

Financial Statements

North Ayrshire Leisure Limited

For the year ended 31 March 2023

Reference and Administration Details

Company registration number	SC202978
Charity registration number	SC029780
Registered office	22 Quarry Road Irvine KA12 0TH
Company trading name	KA Leisure
Trustees	G Higgon (Chair) (resigned 19 July 2022) A Pringle (Vice Chair) (appointed as Chair 20 July 2022) T Billings (resigned 5 May 2022) H Campbell S Macaulay (resigned 5 May 2022) J McClung (resigned 5 May 2022, reappointed 20 July 2022) J Montgomerie (appointed 20 July 2022) I Murdoch (appointed 20 July 2022) J Sweeney (resigned 5 May 2022, reappointed 20 July 2022) A Todd L Tulloch
Chief executive officer	M McPhail
Senior management team	M McPhail C Glencorse L Barrie
Solicitor	DWF LLP 103 Waterloo Street Glasgow G2 7BW
Auditors	Azets Audit Services Limited Registered Auditors 5 Whitefriars Crescent Perth PH2 0PA
Bankers	Clydesdale Bank 151 High Street Irvine KA12 8AD

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Foreword

I am pleased to provide this Foreword and share with you our 2023 Annual Report.

For the communities and businesses of North Ayrshire, as with those across the country, the past year has been difficult. The long shadow of the COVID pandemic was followed by increased energy prices and the consequent impact on the cost of living. Household disposable income has consequently been constrained and spending pared back. The leisure industry has had to find innovative solutions to maintain financial viability and attract those who benefit most from entering the world of healthy exercise.

In this challenging context, KA Leisure's adaptability and engagement with these challenges has been impressive. We have been supported by key partners North Ayrshire Council, the Scottish NHS and other public agencies, culminating in the establishment of a Community Health and Wellbeing Alliance, an innovation synergising the efforts of these partners in roundly addressing the quality of life of North Ayrshire people.

A concerted drive to attract new and returning memberships bore fruit as we steadily return to pre-pandemic levels. Income for the year significantly exceeded budget, with particularly notable recovery at the Portal, Vikingar, golf courses and outdoor activities.

KAL's work makes a major contribution to community health. Participation levels across the Active Lifestyles programme increased by 44% over the same period last year. Examples of KAL's extraordinary work include:

- As of 31st July, 1,185 Active North Ayrshire participants had undertaken the exercise referral programme, a joint initiative with the NHS, at which KAL has developed particular expertise.
- KAL was awarded £20,000 by Paths for All to continue the Walking for Health programme from 1st April 2024 until 31st March 2025.
- Free swimming and skating took place in July across our venues thanks to funding secured from North Ayrshire Council.
- A recycling programme for clothing, footwear and sports equipment was launched in May at various venues across North Ayrshire. Our first pop up shop opened in September. We also plan to share items at foodbank locations across North Ayrshire.
- KAL also has a growing cultural programme. Classes and sessions include theatre drama, singing, art, percussion and dance
- Following an outbreak of youth disorder across the Garnock Valley a Wellbeing Task Force was established to provide diversionary opportunities for young people. This incorporated educational messaging on life choices and the dangers of substance misuse. This initiative continues with local partners to provide more opportunities for young people to find their future pathway.

Such innovation and adaptability to change are KAL's strengths. I would like to thank our employees, Board of Directors, and all strategic partners for their dedication and commitment over the previous twelve months.

Ashley Pringle, Board Chairman



Introduction

I am honoured to introduce KA Leisure's Annual Report and update you on the organisation's progress. Despite facing further challenges across this past year, we are proud to continually deliver quality leisure experiences to the communities of North Ayrshire.

Our core values of wellbeing and good health remain at the forefront of our work as we navigate through the ongoing cost of living crisis and an unprecedented rise in energy bills. As we continue to grow we focus on three primary objectives; firstly, we are dedicated to continuing our financial recovery efforts while secondly, ensuring the provision of first-rate programmes and activities that help enhance the overall wellness of our residents and delivering a world-class customer experience within our facilities.

We are excited to connect with all of our customers - from new faces to our loyal returning patrons. We are committed to offering an expanded range of activities and events that reflect KA Leisure's brand message of promoting an active lifestyle and enhancing wellbeing.

I would like to offer my thanks to our colleagues at North Ayrshire Council for their continued assistance, especially in these trying times. It is this level of support that helps make KA Leisure a success.

I must thank all the board members for their continued support during this challenging time.

As an organisation, we are driven by a collective commitment to create more active, healthier and happier communities through the provision of high-quality leisure services. I am continually inspired by the dedication, passion and tireless efforts of our staff, who work so hard to make this vision a reality every single day.

Malcolm McPhail, Chief Executive Officer

Directors' report (incorporating the Strategic report) Structure, Governance and Management

Company Structure

North Ayrshire Leisure Limited is a Company limited by guarantee and has charitable status. The Company's trading name is KA Leisure. The Company is governed by its Articles of Association. The Company is a not for profit organisation, any surpluses generated are reinvested in improving facilities and services.

The Company is responsible for the management and operation of the following facilities in North Ayrshire;

- Auchenharvie Leisure Centre, Stevenston
- Garnock Community Campus, Glengarnock
- Portal, Irvine
- Vikingarl, Largs
- Community Sport Hubs
 - Dalry Primary School
 - Kilwinning Academy
 - Greenwood Academy
 - St Matthew's Academy
 - Arran High School
 - Stanley Primary School (Company acts as booking agent only)
 - West Kilbride (in partnership with West Kilbride Community Association)
 - Largs Academy
- Golf Courses
 - Ravenspark, Irvine
 - Auchenharvie, Stevenston
 - Routenburn, Largs
- Outdoor Sports Facilities
- Community Sport
- Health & Wellbeing Service
- North Ayrshire Leisure Trading Services Limited (dormant)

Facilities are owned by North Ayrshire Council but are leased to the Company. Specific contractual agreements are in existence to enable sport, leisure and recreational community use within school facilities.

Directors

The trustees, as detailed on page 2, are also Directors of the Company and both references will be used in the Annual Report. As set out in the Company Articles of Association the maximum number of Directors is 9 and comprises of the following;

- a maximum of 4 Directors appointed by North Ayrshire Council.
- a maximum of 4 Directors appointed from, and representative of, the North Ayrshire area (with skills to assist the Company in carrying out its objects).
- a maximum of 1 Director appointed from and by the employees of the Company.

Directors' report (incorporating the Strategic report) Structure, Governance and Management

The Board of Directors meet at least six times a year to consider Company business. The Company has an HR Committee and Audit Committee.

Trustee Induction and Training

The Board seek to ensure that all members possess the range of skills and interests that are relevant to meeting the Company's overall objectives.

All new Directors are provided with the Company Articles of Association, Annual Report and Company Progress and Impact Report incorporating the financial budget. Directors are provided with training on various topics including charity and company legislation.

Employees

The Company communicates and consults with employees, and, where represented, trade unions. The Company is committed to staff training and development to ensure all employees have the necessary skill base to effectively contribute to the objectives of the Company.

The Company supports equality of opportunity in the provision of our services to the community and in relation to employment. We oppose all forms of unlawful or unfair discrimination on the grounds of race, disability, gender, religion/belief, age, sexual orientation, marital/civil partnership status, gender reassignment, and pregnancy and maternity.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with KA Leisure continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Company over the period has employed an average of 321 employees. The Company has a Senior Management Team comprising of a Chief Executive, Head of Active Communities and Head of Operations and Customer Service. The remuneration of key management personnel is reviewed annually and normally increased in line with local government agreements.

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

The Company continues to acknowledge that our employees are central to the development and delivery of our positive health and wellbeing culture. This has led to KA Leisure successfully achieving the RoSPA (Royal Society for the Prevention of Accidents) Gold Award for 9 consecutive years, in addition to this the Company has achieved the RoSPA Gold Leisure Safety Award for the past 4 years. This is a fantastic achievement by our employees and a testament to their commitment, co-operation and involvement in health and wellbeing.

Directors' report (incorporating the Strategic report) Structure, Governance and Management

The Company has launched a new employee culture programme, Know the Way, Show the Way, Go the Way. The programme has been shaped by colleagues across the business and will become part of everything we do at KA Leisure, from the way we recruit, to how we evaluate our performance and development. The programme will encourage everyone across the organisation to embrace being better every day.

High performing members of our teams will be rewarded through our sentinel programme. Our sentinels will stand for the best of what we do. They will be people who make good decisions, lead regardless of their role and have the ultimate 'can do' attitude. Employee engagement is crucial to ensure that we can fulfil and achieve our future goals and our sentinels will provide a foundation for employee engagement.

Related Parties

The Company owns 100% of the share capital of North Ayrshire Leisure Trading Services Limited. The trading subsidiary was dormant throughout the year to 31 March 2023.

A funding agreement exists between the Company and North Ayrshire Council. North Ayrshire Council provides the Company with a financial contribution to assist in the maintenance of the facilities and the delivery of sport, leisure and recreational services.

North Ayrshire Council also provides assistance to the Company within the treasury management function and provides some administrative support.

