

Financial Statements

North Ayrshire Leisure Limited

For the year ended 31 March 2024

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	A Pringle (Chair) H Campbell J McClung J Montgomerie I Murdoch J Sweeney R Glover (Appointed May 2024) A Todd L Tulloch
Chief executive officer	M McPhail
Senior management team	M McPhail L Barrie
Solicitor	DWF LLP 103 Waterloo Street Glasgow G2 7BW
Auditors	Azets Audit Services Limited Registered Statutory 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 this annual report for 2023/24.

This year, KA Leisure has made significant progress in strengthening our foundations and aligning our operations with our strategic vision. Guided by a commitment to sustainable growth and community wellbeing, we have prioritised investments in our workforce, programme innovation, and infrastructure to ensure we deliver exceptional, accessible leisure services across North Ayrshire.

Our workforce is at the heart of our organisation, and we have implemented a revised staffing framework that aligns our team with our strategic objectives. This ensures they have the skills and resources needed to adapt to changing demands. Our focus on staff development, with tailored training and support, reflects our belief that empowered employees are essential to delivering the highest standard of service.

Innovation remains a driving force for KA Leisure, and we have introduced new programmes and services that address both our commercial objectives and our responsibility to improve health and wellbeing outcomes across the community. This past year, we've achieved a 7% rise in attendance across our services, this is testament to the impact of our efforts amid a challenging economic environment. Some highlights include:

- The Health & Wellbeing Service continues to grow and evolve, earning recognition as a valued resource among our partners. It addresses a wide range of needs, from promoting physical activity through an extensive variety of weekly classes to providing early intervention health checks via the ACTIVATOR physical activity unit. Additionally, it plays a vital role in fostering social connections and supporting mental health through initiatives such as Mind and Be Active.
- The Community Sport Programme harnesses the power of sport, providing engaging activities and pathways for participation.
- Our portfolio of venues located across all localities continue to serve as vibrant hubs, offering opportunities for leisure, sports, arts, fitness, and social interaction, catering to people of all ages and abilities.
- The Learn to Swim programme and family-orientated swimming options have attracted new participants, while enhancements to our fitness programmes and membership options have bolstered our financial sustainability.

By investing in our workforce, embracing innovation in our services, and strengthening collaborative partnerships, we are well-positioned to navigate the challenges ahead and seize new opportunities for growth and impact.

I would like to express my gratitude to the Board of Directors, our employees, and our strategic partners for their dedication and support over the past year. In particular, I wish to acknowledge North Ayrshire Council for their continued guidance and encouragement during a challenging period. Together, we will build on this year's achievements and work towards delivering lasting value to the communities we serve.

Ashley Pringle, Board Chairman

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
- Vikingar!, 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 322 employees. The Company has a Senior Management Team comprising of a Chief Executive and Head of Active Communities. 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 10 consecutive years, in addition to this the Company has achieved the RoSPA Gold Leisure Safety Award for the past 5 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's employee culture programme, Know the Way, Show the Way, Go the Way is embedded in everything we do at KA Leisure. from the way we recruit, to how we evaluate our performance and development. The programme encourages everyone across the organisation to embrace being better every day.

High performing members of our teams are rewarded through our sentinel programme. Our sentinels 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 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 2024.

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 13 and 14 of this report.

Investing In Our Future

In the past year, KA Leisure has made significant strides in aligning our workforce structure with strategic objectives and operational needs. The implementation of a revised staffing framework has been pivotal in this transformation, ensuring that our team is well-equipped with the skills required to meet the evolving demands of our organisation.

Our commitment to staff development is unwavering, as we believe that investing in our employees' growth is fundamental to delivering exceptional services and programmes. This investment in human capital is at the heart of our decision-making process, reflecting our dedication to excellence.

Furthermore, we have adopted cutting-edge methods to develop new programmes that bolster our commercial strength and extend our influence on both customers and the wider community. These initiatives are a testament to our innovative spirit and our desire to make a lasting, positive impact through our services.

Directors' report (incorporating the Strategic report)

Objectives and Activities

Making a Difference

Active Communities

At KA Leisure, we are deeply committed to the well-being of our community. Our Active Communities team a cornerstone of this commitment, embodying our mission to bring people together through sport and health programs. We are proud to say that our efforts have significantly increased the number of active individuals in North Ayrshire, contributing to a healthier, more vibrant community.

Our success is not measured solely by attendance numbers but by the positive feedback we receive from those we serve. Each story of an individual overcoming obstacles or a group coming together to support one another is a testament to the power of our Active Communities.

Community Sport: KA Leisure's Community Sport programme is dedicated to changing lives and developing communities through the power of sport. The program supports individuals, clubs, partners, and volunteers to engage in sports activities that are inclusive, positive, and welcoming.

