our Members' good risk management and safety procedures. This strong defensibility not only protects the Member's own brand and reputation but also the sector in which they operate, as well as the industry as a whole. It also ensures that reserves are not depleted in having to pay unmeritorious claims, but instead can be used to the benefit of all Members in hosting events and returning surpluses.

The Directors were pleased that we were once again able to make a distribution of surplus in 2018 and payments were made to over 220 continuing Members in March this year totalling £64,106. The prospects of future surplus distributions for later years, on the back of similarly good performances and the healthy increase in the Mutual's assets, are very good.

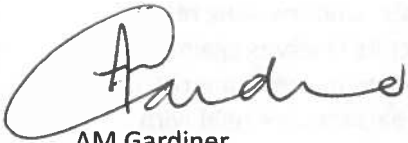
The Membership Committee which was introduced last year has met several times and has proved to be a very useful forum for discussion on developments affecting the industry, particularly the proposed changes to the AALA scheme, as well as an opportunity to gauge Member feedback on issues, and for Members to meet and share experiences. We welcome new Members so please let us know if you would like to attend.

As Members, you regularly tell us that you benefit from the insights gained from lessons learned arising from claims. This always features at our events and we recently welcomed several Members to an event in Aviemore on accident prevention and lessons learned. Earlier this year, in March, the Member Event and AGM was held in Plas Y Brenin. Thank you for your support for this. Whilst attendance was slightly down due to the heavy snowfall affecting people's journeys, feedback from the event was very good. Next year we will be holding our Member Event and AGM in London in March 2019 and we hope to see as many of you as possible there. My fellow Directors and I really enjoy meeting you all and learning how AIM assists your businesses.

Chairman's Statement

As ever, I would like to thank our Managers, Regis Mutual Management Limited, for their stewardship of the Mutual, and my fellow Directors for their valued hard work and commitment to AIM.

Finally, and most importantly, thank you to you, our Members. Your continued support is invaluable, and we are here to assist you when you need us. We will endeavour to continue to protect your interests and support you and the sector as the leading provider of liability cover.



AM Gardiner
Chairman
13 December 2018

Report of the Directors for the year ended 31 July 2018

The Directors present their annual report and financial statements for the year ended 31 July 2018.

Principal activities and review of the business

The principal activity of Activities Industry Mutual Limited is the provision of discretionary indemnities to its members on a mutual basis. A review of the development of the business during the year and its likely future development is included in the Chairman's Statement.

Results

The surplus for the year is £71,716 (2017: £194,714).

Financial risk management objectives and policies

Risks and uncertainties are monitored and assessed by the Board on a regular basis. Underwriting related risks are managed by purchasing excess and stop loss insurance in order to protect its reserves against single high value claims or an accumulation of claims. The Company has limited exposure to interest rate risk and credit risk. The Company's principal financial assets are bank balances. The bank balances are held with highly rated financial institutions. Liquidity risk is managed through contractual arrangements with its clients and through regular cash flow monitoring.

Directors

The Directors who held office during the year and up to the date of signing the financial statements are shown on page 1.

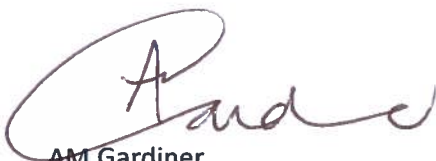
Director liability insurance

The Company maintains insurance policies on behalf of all the Directors against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Independent auditor

The auditor, Goodman Jones LLP, is deemed to be re-appointed under s487 of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf:



AM Gardiner

Chairman

13 December 2018

Independent Auditor's Report

To the Members of Activities Industry Mutual Limited

Opinion

We have audited the financial statements of Activities Industry Mutual Limited (the 'company') for the year ended 31 July 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its surplus 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Chairman's Statement and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Statement of Directors' Responsibilities for the year ended 31 July 2018

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors 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 Company and of the surplus or deficit of the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Statement of disclosure to auditor

So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware. They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor's Report To the Members of Activities Industry Mutual Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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 directors' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Amit Sharma (Senior Statutory Auditor)