Risk Management

Risk management is a central part of KA Leisure's strategic management. We recognise that in pursuing our strategic objectives uncertainties arise and, therefore, there is potential for events that constitute opportunities for benefit or threats to success. Our risk management strategy ensures that our exposure to risk is reduced in order for us to deliver on our objectives.

All strategic risks are documented on the strategic risk register where the focus is on the monitoring and treatment of these risks. Risk management is integrated into KA Leisure's day to day activities. Principal risks are identified on pages 21 to 22 of this report.

Investing In Our Future

We are committed to establishing an agile and resilient structure that lays a strong foundation for fostering innovation, engagement, and collaboration within our workforce equipped with the necessary skills. We know that in order to achieve success, it is vital to consistently evaluate and evolve our strategies.

Following the impacts of COVID-19, we have taken the opportunity to critically assess, revamp and reimagine our operational approach. To ensure continued success, growth and sustainability, we have initiated an organisational development and review programme. This effort is centred around establishing a robust operational framework, one that positions us to stay ahead of the curve in a rapidly shifting landscape. We continue to cultivate agile leadership across all levels, empowering our teams to deliver on organisational objectives with renewed clarity and focus.

We are redoubling our efforts to strengthen the connections and collaborative relationships between sport and physical activity and health partners across all levels of the organisation. By leveraging our resources,

Directors' report (incorporating the Strategic report) Structure, Governance and Management

refining our processes, and adapting to shifting customer behaviours, we are building a foundation for long-term success.

Overall, our programmes and developments are designed to enhance organisational culture and promote deeper, more effective partnerships. With these current developments, we are well positioned to capitalise on emerging trends and technologies, drive growth, and build a better future for our employees and stakeholders alike.

Know, Show, Go encourages everyone across the organisation to embrace the culture of being better every day. The three principles and seven behaviours of Know the Way, Show the Way, Go the Way have been shaped by colleagues across the organisation, and it will become part of everything we do at KA Leisure with an emphasis on attitude and behaviours.

The Company continues to be committed to developing a positive health and wellbeing culture through the involvement and commitment of all employees in delivering a quality service.

The Company recognises the impact that a positive health and wellbeing culture can have on the organisation. The Company launched the HSE Management standards Indicator Tool Survey in February 2023.

To help inform the development of a caring and mentally healthy workplace culture. For the second consecutive year the survey shapes a programme of staff support and training opportunities has been provided throughout the year. This has included the delivery of First Aid for Mental Health. This is designed to help employers to provide a positive mental health culture within the workplace and to provide learners with comprehensive knowledge on a range of the most common mental health conditions. The course has equipped staff to recognise and manage stress and support colleagues to access support.

Directors' report (incorporating the Strategic report) Objectives and Activities

Making a Difference

Active Lifestyles

The Active Lifestyles Team delivers a Health & Wellbeing Service in North Ayrshire which offers a broad range of activities within local communities to support people to become more active and adopt a healthier lifestyle.

The Health and Wellbeing Service has four key areas of delivery:

- Active North Ayrshire – Physical Activity Referral Programme
- Community Outreach Programme
- ACTIVATOR
- Bridgegate Active Zone and Health & Wellbeing Hub

We continually strive to deliver innovative programmes through collaboration with key partners who share the same outcomes which:

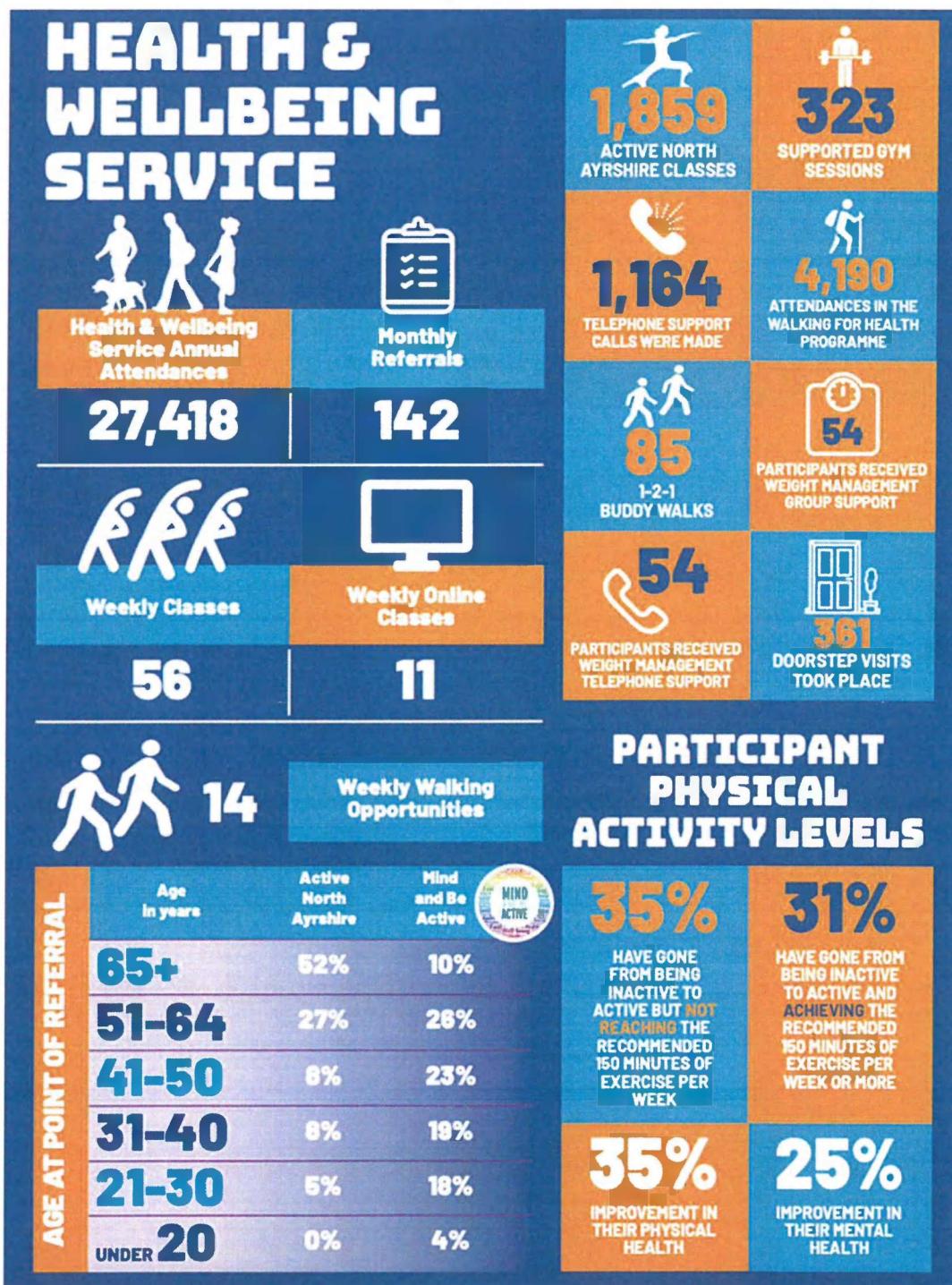
- Engage with priority groups including those who are vulnerable, isolated and at greatest risk of inactivity
- Support early intervention and prevention. Offering the right support at the right time in the local community.
- Target specific health issues including long term conditions and mental health and wellbeing.

Alex Ferguson: A Parkinson's Success Story

Alex Ferguson's story is a testament to the incredible success of the Parkinson's Activity Programme, an initiative developed through the collaborative effort of KA Leisure and Parkinson's UK to provide physical and social support for people living with Parkinson's disease. This programme is comprised of group classes and specialised gym-based activity sessions facilitated by highly trained staff.

Alex, who was diagnosed with Parkinson's in 2017, is one of the programme's participants. Parkinson's is a progressive neurological disorder characterised by a range of symptoms, such as tremors in the hands, arms, legs, jaw, or head, extreme muscle stiffness, slowness of movement, and impaired balance and coordination, often resulting in falls. Alex experiences difficulty in his legs and the activity-based exercises have been focused on building up those muscles and reducing the effects of the condition on his movement. Additionally, Alex has been impressed by the quality of the facilities at The Portal, and praised the "fantastic and friendly" staff members, from the front desk to the class instructor.

Directors' report (incorporating the Strategic report)
 Objectives and Activities



Directors' report (incorporating the Strategic report) Objectives and Activities

Supporting Health and Wellbeing During the Covid-19 Pandemic

KA Leisure's Health & Wellbeing Service



Doorstep Visits

Social isolation has been identified as a priority in five out of the six regions included in the North Ayrshire Health and Social Care Partnership's Strategic Commissioning Plan 2021-2022. This was especially prevalent during the pandemic, with people having to do without the usual social interactions which they would gain from attending classes.

In order to address this, doorstep visits were implemented to provide aid to more vulnerable and frail individuals and provide them with the social contact which they had been missing. These visits were especially beneficial for those who were socially isolated, experienced poor mental health, or were deemed at risk of a fall.

When carrying out the visits, our specialist staff would complete an Invigor8 falls screening assessment and prescribe a home activity programme, which may include a short walk from the person's home or exercises to improve their mobility, flexibility, strength, and balance.

After twelve weeks, participants were followed up with a review of their progress, often showing an improvement in their fitness, confidence, and mental health, allowing them to join classes or supported sessions in the community.