Health & Wellbeing Service: The Health & Wellbeing Service provided by KA Leisure 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.

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.

Learn to Swim Programme

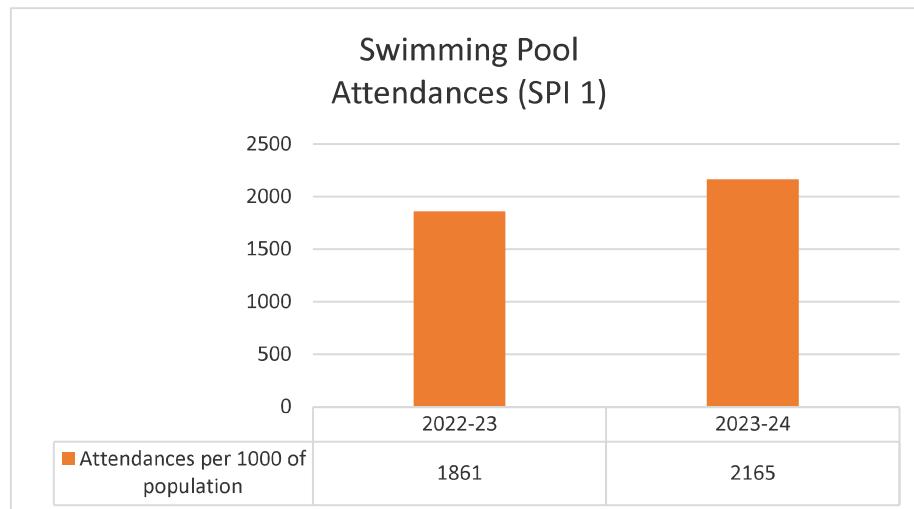
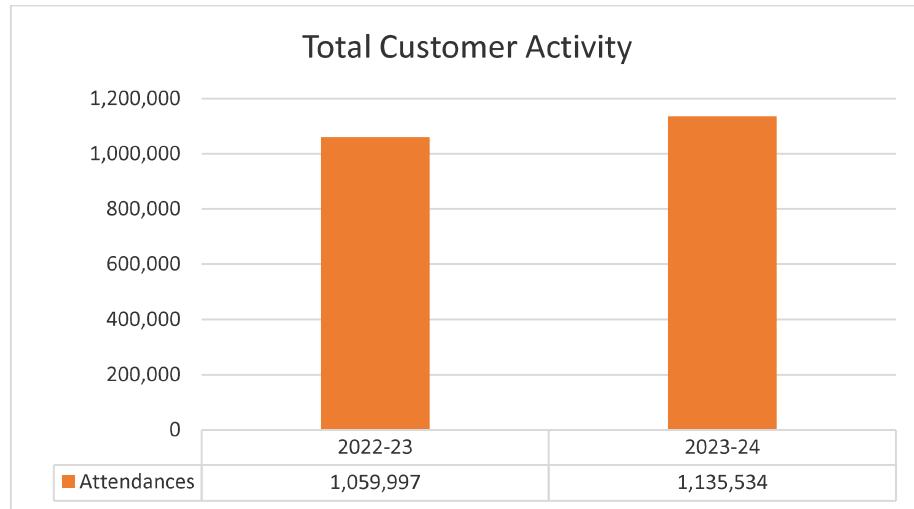
To support the continued growth and development of the KA Leisure Learn to Swim Programme funding was secured from Developing the Young Workforce – Ayrshire to create a vocational pathway into leisure. This provided 12 young people between the ages of 16 – 25 the opportunity to complete the Scottish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

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

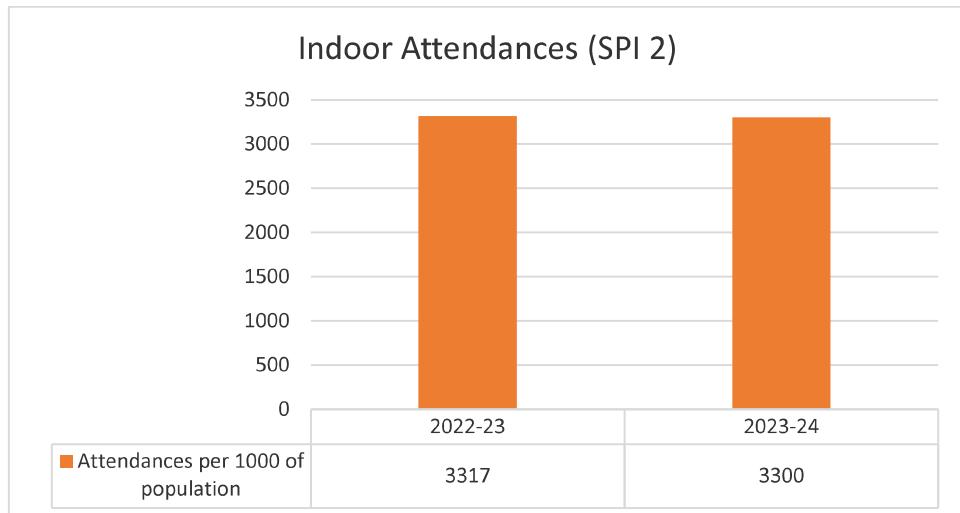
The Company reports its Statutory Performance Indicators (SPIs) to North Ayrshire Council every year to assess its performance. Despite the cost of living crisis, we have achieved growth in both attendance and memberships, demonstrating the value the community places on our leisure services. We are pleased to report that our attendance figures for 2023/2024 have risen by 7% compared to the previous year.

