

Financial Statements North Ayrshire Leisure Limited

For the year ended 31 March 2025

SATURDAY



AEHCØE96

A19

13/12/2025

#154

COMPANIES HOUSE

Company No. SC202978

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	J Sweeney (Chair from May 2025) J McClung R Glover A Todd L Tulloch E Smith S Anderson B Macdonald P Brodie
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

Contents

Foreword	4
Trustees' report (including directors' report and strategic report)	6 - 17
Report of the independent auditor	18 - 21
Statement of financial activities	22
Balance sheet	23
Statement of cash flows	24
Accounting policies	25 - 28
Notes to the financial statements	29 - 45

Foreword

It is a great honour to introduce this year's annual report, my first as the newly appointed Chair of KA Leisure. As we mark 25 years of service to the people of North Ayrshire, I am proud to be a part of an organisation that continues to make a profound and lasting impact on the health, wellbeing, and vibrancy of our communities.

This report reflects a year of growth, resilience, and innovation. Despite the challenges posed by Storm Eowyn and the wider cost-of-living crisis, KA Leisure has demonstrated remarkable agility and commitment—ensuring that services remained accessible, inclusive, and of the highest quality. From hosting international sporting events to expanding our community programmes and investing in our venues, the organisation has continued to evolve in response to local needs. Our achievements this year are a testament to the dedication of our staff, volunteers, and partners. Whether delivering life-changing health interventions, supporting young athletes, or creating welcoming spaces for families and older adults, KA Leisure has shown that physical activity is not just about fitness—it's about connection, confidence, and community.

I would like to take this opportunity to express my sincere thanks to Ashley Pringle, who has served as Chair with distinction and commitment. Ashley's leadership has guided KA Leisure through some of its most transformative years, including the challenges of the pandemic and setting the foundations of our new performance strategy. His passion for community wellbeing and belief in the power of sport and physical activity have left a lasting legacy.

On behalf of the Board and the wider KA Leisure family, I extend our gratitude and best wishes to Ashley in his retirement. I would also like to extend our thanks to North Ayrshire Council for their continued support and partnership. Their commitment to community wellbeing has been instrumental in enabling KA Leisure to deliver high-quality, inclusive programmes across the region. Together, we are making a meaningful difference in the lives of thousands of residents, and we look forward to building on this strong foundation in the years ahead.

Looking forward, I am excited by the direction set out in our 2025–2027 Performance Strategy. This bold and forward-thinking plan will guide us as we strengthen our financial sustainability, embrace digital transformation, and deepen our impact on community health and wellbeing. We will continue to invest in our people, our facilities, and our partnerships—ensuring that KA Leisure remains a cornerstone across our localities.

We are committed to working collaboratively with our partners to build on our successes and meet the challenges ahead. Together, we will continue to lead the way—creating opportunities for everyone to live healthier, happier lives through sport, physical activity, and community engagement. Thank you for your continued support.

Cllr John Sweeney, Board Chairman (Appointed Chair May 2025)

Foreword

As we reflect on another remarkable year at KA Leisure, I want to take this opportunity to extend my heartfelt thanks to our incredible staff. Your dedication, resilience, and passion continue to drive our success and make a lasting difference in the lives of people across North Ayrshire. Despite the external pressures we've faced our organisation has continued to grow, evolve, and deliver with purpose.

I am immensely proud of what we have achieved together. From expanding our services and enhancing customer experience, to strengthening our staffing structure and launching our new Performance Strategy, we have laid strong foundations for the future. These accomplishments are a testament to the strength of our team and the values we uphold. Our progress would not be possible without the strong partnerships and collaborative spirit that underpin our work. We are grateful to our partners across the public, private, and third sectors who continue to share our vision and contribute to our mission. Together, we are building a more connected, inclusive, and healthier North Ayrshire.