How Betty Found Her Confidence and Mobility Again with Doorstep Visits

One such participant, Elizabeth (Betty), is thankful for the programme as it gave her the confidence to leave her home and regain some of her independence. She comments, "I had become totally isolated. I was mobile prior to the pandemic, but after the pandemic, my 'mobility' had become useless."

Betty, who has Parkinson's, also acknowledges the aid provided by our staff. She remarks, "I'm learning to control my shakes, this is courtesy of the exercises you have given me. I'm also improving my balance and I'm no longer afraid to go over the doorstep. I'm starting to walk again rather than shuffle and this is also thanks to your support."

Due to the programme, Betty now has the confidence to leave her shared accommodation complex and attend the many clubs and groups held in the communal lounge, commenting, "I no longer feel like a stranger in my own home."

Directors' report (incorporating the Strategic report) Objectives and Activities

Ena – A Journey of wellness and volunteering with KA Leisure

Ena started her journey with KA Leisure through the Mind and Be Active Programme, which strives to improve the mental health and overall wellbeing of individuals by offering assistance in enhancing their physical activity levels. Staff who lead the delivery of the programme are certified to a nationally recognised standard for Exercise and Mental Health.

After her retirement, Ena devoted herself to the care of her husband during a period of ill health. This intense responsibility combined with the absence of any leisure time had a detrimental effect on her own mental and physical health. Ena attributes her improved state of health and fitness to the programme. “As my self-confidence grew, my past role as a support worker re-emerged and I felt compelled to give something back. Then, a staff member from KA Leisure suggested that I should be a Walk Leader, and I couldn’t refuse the offer.”

The ‘KA Walk’ programme, backed by Paths for ALL, is intended to offer an encouraging environment in which individuals of all fitness levels can engage in outdoor activities, get to know new people and increase their level of physical exercise. The walks are led by both KA Leisure personnel and trained volunteers.

Ena has immensely enjoyed her stint as a volunteer, having taken part in activities like walking, badminton, curling and group classes. She is especially delighted with the opportunity to assist newcomers. “I know I can take care of any individual that joins on their own as I’m good at talking with everyone. It’s fantastic to be surrounded by a group of people who not only receive my support but are also there for me too.”

Community Venues

Our portfolio of venues continues to play a pivotal role supporting positive health and wellbeing across our communities, providing a base for a range of community clubs and organisations, tighter with a range of opportunities for aquatic, arts, fitness and sporting activities.



Directors' report (incorporating the Strategic report) Objectives and Activities

Learn to Swim Programme

To support the continued growth and development of the KA Leisure Learn to Swim Programme funding was secured from Developing the Young Workforce – Ayrshire to create a vocational pathway into leisure. This provided 12 young people between the ages of 16 – 25 the opportunity to complete the Scottish Swimming Teacher Qualification and secure employment with KA Leisure.

Allie Barr – Member – It's more than a gym, it's a community

Allie has been a member at the Portal since May 2021. When the coronavirus pandemic hit, Allie was furloughed from work and the lack of daily routine led to a deterioration in her mental health. Her family suggested she join KA Leisure, and it's here that Allie developed her newfound love for fitness.

Initially, she tried swimming and classes as the variety was great. However, after meeting our instructor Victoria, who supported her gym programme she really found her passion. The refurbishment of the fitness suite and its equipment has been a welcome addition and helps add more variety to her workouts.

What really draws Allie to KA Leisure is the sense of community. "It's more than just a gym," she says. "The moment you walk in the door, you're welcomed and get to chat with different people. This is something you don't get in other places."

Why Fiona loves the Walker Hall: a gym at the heart of the community

As a KA Leisure Elevate member, Fiona is a regular visitor to the Walker Hall gym in Kilbirnie. The success of this community gym can be attributed to its dedicated staff, who have received high praise from Fiona for their friendliness and attention to cleanliness.

In contrast to her previous experiences at private gyms, Fiona is impressed by the approachability and warm welcome she receives from the Walker Hall staff. Their hard work and commitment to making the gym a pleasant and enjoyable experience for members has clearly paid off, creating a successful and thriving community gym at the heart of Kilbirnie.

Directors' report (incorporating the Strategic report) Objectives and Activities

The Power of Sport

We recognise the important role that sports play in building healthy and happy communities. Our programs are designed to foster social connections, boost confidence, and improve overall physical and mental well-being. Whether it's a friendly game of social basketball or preschool gymnastics, we aim to provide opportunities for all members of the community to engage in sports.

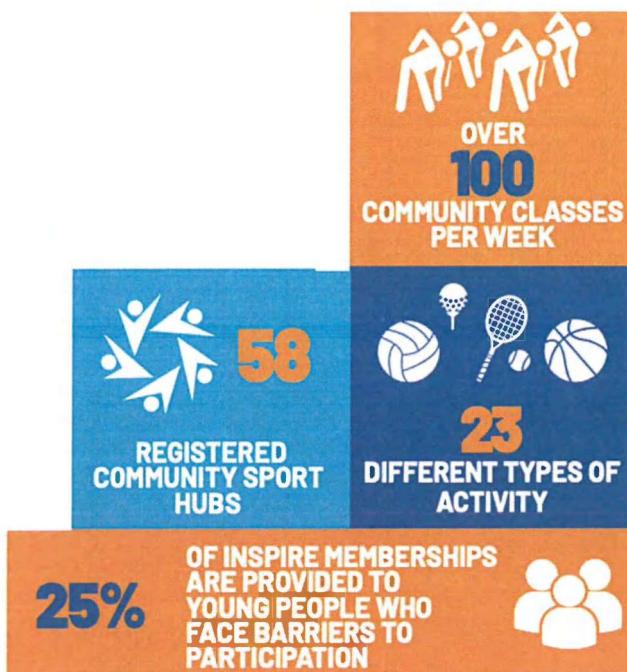
Our team of dedicated volunteers and coaches have worked tirelessly to develop innovative and engaging programs that cater to the specific needs of these groups. We believe that everyone should have access to the benefits of sports, regardless of age, ability, or background. We are committed to continuing to provide a welcoming and inclusive environment for all members of the community, and we look forward to building on the success of the past year in the years to come.

Inspire Membership

Our Inspire Membership has continued to be a great success with an increase in subscribers. Since its launch, we have seen a tremendous uptake in individuals and families taking advantage of this affordable and flexible option for accessing our programs and leisure facilities.

At KA Leisure, we firmly believe in the importance of removing barriers to sports and participation for everyone. We have donated memberships to those who may not have been able to afford them or reduced costs for partners with funding to ensure they can promote health, wellness, and community to those they support.

The Inspire Programmes offer variety to our young people, and we are proud of the depth and range of their offerings. It's more than just sports; we also offer arts, drama, dance, and music. This wider approach to well-being encourages young people to try something new and explore their creative side.



Directors' report (incorporating the Strategic report) Objectives and Activities

Community Sport Hubs

Community engagement through the Sport Hub program has remained a key focus in allowing us to grow sporting opportunities in North Ayrshire. Our Officers empower local people to improve sports & physical activity in localities across North Ayrshire.

We deliver the North Ayrshire CSH program in partnership with North Ayrshire Council. CSHs provide information, support, and advice on a wide range of sports and physical activities to make it easier for local people to get involved and engage in a more active and healthier lifestyle.

The specifics of each hub and what it offers vary according to local needs and local resources. However, all our hubs work to the following five principles:

- Growth in participation
- Engage the local community
- Promote community leadership
- Offer a range of sporting opportunities
- Bring all appropriate partners, groups and people together

A New Partnership to Support the Mental Health of Young Carers in North Ayrshire

North Ayrshire's Health and Social Care Partnership and KA Leisure have formed an exciting partnership, enabling all North Ayrshire's Young Carers - those supporting family members with mental health issues, addictions, disabilities, and other long-term conditions - to receive an Annual Membership.

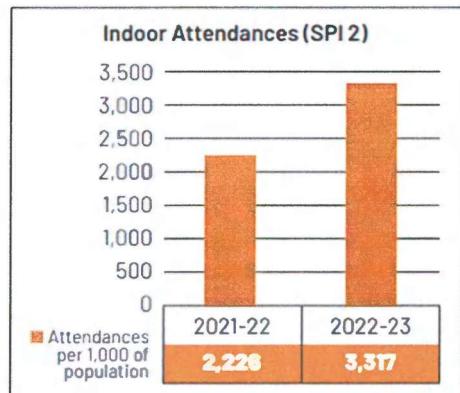
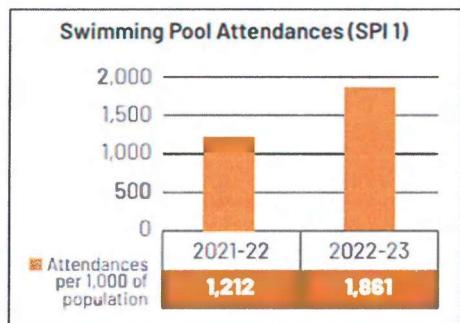
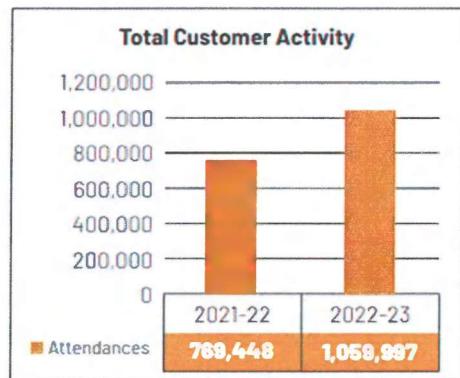
Designed to remove barriers to participation, this membership will help young people take a break from their caring role and focus on their own mental health. As Kerry Anne Owens, the Young Carers Development Officer, stated: "We want these young people to be children and young people first." Rory is one of the many young carers that will be positively impacted by this initiative. He said, "I'm looking forward to my membership, as I'll be able to go swimming, play badminton, and join some art and crafts classes. It also helps me to get some exercise and have fun!"