Our Learn to Swim programme and our improved family programme for public swimming have contributed to the growing popularity of our pools.

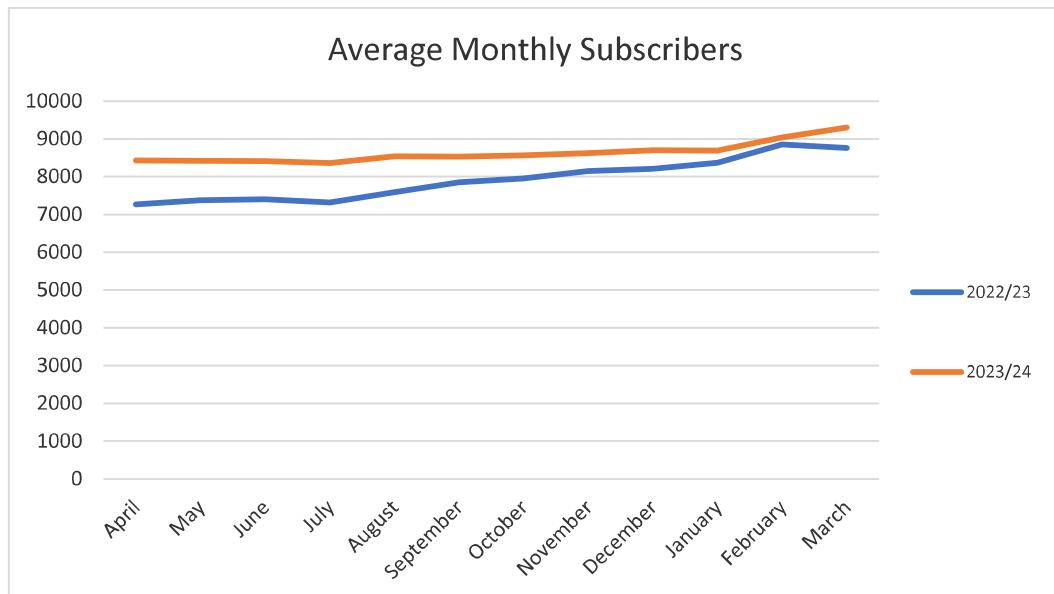
Indoor sports remain comparable to previous years. Our Community Sport Hubs and the Circuit contribute to much of these attendances due to the many sports clubs, community groups and organisations they host.



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



The financial sustainability of the organisation is heavily reliant on the performance of its fitness programme. Thanks to programme developments and the introduction of new memberships such as the Active North Ayrshire Membership and E:Active Junior we have been able to maintain steady growth and continued growth in income.



Directors' report (incorporating the Strategic report)

The financial statements for North Ayrshire Leisure Limited at 31 March 2024 show a turnover of £10,712,767 (2023: £8,938,995), an Investment Reserve of £262,698 (2023: £268,137), and General Reserves of £6,926 incorporating £172,000 reflecting Defined Benefit Pension Fund liabilities (2023: reserves of £10,122,929, incorporating £9,906,000 reflecting Defined Benefit Pension Fund). The Company is an Admitted Body to Strathclyde Pension Fund. The Company has a Revaluation Reserve of £222,821 (2023: £222,821).

North Ayrshire Council's financial contribution towards the cost of maintaining facilities and delivering services is £5,393,455 (2023: £4,243,672).

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 2024 the general reserve amounted to £6,926 (2023: £10,613,887). Setting aside the pension deficit-of £172,000 (2023: £9,906,600 asset) the trustees have agreed that a healthy reserve position would be 5% of overall annual income (£535,000) 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 2024, it was Company policy to retain a designated investment reserve as a contingency towards the requirement for substantive investment of infrastructure. On 31 March 2024 the investment reserve amounted to £262,698 (2023: £268,137).

In the previous financial year, 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 (2023: £222,821).

Pension Balance

The trustees acknowledge the net pension deficit at 31 March 2024 of £172,000 (2023: £9,906,600 asset). 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.