**for and on behalf of
Goodman Jones LLP
Chartered Accountants
Statutory Auditor
13 December 2018**

29-30 Fitzroy Square
London
W1T 6LQ

Statement of Comprehensive Income
for the year ended 31 July 2018

	Note	2018 £	2017 £
Income			
Gross contributions	1 (c)	2,587,753	2,409,514
Other income	1 (d)	2,520	2,455
Total income	3	<u>2,590,273</u>	<u>2,411,969</u>
Expenditure			
Insurance premiums	1 (e)	(729,976)	(672,313)
Incurred claims	1 (f)	(983,716)	(786,974)
Net contributions and claims		<u>876,581</u>	<u>952,682</u>
Administrative expenses		(809,584)	(762,002)
Operating surplus	4	<u>66,997</u>	<u>190,680</u>
Investment income	5	4,929	4,162
Surplus on ordinary activities before taxation		<u>71,926</u>	<u>194,842</u>
Taxation	6	(210)	(128)
Surplus on ordinary activities for the financial year	12	<u>71,716</u>	<u>194,714</u>
Comprehensive income		<u>71,716</u>	<u>194,714</u>

All activities are derived from continuing operations.
The notes on pages 10 to 15 form part of these financial statements.

There are no items of other comprehensive income.

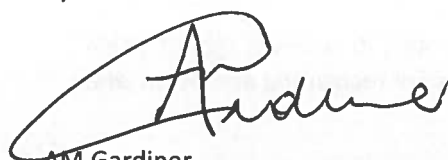
The Company has not presented a Statement of Changes in Equity because there are no equity holders in the Company as it is a mutual organisation.

Statement of Financial Position
as at 31 July 2018

	Note	2018 £	2017 £
Current assets			
Receivables	7	1,745,797	2,567,729
Cash at bank	9	1,026,342	2,270,428
Investments	8	1,494,108	-
		4,266,247	4,838,157
Current liabilities			
Creditors: amounts falling due within one year	10	(2,218,176)	(2,857,189)
		(2,218,176)	(2,857,189)
Net current assets			
		2,048,071	1,980,968
Provision for liabilities	11	(1,369,918)	(1,310,425)
Net Assets			
		678,153	670,543
Reserves			
General reserves		678,153	670,543
Members' funds			
	12	678,153	670,543

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities. The notes on pages 10 to 15 form part of these financial statements.

The financial statements of Activities Industry Mutual Limited (registered number 05372198) were approved by the Board of Directors and authorised for issue on 13 December 2018. They were signed on its behalf by:



AM Gardiner
Chairman

Notes to the Financial Statements for the year ended 31 July 2018

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

(a) General information and basis of accounting

Activities Industry Mutual Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Report of the Directors on page 4.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The discretionary protection covers provided by the Company are not contracts of insurance as the Company has absolute discretion as to whether any benefit is provided to its members, however for accounting purposes, the discretionary protection provided by the Company operates in a similar way to insurance and so the accounting principles in Financial Reporting Standard 103 (FRS 103) have been applied in the preparation of the financial statements.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements are presented in pounds sterling, which is also the Company's functional currency.

(b) Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

(c) Contributions

Contributions are recognised as earned in full on the basis of risks attaching during the year.

(d) Other income

Other income is recognised when received.

(e) Insurance premiums

The Company purchases excess and stop loss insurance in order to protect its reserves against single high value claims and an accumulation of claims. Insurance premiums are recognised as written when they become payable.

(f) Incurred claims

Incurred claims comprise claims paid in the year and provisions for outstanding claims, including provisions for claims incurred but not reported (IBNR), net of insurance recoveries. Liability for reported claims is recognised upon notification at the discretion of the Board. The Mutual engages professional loss adjustors and legal advisors to advise on the estimated reserves in respect of significant claims.

Notes to the Financial Statements for the year ended 31 July 2018

(g) Liability adequacy tests

Liability adequacy tests are performed to ensure the adequacy of claims reserves. In performing these tests, current best estimates of future contractual cash flows and administration expenses are used.

(h) Investments

Investments are shown at net market value. Investment income is recognised when receivable.

(i) Interest income

Interest is accrued using the effective interest method.