Directors' report (incorporating the Strategic report) Achievements and Performance

To measure performance the Company provides Statutory Performance Indicators (SPIs) information to North Ayrshire Council on an annual basis.

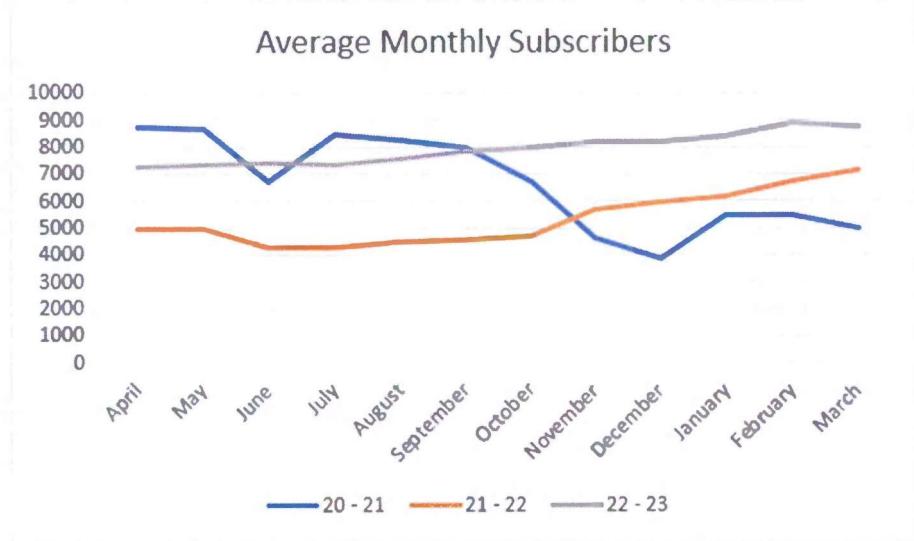
During the past year our COVID-19 recovery has been built across all activity areas with an overall increase in customer visits in comparison to the previous year. Increased customer visits are highlighted through the displayed statutory performance indicators.

Key Facts



Directors' report (incorporating the Strategic report) Achievements and Performance

Fitness performance is critical to the financial sustainability of the organisation with fitness memberships gradually moving towards pre-pandemic levels. The continued review and revision of our fitness portfolio including the introduction of the Elevate Academy, providing an introduction to fitness training for 12-year-olds and upwards, has elevated fitness memberships to above 8,800. Membership growth in relation to pre-pandemic levels is illustrated in the graph below:



Directors' report (incorporating the Strategic report)

The financial statements for North Ayrshire Leisure Limited at 31 March 2023 show a turnover of £8,938,995 (2022: £7,914,047), an Investment Reserve of £268,137 (2022: £290,066), and General Reserves of £10,122,929 incorporating £9,906,600 reflecting Defined Benefit Pension Fund (2022: reserves of £982,329, incorporating £766,000 reflecting Defined Benefit Pension Fund). The Company is an Admitted Body to Strathclyde Pension Fund. The Company has a Revaluation Reserve of £222,821 (2022: £nil).

North Ayrshire Council's financial contribution towards the cost of maintaining facilities and delivering services is £4,243,672 (2022: £3,780,977).

Reserves Policy

It is the policy of the Company to hold general reserves. These are surplus funds that have not yet been committed or designated for any particular purpose.

The trustees have set aside these general reserves to protect future operations of the Company from the effects of unforeseen variations in its annual income streams. This is in line with good corporate governance and is part of KA Leisure's policy on sound financial management practice. At 31 March 2023 the general reserve amounted to £10,613,887 (2022: £982,329). Setting aside the pension asset of £9,906,600 (2022: £766,000) the trustees have agreed that a healthy reserve position would be 5% of overall annual income (£450,000) and are working to improve the reserve position over time through a combination of increased service delivery and ongoing operational efficiencies.

As at 31 March 2023, it was Company policy to retain a designated investment reserve as a contingency towards the requirement for substantive investment of infrastructure. On 31 March 2023 the investment reserve amounted to £268,137 (2022: £290,066).

At the financial year end a review of all organisational fixed assets was carried out, to determine current fair values of these fixed assets, taking into account their age, state of repair, usage patterns and the ongoing maintenance programme operated across KA Leisure. As a result of undertaking this review a Revaluation Reserve was established with a balance of £222,821 (2022: £nil).

Pension Balance

The trustees acknowledge the net pension asset at 31 March 2023 of £9,906,600 (2022: £766,000). This is in relation to the Company's share of assets and liabilities within the Strathclyde Pension Fund, a local government pension scheme. The Company continues to meet its ongoing commitments in accordance with the payment plan.

Going Concern

The trustees have assessed, based on future budgets, that there are adequate resources in place from both committed funding and cash resources to meet the ongoing costs of the Company for a minimum of 12 months from the date of signing these financial statements. Accordingly, these financial statements are prepared on the going concern basis.

Strategic Direction

The challenges that North Ayrshire encountered before the onset of COVID-19 have been further intensified by the pandemic. Coupled with the ongoing cost of living crisis, we, as an organisation, must prioritise achieving a sustainable balance between income generation and addressing broader social

Directors' report (incorporating the Strategic report)

objectives to combat health inequalities. It is imperative that we adapt and rejuvenate our approach to meet the demands of the present and future in order to realise our ambition of:

North Ayrshire More Active More Often

Underpinned by our priorities

- Expanding our reach to maximise the impact on the health and wellbeing of North Ayrshire.
- Balancing inclusiveness, accessibility and affordability with charitable sustainability.

Future Plans

North Ayrshire Health and Wellbeing Alliance

The North Ayrshire Community Planning Partnership (NACPP) Local Outcomes Improvement Plan (LOIP) 2022 – 2030 has identified the three priorities of Wellbeing, Work and World. The aim of the 'Wellbeing' priority is to reduce inequalities through targeted support to improve individual, family and community health and wellbeing.

Established in September 2022, North Ayrshire's Health Wellbeing Alliance builds on the existing efforts of partners across North Ayrshire to develop the strategic vision of the wellbeing agenda in North Ayrshire. This remit of this multi-level working body will include:

- Tackle the inequalities related to wellbeing with a clear focus on early intervention and prevention and a whole systems approach
- Identify and create opportunities for innovation, improvement and efficiency among partners
- Facilitate co-produced solutions to promote equality and reduce health inequalities
- Provide visibility for the community health and wellbeing agenda for the residents and communities of North Ayrshire
- Identify gaps and overlaps in provision, whilst considering potential savings in activities
- Enable shared planning where appropriate
- Identify joint opportunities to access funding
- Align with the Active Communities Strategic Partnership to involve and work with relevant partners and initiatives

A Shared Vision

Central to this will be to create a health and wellbeing brand and align all communication to the vision and mission ensuring that the Community Health and Wellbeing Alliance is recognised throughout North Ayrshire by its residents and communities.

We're optimistic. We believe that large scale meaningful change is possible as our shared vision creates a closer relationship between health and leisure, built on social prescribing, co-location of services and the delivery of preventative activity opportunities.

As a committed member of the North Ayrshire Community Planning Partnership, we are excited and honoured to be leading the North Ayrshire Local Outcome Improvement Plans wellbeing agenda.

Directors' report (incorporating the Strategic report)

Principal Risks and Uncertainties

The Company is committed to ensuring that it responds to and manages any challenges that may impact on the organisation. The Company recognises that a certain amount of risk is inevitable if the organisation is to achieve its objectives. A risk management framework is in place that allows individual risk events and overall risk to be understood and managed proactively, optimising success by minimising threats and maximising opportunities and outcomes.

Principle risks identified through the Company Strategic Risk Register which have the potential to seriously affect the performance, future prospects or reputation of the Company are detailed below along with mitigating actions being taken by the Company.

Strategic Risk	Possible Impact	Mitigating Actions
Maintenance of Adequate Corporate Reserves	Maintaining low reserves levels could result in the organisation being unable to absorb unforeseen or unplanned expenditure. Failure to address these issues may bring into question the future viability of the charity and going concern nature of the Company accounts.	The Company is participating in on-going discussions with NAC on future Service Level Agreement including revenue and capital funding. NAC has advised that they deem the Company a going concern and are including the Company's situation in the overall recovery plan for the Council.
Energy Market Crisis	Increase in wholesale gas and electricity prices causing unprecedented energy price increase across the Company facilities. The continued increase in energy prices could have serious consequences for the Company maintaining operations, in particular swimming pools and ice rink.	The energy markets and their effects on UK costs are under constant monitoring by the Board of Directors. We also seek ways to lower energy expenses and implement savings through efficiency.
Asset Management	Major plant and equipment failure may require large replacement / repair costs which places increased pressure on the Company finances. Facilities in poor operational and decorative order reduce customer satisfaction, adversely impact community perception of Company facilities and reduce partner confidence.	Specialist contractors maintain and repair plant and equipment to ensure that they are fit for purpose. The Company electronic platform (WAM) is used to identify and record maintenance issues along with providing lifecycle and depreciation information. Health and Safety inspections and audits are performed in order to ensure legal compliance and effectiveness.