I would like to acknowledge and thank everyone who has contributed to our success over the past 25 years. From our founding members and long-serving staff to our volunteers, partners, and supporters, your commitment has shaped KA Leisure into the trusted and impactful organisation it is today. Your efforts have helped us grow, adapt, and thrive, and we are deeply grateful for your continued belief in our purpose. Also, to our customers, thank you for your continued support, trust, and engagement. Your loyalty inspires us to keep improving and innovating.

Looking ahead, I am filled with excitement for the journey we are about to embark on. Our new strategy sets a bold and ambitious direction, one that will see us deepen our impact, embrace innovation, and continue to lead the way in community health and wellbeing. With the continued support of our staff, partners, and communities, I am confident that KA Leisure will not only meet the challenges ahead but thrive in delivering meaningful change.

Malcolm McPhail, Chief Executive Officer

Trustees' report (including the directors' report and strategic report) Objectives and Activities

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 principle objectives of the company is the provision of recreational facilities, including 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.

Trustees' report (including the directors' report and strategic report) Objectives and Activities

Trustees

The trustees', who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

A Pringle (Chair) (Resigned 1 April 2025)
J Sweeney (Chair)
H Campbell (Resigned 1 April 2025)
J McClung
J Montgomerie (Resigned 23 October 2025)
I Murdoch (Resigned 1 April 2025)
R Glover
A Todd
L Tulloch
E Smith (Appointed 25 September 2025)
S Anderson (Appointed 25 September 2025)
B Macdonald (Appointed 25 September 2025)
P Brodie (Appointed 25 September 2025)

The trustees 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.

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

Following an external review the composition of the board will be reviewed in 2025-2026.

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.

Trustees' report (including the directors' report and strategic report) Objectives and Activities

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 400 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. We were incredibly proud this year to receive the prestigious RoSPA President's Award, celebrating our 11th consecutive Gold Award for health and safety excellence.

This remarkable achievement is a testament to the unwavering dedication and professionalism of our entire team. It highlights our commitment to maintaining the highest safety standards across all operations throughout the year. This award not only showcases our robust safety culture but also the collective effort of every single staff member who helps make KA Leisure a safe, welcoming, and responsible organisation for our employees and local communities.

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.

Trustees' report (including the directors' report and strategic report)

Objectives and Activities

Evolving with Purpose

As an organisation committed to continuous improvement, we have made significant strides in evolving our processes, communication, delivery methods, and overall customer experience. This purposeful evolution reflects our dedication to meeting the changing needs of our community while enhancing operational efficiency and service quality. Through strategic investments in technology, staff development, and customer engagement, we are building a more responsive, streamlined, and user focused service mode that supports long term growth and impact.

As we continue to grow, we are placing a strong focus on increasing efficiency across all areas of the organisation. This includes optimising supplier relationships and reviewing staffing levels to ensure we are operating as effectively as possible. These efforts are aimed at streamlining operations, reducing waste, and ensuring resources are aligned with strategic priorities—supporting sustainable growth and improved service delivery.

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 2025.

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 14 to 16 of this report.

Making a Difference

Active Communities

The Active Communities Team continues to play a vital role in delivering KA Leisure's mission to improve health and wellbeing across North Ayrshire. With two key strands, Active Lifestyles and Community Sport, the team works hand in hand with partners to engage people of all ages and abilities in meaningful physical activity that makes a lasting difference.

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.

Trustees' report (including the directors' report and strategic report)

Objectives and Activities

Community Sport: The Community Sport team plays a vital role in promoting participation in sport across North Ayrshire. Through strategic partnerships and targeted programmes, the team ensures that sport is accessible, inclusive, and impactful for individuals and communities.

We deliver inclusive programmes that encourage participation across all ages and abilities. Over 100 classes per week are led by KA Leisure coaches and partner clubs, activities take place in schools and community venues, integrating sport with wider wellbeing opportunities. The addition of art, drama, and music allows children and young people to explore diverse interests, while the Inspire Membership ensures cost is not a barrier to participation.