(j) Cash at bank and in hand

Cash at bank and in hand are basic financial assets and includes bank balances and other short-term, highly liquid investments with original maturities of three months or less. The carrying amount approximates to fair value because of the short-term maturity of these investments.

(k) Taxation

Current tax is provided at amounts expected to be paid (or recovered) on non-mutual income using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(l) Financial Instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic Financial Assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other Financial Assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit or loss, except investments in equity instruments that are not publicly traded and whose fair values cannot be reliably measured are measure at cost less impairment.

Impairment of Financial Assets

Financial assets, other than those held at fair value through the profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows have been affected. If the asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rates. The impairment loss is recognised in the statement of comprehensive income.

Notes to the Financial Statements for the year ended 31 July 2018

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Basic Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on all factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

No critical judgements, apart from those involving estimations (which are dealt with separately below) that have a significant effect on the amounts recognised in the financial statements were made by the Directors in the process of applying the Company's accounting policies.

Key source of estimation uncertainty – claims reserving

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported (IBNR), net of insurance recoveries. The estimate of the cost of claims includes direct expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures, including the reported claims' circumstances, any information available from loss adjusters and legal advisors and information on the cost of settling similar claims in previous periods. The estimate of IBNR is generally subject to a greater degree of uncertainty than the estimate of the cost of settling claims already notified to the Company, because more information about the claim event is usually available. Given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the estimated liability initially provided.

Notes to the Financial Statements
for the year ended 31 July 2018

3. Total income

Total income comprises contributions and other income as a result of providing discretionary protection. Income is derived entirely from activities in the United Kingdom.

4. Operating surplus

	2018	2017
	£	£

The operating surplus is stated after charging:

Auditor's remuneration (including irrecoverable VAT)

Audit-related assurance services	12,300	12,300
	12,300	12,300

Staff numbers and costs

The Company has no employees. The day-to-day management of the Company is carried out by the managers, Regis Mutual Management Limited.

	2018	2017
	£	£

Directors' remuneration

Emoluments	28,000	28,000
Total remuneration	28,000	28,000

The Company has no pension schemes.

5. Investment income

	2018
	£

Net loss arising from movements in market value	(5,892)
Interest receivable	10,821
	4,929

Notes to the Financial Statements
for the year ended 31 July 2018

6. Taxation

	2018	2017
	£	£
The tax charge comprises:		
UK Corporation tax	210	128

The Company is subject to UK corporation tax on its non-mutual income, which comprises entirely interest income. The Company is not subject to UK corporation tax on mutual income earned from its members.

The tax charge for the financial year is lower than that resulting from applying the standard rate of corporation tax. The differences are explained below.

	2018	2017
	£	£
Surplus on ordinary activities before tax	71,926	194,842
Tax charge at 20%	-	29,226
Tax charge at 19%	13,666	9,255
Effect of income and expenses not subject to corporation tax	(13,456)	(38,353)
Tax for the year	210	128

7. Receivables

	2018	2017
	£	£
Due within one year:		
Amounts due from Members	1,282,140	1,168,256
Insurance recoveries	451,633	1,395,518
Prepayments and accrued income	12,024	3,955
	1,745,797	2,567,729

8. Investments

	2018	
	Market value	Historic cost
	£	£
Listed investments	1,494,108	1,500,000
	1,494,108	1,500,000

Notes to the Financial Statements
for the year ended 31 July 2018

9. Cash at bank

Cash at bank includes cash held in short term deposits for investment purposes.

10. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade payables	63,981	87,133
Outstanding claims	2,093,693	2,728,496
Accruals	60,292	41,432
Corporation tax	210	128
	<u>2,218,176</u>	<u>2,857,189</u>

11. Provision for liabilities

	2018	2017
	£	£
Provision for claims incurred but not yet reported	1,369,918	1,310,425
	<u>1,369,918</u>	<u>1,310,425</u>

12. Members' funds

At 1 August 2017	£ 670,543
Surplus for the period	71,716
Distribution of reserves	(64,106)
At 31 July 2018	<u>678,153</u>

13. Members' limited liability

Activities Industry Mutual Limited is a company limited by guarantee. In accordance with the Articles of Association, each member's liability in the event of the Company being wound up is restricted to no more than £100.