Directors' report (incorporating the Strategic report)

Strategic Risk	Possible Impact	Mitigating Actions
Cyber Security	While the Company's cyber protection is robust, cyber attacks are becoming more frequent and sophisticated and the Company could be subject to an attack with significant impact on service provision.	The Company continues to review internal security, GDPR and IT policies and control measures. Staff training is performed to emphasise potential threats/suspicious situations and what action(s) to take in the event of a situation.
Information & Communication Technology	Data protection legislation demands safe storage and use of personal data stored on corporate IT systems. Non-compliance may result in a large financial fine. If the Company does not remain compliant with IT legislation this has the potential to lead to inefficient operating systems, lack of customer satisfaction and data security.	The Company continues to review internal security, GDPR and IT policies and control measures. It is imperative that staff comply with these policies. To ensure this, staff undergo training sessions on IT and communication equipment and GDPR requirements.
Health, Safety & Wellbeing (HSW) of Staff and Customers	Failure to provide adequate health and safety for staff could lead to staff absence, increase staff sickness rates, staff shortages, increase staff turnover and decrease staff focus, increase in accident/incident rate and potential visit from the HSE. Failure to provide a safe environment for staff, contractors and customers may lead to forced closure of a facility, resulting in loss of income, loss of confidence and reduced customer satisfaction and loyalty.	The Company has a duty of care to provide adequate health and safety for our staff. In order to provide this the Company has an comprehensive HSW Policy and Strategy in place along with adequate training provision for staff and Directors. There is a staff HSW Forum which is held every 2 months. Staff have access to counselling and physiotherapy via our Occupational Health Provider.
Power Failure	Power grid comes under stress from winter pressures or from imbalance in the system could result in a power failure. This would impact telecommunications, transportation, supply chain, public health facilities, police and emergency services. The Company would have to close for a period. No telecommunications available to contact staff to provide updates etc.	Staff participated in a Workplace Wellbeing survey early 2023. Feedback and focus groups to be established. Health and safety inspection and audit programme in place. Staff continue to work towards maintaining the ROSPA Gold Award which the Company has successfully achieved for 9 consecutive years.
		Establish emergency arrangements as part of business continuity planning. Partnership working and supporting NAC with their emergency arrangements and preparedness as part of 'Blackstart'.

Directors' report (incorporating the Strategic report)

Trustees' Responsibilities for the Financial Statements

The trustees (who are also the Directors for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 the results of the Company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The trustees are responsible for keeping adequate accounting records that 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 Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and 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 accordance with Company law, as the Company's Directors, we certify that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- as the Directors of the Company we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

BY ORDER OF THE TRUSTEES



A Pringle
Trustee

Date: 14 December 2023

Independent auditor's report to the trustees and members of North Ayrshire Leisure Limited

Opinion

We have audited the financial statements of North Ayrshire Leisure Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 charitable 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the trustees and members of North Ayrshire Leisure Limited

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 trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's report or the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the company has not kept adequate and proper accounting records 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charitable company for the purpose of company law, 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the trustees and members of North Ayrshire Leisure Limited

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 independent 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing of supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report to the trustees and members of North Ayrshire Leisure Limited

Use of our report

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 and to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Morrison (Senior Statutory Auditor)
for and on behalf of Azets Audit Services



Chartered Accountants
Statutory Auditor

5 Whitefriars Crescent
Perth
PH2 0PA

Statement of Financial Activities (incorporating the income and expenditure account)

	Notes	Unrestricted funds 2023	Restricted funds 2023	Total funds 2023	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022
		£	£	£	£	£	£
Income from donations and legacies							
Lottery and other funded projects	1	-	665,309	665,309	-	550,257	550,257
Income from Charitable activities							
Services provided to North Ayrshire Council	2	4,243,672	-	4,243,672	3,780,977	-	3,780,977
Charitable trading operations	2	3,924,697	84,254	4,008,951	3,554,652	27,662	3,582,314
Income from investments							
Investment income	3	21,063	-	21,063	499	-	499
Total income and endowments		<u>8,189,432</u>	<u>749,563</u>	<u>8,938,995</u>	<u>7,336,128</u>	<u>577,919</u>	<u>7,914,047</u>
Expenditure on charitable activities							
Charitable activities	4	<u>9,206,361</u>	<u>749,563</u>	<u>9,955,924</u>	<u>8,557,441</u>	<u>577,919</u>	<u>9,135,360</u>
Total resources expended		<u>9,206,361</u>	<u>749,563</u>	<u>9,955,924</u>	<u>8,557,441</u>	<u>577,919</u>	<u>9,135,360</u>
Net expenditure		<u>(1,016,929)</u>	-	<u>(1,016,929)</u>	<u>(1,221,313)</u>	-	<u>(1,221,313)</u>
Actuarial gains/(losses) on defined benefit pension schemes		10,135,600	-	10,135,600	5,377,000	-	5,377,000
Gains/(losses) on revaluation of assets		<u>222,821</u>	-	<u>222,821</u>	-	-	-
Net movement in funds		<u>9,341,492</u>	-	<u>9,341,492</u>	<u>4,155,687</u>	-	<u>4,155,687</u>
Fund balances at 1 April 2022		<u>1,272,395</u>	-	<u>1,272,395</u>	<u>(2,883,292)</u>	-	<u>(2,883,292)</u>
Fund balances at 31 March 2023		<u>10,613,887</u>	-	<u>10,613,887</u>	<u>1,272,395</u>	-	<u>1,272,395</u>

None of the Charitable Company's activities were acquired or discontinued during the above two years.

Statement of comprehensive income

		2023	2022
	Note	£	£
Net (outgoing)/incoming resources for the financial year		(1,016,931)	(1,221,313)
Actuarial gain / (loss) in the pension scheme			
Changes in demographic assumptions		263,000	228,000
Actual return less expected return on pension scheme assets		(1,606,000)	1,946,000
Experienced gains and losses arising on the scheme liabilities		(1,778,000)	(77,000)
Change in financial assumptions underlying the scheme liabilities		16,779,000	3,280,000
Restriction on asset		(3,522,400)	-
Actuarial gain/ (loss) in the pension scheme	20	10,135,600	5,377,000
Revaluation Reserve gain/ (loss) in year	16	222,821	-
Total comprehensive gains/ (losses) relating to the year		9,341,492	4,155,687

Balance sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	9	766,352	208,514
Investments	10	1	1
		<u>766,353</u>	<u>208,515</u>
Current assets			
Stocks	11	45,230	35,203
Debtors	12	720,310	1,571,140
Cash at bank and in hand		124,993	75,541
		<u>890,533</u>	<u>1,681,884</u>
Creditors: amounts falling due within one year	13	(795,844)	(1,350,392)
Net current assets		<u>94,689</u>	<u>331,492</u>
Total assets less current liabilities		<u>861,042</u>	<u>540,007</u>
Creditors: amounts falling due after more than one year	14	(153,755)	(33,612)
Net assets excluding pension asset / (liability)		<u>707,287</u>	<u>506,395</u>
Net pension asset / (liability)		<u>9,906,600</u>	<u>766,000</u>
Net assets / (liabilities) including pension asset / (liability)		<u>10,613,887</u>	<u>1,272,395</u>
Funds			
Designated funds: Investment Reserve: Unallocated	16	258,747	258,747
Allocated	16	9,390	31,319
Revaluation reserve	16	222,821	-
Unrestricted funds: General Reserve	16	10,122,929	982,329
		<u>10,613,887</u>	<u>1,272,395</u>

These financial statements were approved by the Board of Trustees on 14 December 2023 and are signed on their behalf by:

A Pringle
Trustee

J Sweeney
Trustee

Company Registration Number: SC202978

Statement of cash flows

	Note	2023 £	2022 £
Cash flows from operating activities			
Net incoming resources		(1,016,931)	(1,221,313)
Pension scheme payments		995,000	1,207,000
Depreciation		55,197	153,923
Decrease / (increase) in stock		(10,027)	9,257
Increase in debtors		850,829	(242,621)
Increase in creditors		(580,238)	213,812
Net cash generated from operating activities		293,830	120,058
Cash flows from investing activities			
Purchase of tangible fixed assets		170,278	22,873
Net cash used in investing activities		(170,278)	(22,873)
Cash flows from financing activities			
Capital element of finance lease rentals		74,100	84,545
Net cash used in financing activities		(74,100)	(84,545)
Net increase in cash and cash equivalents	18	49,452	12,640
Cash and cash equivalents at the beginning of year		75,541	62,901
Cash and cash equivalents at end of year		124,993	75,541

Accounting Policies

Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102), and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

North Ayrshire Leisure Limited is a charitable Company, limited by guarantee, registered in Scotland. The Company's registered number and registered office address can be found on the Company Information page.