Directors' report (incorporating the Strategic report)

Strategic Direction

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

In the pursuit of fostering a more active North Ayrshire, it is commendable that the focus remains steadfast on enhancing the health and wellbeing of our communities. The vision of 'North Ayrshire More Active More Often' is not only a goal but a commitment to the people, encapsulating the essence of a collective effort towards a healthier society. The challenges of diminishing external funding are accepted, yet they serve as a catalyst for innovation in income generation, ensuring that the mission's integrity and the broader social objectives are not compromised.

Our strategic approach aims to balance inclusiveness, accessibility, and affordability with the necessity for charitable sustainability. It requires a multifaceted plan that considers the diverse needs of the community while maintaining financial viability. Expanding reach is a critical component and encourages the broadening of partnerships as we map our localities and opportunities within.

Adaptation and rejuvenation of strategies are essential to navigate the evolving landscape of community health needs. This involves a dynamic assessment of programs and initiatives to ensure they align with current and emergent health trends. Engaging with the community to understand their needs, fostering a culture of regular physical activity, and promoting wellness are integral to this vision.

Future Plans

KA Leisure is preparing for a future where funding reductions from North Ayrshire Council are anticipated. This challenge will necessitate the continued demonstration of our commercial resilience by offering innovative and cost-effective programmes and activities that provide excellent value for money.

Despite these financial constraints, our unwavering commitment to enhancing the health and wellbeing of all our communities remains paramount. We will ensure that access and pricing remain fair and equitable for everyone, continuing our efforts to remove barriers to participation and promote inclusivity.

In addition, we are dedicated to the development and well-being of our staff. By investing in continuous professional development and training, we aim to equip our team with the skills and knowledge necessary to deliver exceptional service. Enhancing the customer experience at our facilities is a top priority, and we are committed to creating welcoming, safe, and enjoyable environments for all users.

Furthermore, our commitment to the continued success of our partnerships remains strong. We will actively seek further opportunities to collaborate with organizations across our communities, fostering relationships that enhance our service offerings and extend our reach. Through these collaborations, we aim to build a network of support that benefits everyone involved, ensuring that our mission to improve community health and wellbeing is achieved.

North Ayrshire Health and Wellbeing Alliance

Established in September 2022, North Ayrshire's Health & Wellbeing Alliance provides a multi-level leadership body in the development and delivery of the Local Outcome Improvement Plan (2022-2030) for North Ayrshire Community Planning Partnership (NACPP).

Directors' report (incorporating the Strategic report)

KA Leisure was tasked with establishing this Alliance which collaborates through the lens of a whole systems approach. The Alliance builds on the existing efforts of partners across North Ayrshire to develop the strategic vision of the wellbeing agenda in our communities.

Our radical approach presents a real opportunity to reimagine traditional leisure services to deliver a greater health and wellbeing impact. Utilising physical activity as an intervention to support public health, address and manage health conditions, engage with communities, and reduce inequalities.

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 ongoing 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	<p>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.</p> <p>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.</p>	<p>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.</p> <p>There is a staff HSW Forum which is held every 2 months. Staff have access to counselling and physiotherapy via our Occupational Health Provider.</p>
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: 5 December 2024

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 2024 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 2024 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 to 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 2024	Restricted funds 2024	Total funds 2024	Unrestricted funds 2023	Restricted funds 2023	Total funds 2023
		£	£	£	£	£	£
Income from donations and legacies							
Lottery and other funded projects	1	-	529,722	529,722	-	665,309	665,309
Income from Charitable activities							
Services provided to North Ayrshire Council	2	5,393,455	-	5,393,455	4,243,672	-	4,243,672
Charitable trading operations	2	4,476,766	226,265	4,703,031	3,924,697	84,254	4,008,951
Income from investments							
Investment income	3	86,559	-	86,559	21,063	-	21,063
Total income and endowments		9,956,780	755,987	10,712,767	8,189,432	749,563	8,938,995
Expenditure on charitable activities							
Charitable activities	4	9,571,622	755,987	10,327,609	9,206,361	749,563	9,955,924
Total resources expended		9,571,622	755,987	10,327,609	9,206,361	749,563	9,955,924
Net expenditure		385,158	-	385,158	(1,016,929)	-	(1,016,929)
Actuarial gains/(losses) on defined benefit pension schemes		(10,506,600)	-	(10,506,600)	10,135,600	-	10,135,600
Gains/(losses) on revaluation of assets		-	-	-	222,821	-	222,821
Net movement in funds		(10,121,442)	-	(10,121,442)	9,341,492	-	9,341,492
Fund balances at 1 April 2023		10,613,887	-	10,613,887	1,272,395	-	1,272,395
Fund balances at 31 March 2024		492,445	-	492,445	10,613,887	-	10,613,887