The financial statements are presented in Sterling (£). Monetary amounts in these financial statements are rounded to the nearest £.

Security

The hire purchase debt is secured over the asset to which it relates.

Going concern

The financial statements are prepared on the going concern basis. North Ayrshire Council has indicated in a letter of support that it will continue to work with KA Leisure to enable it to continue as a going concern and that it is not currently aware of anything which is likely to result in funding being reduced below the level where KA Leisure would cease to be viable in the next 12 months. The Directors and trustees of KA Leisure are satisfied that with the continued support of North Ayrshire Council presents an appropriate basis on which to prepare the accounts on a going concern basis.

Basis of consolidation

The subsidiary undertaking North Ayrshire Leisure Trading Services Limited is dormant and therefore, in accordance with paragraph 405 of the Companies Act 2006, no consolidation is required.

Incoming resources

Membership subscriptions and income from sport and physical activity is recognised in the period in which the Company is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the Company has to fulfil conditions before becoming entitled to it.

Accounting Policies (continued)

Contributions receivable

Contributions are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants receivable

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred. Any related expenditure is included within resources expended.

Investment income

Investment income is recognised when receivable.

Resources expended

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied.

Charitable activities include expenditure associated with the provision of leisure services, sports development community programme of health and fitness and include both the direct costs and support costs relating to these activities. Support costs are overheads of running the Company.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Company and include the audit fees and costs linked to the strategic management of the Company.

Fund accounting

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the Company.

Designated reserves

A designated "investment reserve" has been set up for future investment in the Company. This would include long term maintenance and future capital projects and fixed assets.

Fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	10% straight line
Fixtures and fittings	10% straight line
Computer equipment	20% straight line
Motor vehicles	10% straight line

Accounting Policies (continued)

Capitalisation policy

The Company does not capitalise repairs or renewals of a capital nature with a value below £5,000. All other assets are capitalised at cost.

Investments

Assets held for investment purposes are valued at cost at the Balance Sheet date.

Stocks

Stocks are stated at the lower of cost and net realisable value in the ordinary course of business. Net realisable value is based on estimated selling price.

Pension costs

The Company operates a defined benefit pension scheme. The assets of the scheme are administered by the trustees in a fund separate from those of the Company.

Scheme assets are measured at market values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the Statement of Comprehensive Income. Contributions payable for the year to the defined benefit scheme are charged to the Statement of Financial Activities (incorporating the Income and Expenditure Account).

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Statement of Financial Activities (incorporating the Income and Expenditure Account) over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Statement of Financial Activities (incorporating the Income and Expenditure Account) on a straight line basis over the lease term.

Irrecoverable input VAT

Irrecoverable input VAT is charged directly to the Statement of Financial Activities (incorporating the Income and Expenditure Account) in the year it is incurred, under the heading of supplies and services.

Taxation

The Company has charitable status and is therefore exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988.

Accounting Policies (continued)

Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised. The trustees' annual report contains further information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements are made in the application of income recognition accounting policies and the timing and recognition of income in accordance with the Charities SORP (FRS 102).

Notes to the financial statements

1 Income from donations and legacies

	2023	2022
	£	£
Project Funding	665,309	550,257
	665,309	550,257

2 Income from charitable activities

	2023	2022
	£	£
Contribution from North Ayrshire Council	4,243,672	3,780,977
	4,243,672	3,780,977
Income from charitable trading		
Auchenharvie Leisure Centre	988,214	615,763
Garnock Community Campus	296,413	171,232
Portal	1,116,445	630,056
Vikingar Leisure Centre	486,005	258,404
KA Campus	290,213	292,376
Golf	358,853	344,643
Outdoor Sports	203,099	144,873
Physical Activity	175,022	173,610
Income from HMRC – Job Retention Scheme	-	106,506
Other	10,433	817,189
Project income (restricted)	84,254	27,662
	4,008,951	3,582,314

3 Investment income

	2023	2022
	£	£
Investment income comprises income from:		
Funds held by North Ayrshire Council	21,063	499
	21,063	499

4 Direct charitable expenditure

	2023	2022
	£	£
Other direct expenditure		
Employee costs	7,183,373	6,439,532
Property costs	1,315,204	1,253,240
Supplies and services	827,498	710,851
Transport costs	31,146	20,238
	9,357,221	8,423,861

Notes to the financial statements (continued)

4 Direct charitable expenditure (continued)

	2023	2022
	£	£
Brought forward	9,357,221	8,423,861
Support costs		
Rent and insurance	168,510	156,233
Post, stationery and advertising	114,571	109,056
Telephone	101,905	95,105
Depreciation	55,197	153,923
Bank charges	16,246	20,514
Bad debts	10,449	495
Finance lease interest	13,772	9,507
Other finance expense - pension scheme	(7,000)	81,000
Governance costs (see note 5)	125,055	85,666
	<hr/>	<hr/>
	598,705	711,499
	<hr/>	<hr/>
	<hr/>	<hr/>
Total	9,955,926	9,135,360
	<hr/>	<hr/>

Included in supplies and services is irrecoverable input VAT of £179,351 (2022: £137,065).
Of the above expenditure, £749,563 is restricted (2022: £577,919)

5 Governance costs

	2023	2022
	£	£
Fees paid to auditors	18,250	18,700
Fees paid to auditors for non-audit work	335	260
Legal and professional fees	106,470	66,706
	<hr/>	<hr/>
	125,055	85,666
	<hr/>	<hr/>

Notes to the financial statements (continued)

6 Net incoming resources

Net incoming resources are stated after charging/(crediting):

	2023	2022
	£	£
Auditors remuneration	18,250	18,700
Depreciation and amortisation:		
Tangible fixed assets, owned	47,141	58,644
Tangible fixed assets held under finance leases	8,056	95,279
Other operating lease rentals		
Land and buildings	-	-
Plant and machinery	-	-

7 Employees

Staff costs during the year were as follows:

	2023	2022
	£	£
Wages and salaries	4,973,224	4,256,844
Social security costs	367,385	302,284
Pension costs	1,753,000	1,788,000
Other employee costs	89,764	92,404
	<hr/> <u>7,183,373</u>	<hr/> <u>6,439,532</u>

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

	2023	2022
	No.	No.
Managers and officers	35	33
Support services and reception	70	67
Manual workers and technicians	94	85
Temporary/seasonal employees	122	96
	<hr/> <u>321</u>	<hr/> <u>281</u>

Notes to the financial statements (continued)

7

Employees (continued)

Number of employees with emoluments in excess of £60,000 during the year.

	2023	2022
£60,000 - £69,999	1	-
£90,000 - £99,999	1	-
£100,000 - £199,999	-	1

The total pension payments in relation to the defined pension scheme made in respect of the higher paid employees numbered above totalled £12,295 (2022: £10,994).

Total salary costs for the Company's senior management team was £247,583 (2022: £317,209).

8

Trustees

No remuneration was paid to trustees in their capacity as trustees. However, during the year one trustee was paid in their capacity as employees of the Charity. Helen Campbell's salary costs were £34,358 (2022: £32,002), in this period, to provide fitness classes and first aid training to the Company's customers in her capacity as a Health and Fitness Officer. No other trustees received remuneration under a contract of employment. There were no expenses paid to trustees in the year.

9

Tangible fixed assets

	Fixtures & Fittings £	Plant & Machinery £	Motor Vehicles £	Computer Equipment £	Total £
Cost					
At 1 April 2022	343,994	909,940	34,351	94,791	1,383,076
Additions	88,755	275,842	-	25,616	390,213
Revaluation Adjustment	(263,838)	(629,876)	(24,284)	(33,742)	(951,740)
Disposals	-	-	-	-	-
At 31 March 2023	<u>168,911</u>	<u>555,906</u>	<u>10,067</u>	<u>86,665</u>	<u>821,549</u>
Depreciation					
At 1 April 2022	306,073	782,460	34,351	51,678	1,174,562
Additions	10,416	31,091	1,480	12,210	55,197
Revaluation Adjustment	(306,073)	(782,460)	(34,351)	(51,678)	(1,174,562)
Disposals	-	-	-	-	-
At 31 March 2023	<u>10,416</u>	<u>31,091</u>	<u>1,480</u>	<u>12,210</u>	<u>55,197</u>
Net book value at 31 March 2023	<u>158,495</u>	<u>524,815</u>	<u>8,587</u>	<u>74,455</u>	<u>766,352</u>
Net book value at 31 March 2022	<u>37,921</u>	<u>127,481</u>	<u>-</u>	<u>43,112</u>	<u>208,514</u>

All tangible fixed assets were used for charitable purposes.

Notes to the financial statements (continued)

9 Tangible fixed assets (continued)

The majority of the operations of the Company are carried out from fixed assets leased from North Ayrshire Council as explained in note 24.

Tangible fixed assets with a carrying amount of £766,352 was revalued in February 2023 by Brian Wright, an independent consultant not connected with the Company on the basis of market value.

The Directors have considered the valuations and confirmed that they are representative of fair value as at 31 March 2023.