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

Statement of comprehensive income

	2024	2023
	Note	£
Net incoming/(outgoing) resources for the financial year	385,158	(1,016,931)
Actuarial gain / (loss) in the pension scheme		
Changes in demographic assumptions	372,000	263,000
Actual return less expected return on pension scheme assets	1,900,000	(1,606,000)
Experienced gains and losses arising on the scheme liabilities	(2,202,000)	(1,778,000)
Change in financial assumptions underlying the scheme liabilities	1,676,000	16,779,000
Change in the effect of the asset ceiling	3,689,400	-
Restriction on asset	(15,942,000)	(3,522,400)
Actuarial (loss)/gain in the pension scheme	20	(10,506,600)
Revaluation Reserve gain/ (loss) in year	16	-
Total comprehensive gains/(losses) relating to the year	10,121,442	9,341,492

Balance sheet as at 31 March 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	9	782,791	766,352
Investments	10	1	1
		782,792	766,353
Current assets			
Stocks	11	41,446	45,230
Debtors	12	894,086	720,310
Cash at bank and in hand		93,002	124,993
		1,028,534	890,533
Creditors: amounts falling due within one year	13	(1,035,255)	(795,844)
Net current (liabilities)/assets		(6,721)	94,689
Total assets less current liabilities		776,071	861,042
Creditors: amounts falling due after more than one year	14	(111,626)	(153,755)
Net assets excluding pension asset / (liability)		664,445	707,287
Net pension (liability)/asset		(172,000)	9,906,600
Net assets / (liabilities) including pension asset / (liability)		492,445	10,613,887
Funds			
Designated funds: Investment Reserve: Unallocated	16	258,747	258,747
Allocated	16	3,951	9,390
Revaluation reserve	16	222,821	222,821
Unrestricted funds: General Reserve	16	6,926	10,122,929
		492,445	10,613,887

These financial statements were approved by the Board of Trustees on 5 December 2024 and are signed on their behalf by:

A Pringle
Trustee

J Sweeney
Trustee

Company Registration Number: SC202978

Statement of cash flows

	Note	2024 £	2023 £
Cash flows from operating activities			
Net incoming resources		385,158	(1,016,931)
Pension scheme payments		(428,000)	995,000
Depreciation		96,781	55,197
Decrease / (increase) in stock		3,784	(10,027)
Increase in debtors		(173,776)	850,829
Increase in creditors		269,954	(580,238)
Net cash generated from operating activities		153,901	293,830
Cash flows from investing activities			
Purchase of tangible fixed assets		113,220	170,278
Net cash used in investing activities		(113,220)	(170,278)
Cash flows from financing activities			
Capital element of finance lease rentals		72,672	74,100
Net cash used in financing activities		(72,672)	(74,100)
Net (decrease)/increase in cash and cash equivalents	18	(31,991)	49,452
Cash and cash equivalents at the beginning of year		124,993	75,541
Cash and cash equivalents at end of year		93,002	124,993

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 2019) – (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

	2024	2023
	£	£
Project Funding	529,722	665,309
	<u>529,722</u>	<u>665,309</u>

2 Income from charitable activities

	2024	2023
	£	£
Contribution from North Ayrshire Council	5,393,455	4,243,672
	<u>5,393,455</u>	<u>4,243,672</u>
Income from charitable trading		
Auchenharvie Leisure Centre	1,097,279	988,214
Garnock Community Campus	377,224	296,413
Portal	1,299,880	1,116,445
Vikingar Leisure Centre	590,202	486,005
KA Campus	331,557	290,213
Golf	332,330	358,853
Outdoor Sports	200,896	203,099
Physical Activity	247,393	175,022
Other	5	10,433
Project income (restricted)	226,265	84,254
	<u>226,265</u>	<u>84,254</u>
	<u>4,703,031</u>	<u>4,008,951</u>

3 Investment income

	2024	2023
	£	£
Investment income comprises income from:		
Funds held by North Ayrshire Council	86,559	21,063
	<u>86,559</u>	<u>21,063</u>

4 Direct charitable expenditure

	2024	2023
	£	£
Other direct expenditure		
Employee costs	7,061,808	7,183,373
Property costs	2,062,370	1,315,204
Supplies and services	983,543	827,498
Transport costs	29,531	31,146
	<u>10,137,252</u>	<u>9,357,221</u>

Notes to the financial statements (continued)

4 Direct charitable expenditure (continued)

	2024	2023
	£	£
Brought forward	10,137,252	9,357,221
Support costs		
Rent and insurance	172,838	168,510
Post, stationery and advertising	97,489	114,571
Telephone	117,910	101,905
Depreciation	96,780	55,197
Bank charges	12,856	16,246
Bad debts	26,005	10,449
Finance lease interest	17,758	13,772
Other finance expense - pension scheme	(471,000)	(7,000)
Governance costs (see note 5)	119,721	125,055
	<hr/>	<hr/>
	190,357	598,705
	<hr/>	<hr/>
Total	10,327,609	9,955,926
	<hr/>	<hr/>