If revalued assets were stated on a historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	£
Cost	1,383,076
Accumulated depreciation	<u>(1,254,118)</u>
Carrying value	<u>128,958</u>

The figures stated above include assets held under finance leases as follows:-

	£
Net book amount at 31 March 2023	<u>292,443</u>
Net book amount at 31 March 2022	<u>97,738</u>
Depreciation provided in the year	<u>8,056</u>

10 Fixed asset investments - unquoted

	£
Value at 31 March 2022 and 31 March 2023	<u>1</u>
Historical cost at 31 March 2021 and 31 March 2022	<u>1</u>

Fixed asset investments comprise the following:-

Name of Company	Country of registration	Holding	Proportion held	Capital and reserves 2022	Results 2023
North Ayrshire Leisure Trading Services Limited	Scotland	Ordinary shares	100%	1	-

The subsidiary company (SC203399) is dormant.

Notes to the financial statements (continued)

11 Stocks

	2023	2022
	£	£
Goods for resale and consumable stores	<u>45,230</u>	<u>35,203</u>

12 Debtors

	2023	2022
	£	£
Trade debtors	85,799	58,235
Prepayments and accrued income	113,642	62,528
Other debtors	34,713	112,179
Amounts due from related parties	<u>486,156</u>	<u>1,338,198</u>
	<u>720,310</u>	<u>1,571,140</u>

13 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	38,447	18,540
Social security and other taxes	254,712	243,870
Other creditors	26,324	32,665
Amounts due to related parties	1,675	285,217
Accruals and deferred income	305,056	647,016
Pension creditor	96,957	76,103
Finance lease creditor	<u>72,673</u>	<u>46,981</u>
	<u>795,844</u>	<u>1,350,392</u>

14 Creditors: amounts falling due after more than one year

Future commitments under finance lease and hire purchase agreements are as follows:

	2023	2022
	£	£
Finance lease creditor (see note 15)	<u>153,755</u>	<u>33,612</u>
	<u>153,755</u>	<u>33,612</u>

Notes to the financial statements (continued)

15 Commitments under finance leases and hire purchase agreements

Future commitments under finance lease and hire purchase agreements are as follows:

	2023	2022
	£	£
Amounts payable within 1 year	72,673	46,981
Amounts payable between 1 to 5 years	153,755	33,612
	<u>226,428</u>	<u>80,593</u>

The hire purchase debt is secured over the asset to which it relates.

16 Funds

	Restricted Reserve	Investment Reserve	General Reserve	Revaluation Reserve	Total
	£	£	£	£	£
As at 1 April 2022	-	290,066	982,329	-	1,272,395
Incoming Resources	749,563	-	8,189,432	-	8,938,995
Expenditure	<u>(749,563)</u>	<u>-</u>	<u>(9,206,361)</u>	<u>-</u>	<u>(9,955,924)</u>
Net incoming/outgoing resources	-	-	(1,016,929)	-	(1,016,929)
Transfer to General Reserve in respect of depreciation	-	<u>(21,929)</u>	<u>21,929</u>	<u>222,821</u>	<u>222,821</u>
	-	<u>(21,929)</u>	<u>(995,000)</u>	<u>222,821</u>	<u>(794,108)</u>
Actuarial gain/(loss) in pension scheme	-	-	10,135,600	-	10,135,600
Transfer from General Reserve	-	-	-	-	-
At 31 March 2023	<u>-</u>	<u>268,137</u>	<u>10,122,929</u>	<u>222,821</u>	<u>10,613,887</u>

Investment reserve

It is Company policy to retain a designated investment reserve as a contingency towards the requirement for substantive investment of infrastructure. The investment reserve is represented by:

	£
Unallocated	258,747
Allocated	9,390
	<u>268,137</u>

The transfer to the general reserve from the investment reserve is in respect of the depreciation charges for fixed assets.

Notes to the financial statements (continued)

16 Funds (continued)

Funds balances as at March 2022

	Restricted Reserve	Investment Reserve	General Reserve	Revaluation Reserve	Total
	£	£	£	£	£
As at 1 April 2021	-	304,379	(3,187,671)	-	(2,883,292)
Incoming Resources	577,919	-	7,336,128	-	7,914,047
Expenditure	(577,919)	-	(8,557,441)	-	(9,135,360)
Net incoming/outgoing resources	-	-	(1,221,313)	-	(1,221,313)
Transfer to General Reserve in respect of depreciation	-	(14,313)	14,313	-	-
	-	(14,313)	(1,207,000)	-	(1,221,313)
Actuarial gain/(loss) in pension scheme	-	-	5,377,000	-	5,377,000
Transfer from General Reserve	-	-	-	-	-
At 31 March 2022	-	290,066	982,329	-	1,272,395

Restricted reserves

	Balance at 1 April 2022	Incoming resources	Outgoing resources	Balance at 31 March 2023
	£	£	£	£
Externally Funded and Partnership Projects				
North Ayrshire Community Planning Partnership	-	155,868	(155,868)	-
Community Sports	-	32,965	(32,965)	-
Active North Ayrshire	-	212,373	(212,373)	-
Support for Community Events	-	9,332	(9,332)	-
Mind and Be Active	-	135,743	(135,743)	-
Outdoor Opportunities	-	68,677	(68,677)	-
Childhood Obesity	-	625	(625)	-
Walking for Health	-	18,165	(18,165)	-
Champions For Change	-	56,504	(56,504)	-
NAC Funded Programmes	-	55,901	(55,901)	-
Swim Teacher Training	-	3,410	(3,410)	-
	-	749,563	(749,563)	-

Notes to the financial statements (continued)

16

Funds (continued)

The Company delivers a broad and diverse range of projects across the communities of North Ayrshire. Some of these projects are delivered through external funding attracted by the Company however, all are delivered in partnership with public sector agencies, community groups and charities. All projects are aimed at addressing joint targets and outcomes of the partners involved and evidence the impact of supported physical activity and sports sessions on a broad range of community issues.

Restricted funds are detailed below:

North Ayrshire Community Planning Partnership – funds received to deliver the Community Outreach programme that offers a diverse range of physical activity opportunities, early health interventions and promotes the benefits of a healthy lifestyle.

Community Sports – funding received for joint initiatives and project delivery with North Ayrshire Active Schools.

Active North Ayrshire – funds received from North Ayrshire Health and Social Care Partnership for Active North Ayrshire, the overarching Physical Activity Referral Programme which supports people from North Ayrshire to become more active.

Support for Community Events – funding received through procurement process to support the delivery of community events including fun days and open days.

Mind and Be Active – funding received from North Ayrshire Health and Social Care Partnership, Mind and Be Active is a mental health referral programme which aims to improve participants mental health and wellbeing through supported physical activity.

Outdoor Opportunities – funding received from North Ayrshire Council as part of the COVID recovery and renewal programme and was used to deliver a range of outdoor physical activity opportunities and develop the Walking for Health programme.

Childhood Obesity – funding received from Ayrshire and Arran Health Board to pay for family memberships as part of the child healthy weight programme.

Walking for Health – funding received through Paths for All to part fund the coordination of the Walking for Health coordinator post.

Champions for Change – Funding received from North Ayrshire Drug and Alcohol Partnership to deliver drug and alcohol education and intervention programmes.

NAC Funded Programmes – funding received from North Ayrshire Council to support equal opportunities including holiday programmes, membership and famil/inclusion interventions.

Swim Teacher Training – funding received from the Ayrshire Chamber of Commerce's Developing Young Workforce team to fund training of 12 new swimming teachers to combat a shortfall in staffing to allow us to deliver our Scottish Swimming Learn to Swim Programme.

Incoming resources in addition to those detailed above have been received from a number of external bodies.

Notes to the financial statements (continued)

16 Funds (continued)

Analysis of Net Assets between Funds

2023	Restricted reserve	Investment reserve	General reserve	Revaluation reserve	Total
Tangible Fixed Assets	-	9,390	756,962	222,821	989,173
Investments	-	-	1	-	1
Cash at bank and in hand	-	-	124,993	-	124,993
Other net current assets/ (liabilities)	-	258,747	9,240,973	-	9,499,720
	-	268,137	10,122,929	222,821	10,613,887

2022	Restricted reserve	Investment reserve	General reserve	Revaluation reserve	Total
Tangible Fixed Assets	-	31,319	177,195	-	208,514
Investments	-	-	1	-	1
Cash at bank and in hand	-	-	75,541	-	75,541
Other net current assets/ (liabilities)	-	258,747	729,592	-	988,339
	-	290,066	982,329	-	1,272,395

17 Share capital

North Ayrshire Leisure Limited is a private company limited by guarantee.

18 Reconciliation of net cash inflow to movement in net funds

	2023	2022
	£	£
Increase in cash in the year	49,452	12,640
Cash outflow from financing	74,100	84,545
	<hr/>	<hr/>
Change in net funds resulting from cash flows	123,552	97,185
Inception of finance leases	(219,933)	-
	<hr/>	<hr/>
Movement in net funds in the year	(96,381)	97,185
Net funds at 1 April 2021	(5,054)	(102,239)
	<hr/>	<hr/>
Net funds at 31 March 2022	(101,435)	(5,054)

Notes to the financial statements (continued)

19 Analysis of changes in net funds

	At 1 April 2022	Cash flows	Non-cash Items	At 31 March
				2023
Cash at bank and in hand	75,541	49,452	-	124,993
Finance leases	(80,595)	74,100	(219,933)	(226,428)
	<u>(5,054)</u>	<u>123,552</u>	<u>(219,933)</u>	<u>(101,435)</u>

	At 1 April 2021	Cash flows	Non-cash Items	At 31 March
				2022
Cash at bank and in hand	62,901	12,640	-	75,541
Finance leases	(165,140)	84,545	-	(80,595)
	<u>(102,239)</u>	<u>97,185</u>	<u>-</u>	<u>(5,054)</u>

20 Pensions

The employees of North Ayrshire Leisure Limited may participate in the Strathclyde Pension Fund, a defined benefit statutory scheme.

The Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended. The assets are invested in equities, bonds, property and cash. Contributions to the Fund are charged to participating employers to spread the cost of pensions to the Statement of Financial Activities over employees' working lives.

The level of contributions to the Fund are determined by a qualified actuary on the basis of triennial valuations. The most recent actual valuation of the Strathclyde Pension Fund was at 31 March 2020. The contributions to the Fund ranged from 5.5% to 8.9% of earnings by employees and 19.3% of employee earnings by North Ayrshire Leisure Limited for the year ended 31 March 2023.

The pension charge for the year was £1,753,000 (2022: £1,788,000).

A full actuarial valuation was carried out at 31 March 2020 by qualified actuary of the Strathclyde Pension Fund.

Valuation of Assets

Assets of the Fund have been taken into account at their market value as indicated in the audited financial statements of North Ayrshire Leisure Limited for the year ended 31 March 2023.

Notes to the financial statements (continued)

20 Pensions (continued)

Included is an allowance for the future expected payments in respect of early retirement strain and augmentation costs granted prior to the valuation date in the value of assets, for consistency with the liabilities and with the previous valuation. Further included is an allowance for individual transfers of members' service between the No 1 Fund and vice versa for consistency with the liabilities.

The opinion is that, the basis for placing a value on members' benefits is compatible with that for valuing the assets; both are related to market conditions at the valuation date.

The assets and liabilities of the scheme and the expected rate of return at 31 March were:

	Rate of return %	2023 £000	Rate of return %	2022 £000
Market value of assets:				
Equities	60	22,087	61	22,571
Bonds	28	10,307	26	9,620
Property	10	3,681	11	4,070
Cash	2	736	2	740
		36,811		37,001
Present value of scheme liabilities		(23,382)		(36,235)
Net pension asset/(deficit)		13,429		766
Restriction on assets		(3,522)		-
Total asset recognised		9,907		766

The historic asset values have not been re-stated from mid-market rates.

Notes to the financial statements (continued)

20 Pensions (continued)

The movement in the deficit during the year was:

	2023 £000	2022 £000
Surplus in scheme assets at 1 April	766	(3,404)
Movement in year:		
Current service cost	(1,753)	(1,788)
Losses on curtailments	-	-
Contributions	739	650
Contributions in respect of unfunded benefits	12	12
Interest cost	7	(81)
Actuarial gain/(loss)	13,658	5,377
Restriction on asset	(3,522)	-
Surplus in scheme assets at 31 March	<u>9,907</u>	<u>766</u>

The main assumptions used by the actuary were:

	2023 %	2022 %
Salary increases	3.65	3.85
Pension increases	2.95	3.15
Discount rate	4.75	2.75

As at the date of the most recent valuation, the duration of the Employer's funded obligation is 23 years.

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	19.3 years	22.2 years
Future Pensioners*	20.5 years	24.2 years

*figures assume members aged 45 as at the last formal valuation date.

Notes to the financial statements (continued)

Historic Mortality

Life expectancies for the prior year end are based on the Fund's VitaCurves with allowance for future improvements as shown below:

Current Pensioners

CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

Future Pensioners

CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

Employer Membership Statistics

	Number	Total Salaries/ Pensions		Average Age
		31 Mar 2020	31 Jan 2017	
Actives	343	269	4,143	3,002
Deferred Pensioners	217	164	217	171
Pensioners	74	58	401	297
				67

Calculations are based on estimates from the latest formal valuation. Deferred pensions include undecided leavers and frozen refunds. Salaries are actual, not full-time equivalent.

Period Ended	31 Mar 2023 £(000)	31 Mar 2022 £(000)
Fair Value of Employer Assets	36,811	37,001
Present Value of Funded Liabilities	(23,208)	(36,028)
Net (Under)/Overfunding in Funded Plans	13,603	973
Present Value of Funded Liabilities	(174)	(207)
Unrecognised Past Service Cost	-	-
Restriction on Asset	(3,522)	-
Net Asset	9,907	766

Notes to the financial statements (continued)

20 Pensions (continued)

Reconciliation of fair value of employer assets

Period Ended	31 Mar 2023	31 Mar 2022
	£(000)	£(000)
Opening Fair Value of Employer Assets	37,001	34,006
Interest Cost	1,022	700
Contributions by Members	219	194
Contributions by the Employer	739	650
Contributions in respect of Unfunded Benefits	12	12
Actuarial gains / (losses)	(1,606)	1,946
Estimated Unfunded Benefits Paid	(12)	(12)
Estimated Benefits Paid	(564)	(495)
Closing Fair Value of Employer Assets	36,811	37,001

Measurement of Liabilities

Calculation is made of estimated cost of benefits accruing to existing employee members over the year following the valuation date allowing for all expected future pay and pension costs. This amount is expressed as a percentage of the members' pensionable pay over the year following the valuation date and is known as the 'future service contribution rate'.

This method of assessing the future contribution requirement is applied only to the Fund membership at the valuation date. If new entrants are admitted to the Fund to the extent that the membership profile remains broadly unchanged (and if the actuarial assumptions are unchanged) then the future service contribution rate assessed at future valuations should be reasonably stable. However, if the average age of employee members rises (for example if few or no new entrants are admitted to the Fund), and if the actuarial assumptions are unchanged, then the future service contribution rate will increase. This funding method is known as Projected Unit Method.

The estimated Employer's contributions for the year to 31 March 2024 will be approximately £739,000.

Notes to the financial statements (continued)

20 Pensions (continued)

History of experience gains and losses

	2023 £000	2022 £000
Difference between the expected and the actual return on scheme assets:		
- amount	(1,606)	1,946
- percentage of scheme assets	(4.4%)	5.3%
Experience gains and losses on scheme assets:		
- amount	1,778	77
- percentage of scheme assets	4.8%	0.2%
Total amount recognised in statement of total comprehensive income:		
- gain on scheme assets	13,658	5,377
- restriction on scheme assets	(3,522)	-
- Net gain on assets recognised	10,136	5,377
- percentage of scheme assets	27.5%	14.5%
i) Amount charged to operating profit		
	2023 £000	2022 £000
Current service cost	1,753	1,788
Losses on curtailments	-	-
Total operating charge	<u>1,753</u>	<u>1,788</u>
ii) Amount credited to other finance income		
	2023 £000	2022 £000
Interest cost on pension scheme liabilities	7	(81)
Net return	<u>7</u>	<u>(81)</u>

Notes to the financial statements (continued)

20 Pensions (continued)

iii) Amount recognised in the Statement of comprehensive income

	2023 £000	2022 £000
Changes in demographic assumptions	263	228
Actual return less expected return on pension scheme assets	(1,606)	1,946
Experienced gains and losses arising on the scheme liabilities	(1,778)	(77)
Change in financial assumptions underlying the scheme liabilities	16,779	3,280
Restriction on asset	(3,522)	-
Actuarial loss recognised in the Statement of comprehensive income	<u>10,136</u>	<u>5,377</u>

Amount Recognised in Statement of comprehensive income

	31 Mar 2023 £(000)	31 Mar 2022 £(000)
Actuarial Gains/(Losses) – as recognised in the Statement of comprehensive income	10,136	5,377
Cumulative Actuarial Gains and Losses	<u>15,748</u>	<u>5,612</u>

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at year ended 31 March 2023:	Approximate increase to employer liability %	Approximate monetary amount £000
0.1% decrease in real discount rate	2	552
1 year increase in member life expectancy	4	935
0.1% increase in the salary increase rate	-	73
0.1% increase in the pension increase rate	2	487

Notes to the financial statements (continued)

21 Leasing commitments

The Company has annual operating lease commitments which expire as follows:

	2023	2022
	Other £	Other £
In one year or less	6,840	6,842
Between one and five years	4,520	11,934
	<hr/> 11,360	<hr/> 18,776

22 Capital commitments

There were no capital commitments at 31 March 2023 or 31 March 2022.

23 Contingent liabilities

There were no contingent liabilities at 31 March 2023 or 31 March 2022.

24 Related party transactions

North Ayrshire Council provided a banking facility during the year and paid £21,931 (2022: £499) interest to the Company in this regard. As at 31 March 2023 the net amount due from North Ayrshire Council was £484,481 (2022: £285,217 due to North Ayrshire Council).

Total monies received from North Ayrshire Council in the year was £4,492,768 (2022: £5,062,656). North Ayrshire Council lease the facilities occupied by the Company for a peppercorn rent. In addition, the Council provided some administrative support and assistance to the Company for which they made no charge.

The company owns 100% of the share capital of North Ayrshire Leisure Trading Services Limited.

25 Ultimate controlling party

During the year the Company was under the control of the trustees.