Included in supplies and services is irrecoverable input VAT of £215,633 (2023: £179,351). Of the above expenditure, £755,987 is restricted (2023: £749,563)

5 Governance costs

	2024	2023
	£	£
Fees paid to auditors	20,750	18,250
Fees paid to auditors for non-audit work	260	335
Legal and professional fees	98,711	106,470
	<hr/>	<hr/>
	119,721	125,055
	<hr/>	<hr/>

Notes to the financial statements (continued)

6 Net incoming resources

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

	2024	2023
	£	£
Auditors remuneration	20,750	18,250
Depreciation and amortisation:		
Tangible fixed assets, owned	66,731	47,141
Tangible fixed assets held under finance leases	30,050	8,056
Other operating lease rentals		
Land and buildings	-	-
Plant and machinery	-	-

7 Employees

Staff costs during the year were as follows:

	2024	2023
	£	£
Wages and salaries	5,344,513	4,973,224
Social security costs	413,770	367,385
Pension costs	1,228,000	1,753,000
Other employee costs	75,525	89,764
	7,061,808	7,183,373

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

	2024	2023
	No.	No.
Managers and officers	46	35
Support services and reception	19	70
Manual workers and technicians	102	94
Temporary/seasonal employees	154	122
	321	321

Notes to the financial statements (continued)

7 Employees (continued)

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

	2024	2023
£60,000 - £69,999	-	1
£80,000 - £89,999	1	-
£90,000 - £99,999	-	1
£100,000 - £199,999	2	-

The total pension payments in relation to the defined pension scheme made in respect of the higher paid employees numbered above totalled £16,181 (2023: £12,295).

Total salary costs for the Company's senior management team was £309,608 (2023: £247,583).

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 £36,570 (2023: £34,358), 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 2023	168,911	555,906	10,067	86,665	821,549
Additions	99,611	7,788	-	5,821	113,220
Revaluation Adjustment	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2024	268,522	563,694	10,067	92,486	934,769
Depreciation					
At 1 April 2023	10,416	31,091	1,480	12,210	55,197
Additions	19,291	58,676	1,480	17,334	96,781
Revaluation Adjustment	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2024	29,707	89,767	2,960	29,544	151,978
Net book value at 31 March 2024	238,815	473,927	7,107	62,942	782,791
Net book value at 31 March 2023	158,495	524,815	8,587	74,455	766,352

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 2024.

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 2024	<u>262,393</u>
Net book amount at 31 March 2023	<u>292,443</u>
Depreciation provided in the year	<u>8,056</u>

10 Fixed asset investments - unquoted

	£
Value at 31 March 2023 and 31 March 2024	<u>1</u>
Historical cost at 31 March 2023 and 31 March 2024	<u>1</u>

Fixed asset investments comprise the following:-

Name of Company	Country of registration	Holding	Proportion held	Capital and reserves 2023	Results 2024
				£	£
North Ayrshire Leisure Trading Services Limited	Scotland	Ordinary shares	100%	1	1

The subsidiary company (SC203399) is dormant.

Notes to the financial statements (continued)

11 Stocks

	2024	2023
	£	£
Goods for resale and consumable stores	<u>41,446</u>	<u>45,230</u>

12 Debtors

	2024	2023
	£	£
Trade debtors	158,769	85,799
Prepayments and accrued income	120,827	113,642
Other debtors	135,089	34,713
Amounts due from related parties	<u>479,401</u>	<u>486,156</u>
	<u>894,086</u>	<u>720,310</u>

13 Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	50,800	38,447
Social security and other taxes	362,283	254,712
Other creditors	23,640	26,324
Amounts due to related parties	110,259	1,675
Accruals and deferred income	347,993	305,056
Pension creditor	98,151	96,957
Finance lease creditor	<u>42,129</u>	<u>72,673</u>
	<u>1,035,255</u>	<u>795,844</u>

14 Creditors: amounts falling due after more than one year

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

	2024	2023
	£	£
Finance lease creditor (see note 15)	<u>111,626</u>	<u>153,755</u>
	<u>111,626</u>	<u>153,755</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:

	2024	2023
	£	£
Amounts payable within 1 year	42,129	72,673
Amounts payable between 1 to 5 years	111,626	153,755
	<u>153,755</u>	<u>226,428</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 2023	-	268,137	10,122,929	222,821	10,613,887
Incoming Resources	755,987	-	9,956,780	-	10,712,767
Expenditure	<u>(755,987)</u>	<u>-</u>	<u>(9,571,622)</u>	<u>-</u>	<u>(10,327,609)</u>
Net incoming/outgoing resources	-	-	385,158	-	385,158
Transfer to General Reserve in respect of depreciation	-	<u>(5,439)</u>	<u>5,439</u>	<u>-</u>	<u>-</u>
	-	<u>(5,439)</u>	<u>390,597</u>	<u>-</u>	<u>385,158</u>
Actuarial gain/(loss) in pension scheme	-	-	(10,506,600)	-	(10,506,600)
Transfer from General Reserve	-	-	-	-	-
At 31 March 2024	<u>-</u>	<u>262,698</u>	<u>6,926</u>	<u>222,821</u>	<u>492,445</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	3,951
	<u>262,698</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 2023

	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	(749,563)	-	(9,206,361)	-	(9,955,924)
Net incoming/outgoing resources	-	-	(1,016,929)	-	(1,016,929)
Transfer to General Reserve in respect of depreciation	-	(21,929)	21,929	222,821	222,821
	-	(21,929)	(995,000)	222,821	(794,108)
Actuarial gain/(loss) in pension scheme	-	-	10,135,600	-	10,135,600
Transfer from General Reserve	-	-	-	-	-
At 31 March 2023	-	268,137	10,122,929	222,821	10,613,887

Restricted reserves

	Balance at 1 April 2023	Incoming resources	Outgoing resources	Balance at 31 March 2024
	£	£	£	£
Externally Funded and Partnership Projects				
North Ayrshire Community Planning Partnership	-	81,614	(81,614)	-
Community Sports	-	5,389	(5,389)	-
Active North Ayrshire	-	477,598	(477,598)	-
Support for Community Events	-	1,855	(1,855)	-
Mind and Be Active	-	75,500	(75,500)	-
Walking for Health	-	1,765	(1,765)	-
Champions For Change	-	34,999	(34,999)	-
NAC Funded Programmes	-	48,579	(48,579)	-
Swim Teacher Training	-	5,867	(5,867)	-
Portable Pitch	-	906	(906)	-
Vikingar Developments	-	21,915	(21,915)	-
	-	755,987	(755,987)	-

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.

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

2024	Restricted reserve	Investment reserve	General reserve	Revaluation reserve	Total
	£	£	£	£	£
Tangible Fixed Assets	-	3,951	556,019	222,821	782,791
Investments	-	-	1	-	1
Cash at bank and in hand	-	-	93,002	-	93,002
Other net current assets/ (liabilities)	-	258,747	(642,096)	-	(383,349)
	-	262,698	6,926	222,821	492,445

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

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

	2024	2023
	£	£
(Decrease)/Increase in cash in the year	(31,991)	49,452
Cash outflow from financing	72,672	74,100
	40,681	123,552
Change in net funds resulting from cash flows	-	(219,933)
Inception of finance leases		
	40,681	(96,381)
Movement in net funds in the year	(101,435)	(5,054)
Net funds at 1 April 2023		
	(60,754)	(101,435)
Net funds at 31 March 2024		

Notes to the financial statements (continued)

19 Analysis of changes in net funds

2024	At 1 April	Cash flows	Non-cash Items	At 31 March
	2023			£
Cash at bank and in hand	124,993	(31,991)	-	93,002
Finance leases	(226,428)	72,672	-	(153,756)
	<u>(101,435)</u>	<u>40,681</u>	<u>-</u>	<u>(60,754)</u>

2023	At 1 April	Cash flows	Non-cash Items	At 31 March
	2022			£
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>

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 2023. 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 2024.

The pension charge for the year was £1,228,000 (2023: £1,753,000).

A full actuarial valuation was carried out at 31 March 2023 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 2024.

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 %	2024 £000	Rate of return %	2023 £000
Market value of assets:				
Equities	58	23,827	60	22,087
Bonds	27	11,092	28	10,307
Property	10	4,108	10	3,681
Cash	5	2,054	2	736
		41,081		36,811
Present value of scheme liabilities		(25,311)		(23,382)
Net pension asset/(deficit)		15,770		13,429
Restriction on assets		(15,942)		(3,522)
Total (deficit)/asset recognised		(172)		9,907

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:

	2024 £'000	2023 £'000
Surplus in scheme assets at 1 April	9,907	766
Movement in year:		
Current service cost	(742)	(1,753)
Losses on curtailments	(486)	-
Contributions	1,172	739
Contributions in respect of unfunded benefits	13	12
Interest cost	471	7
Actuarial gain/(loss)	5,435	13,658
Restriction on asset	(15,942)	(3,522)
(Deficit)/Surplus in scheme assets at 31 March	<u>(172)</u>	<u>9,907</u>

The main assumptions used by the actuary were:

	2024 %	2023 %
Salary increases	3.45	3.65
Pension increases	2.75	2.95
Discount rate	4.85	4.75

As at the date of the most recent valuation, the duration of the Employer's funded obligation is 20 years.

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 (and 2021) 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	19.1 years	22.0 years
Future Pensioners*	20.2 years	24.1 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 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.

Future Pensioners

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.

Employer Membership Statistics

	Number	Total Salaries/ Pensions		Average Age
		31 Mar 2023	31 Mar 2020	
Actives	297	343	4,298	4,143
Deferred Pensioners	330	217	355	217
Pensioners	88	74	514	401
				68
		31 Mar 2023	31 Mar 2020	31 Mar 2023

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 2024	31 Mar 2023
	£(000)	£(000)
Fair Value of Employer Assets	41,081	36,811
Present Value of Funded Liabilities	(25,139)	(23,208)
Net (Under)/Overfunding in Funded Plans	15,942	13,603
Present Value of Unfunded Liabilities	(172)	(174)
Unrecognised Past Service Cost	-	-
Restriction on Asset	(15,942)	(3,522)
Net (Deficit)/Asset	(172)	9,907

Notes to the financial statements (continued)

20 Pensions (continued)

Reconciliation of fair value of employer assets

Period Ended	31 Mar 2024	31 Mar 2023
	£(000)	£(000)
Opening Fair Value of Employer Assets	36,811	37,001
Interest Cost	1,769	1,022
Contributions by Members	246	219
Contributions by the Employer	1,172	739
Contributions in respect of Unfunded Benefits	13	12
Actuarial gains / (losses)	1,900	(1,606)
Estimated Unfunded Benefits Paid	(13)	(12)
Other experience	(117)	-
Estimated Benefits Paid	(700)	(564)
Closing Fair Value of Employer Assets	41,081	36,811

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 2025 will be approximately £279,000.

Notes to the financial statements (continued)

20 Pensions (continued)

History of experience gains and losses

	2024 £'000	2023 £'000
Difference between the expected and the actual return on scheme assets:		
- amount	1,900	(1,606)
- percentage of scheme assets	4.6%	(4.4%)
Experience gains and losses on scheme assets:		
- amount	2,085	1,778
- percentage of scheme assets	5.1%	4.8%
Total amount recognised in statement of total comprehensive income:		
- gain on scheme assets	5,434	13,658
- restriction on scheme assets	(15,942)	(3,522)
- Net (loss)/gain on assets recognised	10,508	10,136
- percentage of scheme assets	25.6%	27.5%
i) Amount charged to operating profit		
	2024 £'000	2023 £'000
Current service cost	1,228	1,753
Losses on curtailments	-	-
Total operating charge	<hr/> 1,228	<hr/> 1,753
ii) Amount credited to other finance income		
	2024 £'000	2023 £'000
Interest cost on pension scheme liabilities	471	7
Net return	<hr/> 471	<hr/> 7

Notes to the financial statements (continued)

20 Pensions (continued)

iii) Amount recognised in the Statement of comprehensive income

	2024 £'000	2023 £'000
Changes in demographic assumptions	372	263
Actual return less expected return on pension scheme assets	1,900	(1,606)
Experienced gains and losses arising on the scheme liabilities	(2,202)	(1,778)
Change in financial assumptions underlying the scheme liabilities	1,676	16,779
Other experience	3,689	-
Restriction on asset	(15,942)	(3,522)
Actuarial loss recognised in the Statement of comprehensive income	<u>(10,507)</u>	10,136

Amount Recognised in Statement of comprehensive income

	31	
	31 Mar 2024	Mar 2023
	£(000)	£(000)
Actuarial Gains/(Losses) – as recognised in the Statement of comprehensive income	(10,507)	10,136
Cumulative Actuarial Gains and Losses	<u>5,241</u>	<u>15,748</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 2024:	Approximate increase to employer liability %	Approximate monetary amount £'000
0.1% decrease in real discount rate	2	543
1 year increase in member life expectancy	4	1,012
0.1% increase in the salary increase rate	-	34
0.1% increase in the pension increase rate	2	519

Notes to the financial statements (continued)

21 Leasing commitments

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

	2024	2023
	Other	Other
	£	£
In one year or less	4,535	6,840
Between one and five years	-	4,520
	4,535	11,360

22 Capital commitments

There were no capital commitments at 31 March 2024 or 31 March 2023.

23 Contingent liabilities

There were no contingent liabilities at 31 March 2024 or 31 March 2023.

24 Related party transactions

North Ayrshire Council provided a banking facility during the year and paid £86,559 (2023: £21,931) interest to the Company in this regard. As at 31 March 2024 the net amount due from North Ayrshire Council was £369,141 (2023: £484,481 due to North Ayrshire Council).

Total monies received from North Ayrshire Council in the year was £5,540,090 (2023: £4,492,768). 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.