KA Leisure supports the development of local sports clubs by offering guidance on governance, volunteer training, and capacity building. By connecting clubs with schools and community groups, the hubs strengthen networks and enhance participation.

Health & Wellbeing Service: The Active Lifestyles Team focuses on supporting long-term health and wellbeing. From health walks and physical activity referral programmes to condition-specific classes and wellbeing workshops, the team helps people living with health conditions, those recovering from illness or injury, and individuals simply looking to improve their fitness. Referring partners know they can trust KA Leisure to provide safe, effective, and supportive programmes that empower residents to take control of their health.

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

- Active North Ayrshire – Physical Activity Referral Programme
- Community Outreach Programme
- ACTIVATOR

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.

For several years, the Mind and Be Active (MBA) project has been providing valuable one-to-one and small group physical activity support to individuals seeking to improve their mental health and wellbeing. The programme has made a significant difference, supporting people to build confidence, reduce isolation, and take positive steps toward healthier, more active lives.

In March 2024, The North Ayrshire Health and Social Care Partnership concluded its funding for MBA due to budgetary constraints, and while this means we can no longer offer the same level of intensive, specialist support, the positive legacy of MBA continues within the broader Active North Ayrshire (ANA) programme. While capacity for one to one and small group interventions has reduced, the breadth of ANA ensures people can engage in regular physical activity, connect socially, and sustain their wellbeing journey. This reflects our commitment to keeping mental health support at the heart of all our wellbeing programmes, ensuring that physical activity on referral remains a trusted pathway for improving both physical and mental wellbeing across North Ayrshire.

Trustees' report (including the directors' report and strategic report)

Objectives and Activities

Community Venues

At KA Leisure, our leisure services are at the heart of community life across North Ayrshire. From our vibrant venues and welcoming fitness suites to our scenic golf courses, swimming pools, and flexible spaces for hire, we offer a diverse range of opportunities for people of all ages and abilities to stay active, connect, and thrive. Our facilities are more than just places to exercise, they are community hubs where wellbeing, inclusion, and enjoyment come together.

Whether it's learning to swim, joining a fitness class, playing a round of golf, or attending a local club or event, KA Leisure continues to provide high quality, accessible experiences that support healthier, happier lives.

Learn to Swim Programme

Our Learn to Swim programme continues to thrive, building on last year's successful transition to fully digitalised reporting. This upgrade has significantly improved access for teachers to record progress and for parents to track their child's development in real time.

In response to growing demand, we've expanded our offering to include Parent and Child classes, Adult lessons, and ASN specific sessions, alongside holiday crash courses and 1-to-1 lessons. We anticipate that 1-to-1 lessons will soon become a standard option across our programme.

These developments have been achieved despite the loss of one of our busiest pools Auchendarvie due to structural damage caused by January's storms. Thanks to the dedication and flexibility of our staff, over 200 swimmers were successfully transferred from Auchendarvie to The Portal, where lessons have continued side by side using available space.

With demand for swimming lessons continuing to grow, we delivered a training course in December that resulted in eight new swimming teachers, and we are now preparing to launch our own teacher training programme.

This will allow us to further develop our current staff and offer qualification opportunities for aspiring teachers, ensuring the long-term sustainability and quality of our Learn to Swim programme.

Performance

The Company reports its Statutory Performance Indicators (SPIs) to North Ayrshire Council every year to assess its performance. The below includes our total attendances across the three key areas.

SPI	2023 - 2024 Total Attendances	2024 - 2025 Total Attendances	% Difference	2025 - 2026 Target
Wetside	288,486	263,583	-8.6%	271,492
Dryside	440,091	489,683	11.3%	504,066
Outdoor	284,462	284,786	0.1%	293,006
Total	1,013,039	1,038,052	2.5%	1,068,564

Trustees' report (including the directors' report and strategic report) Objectives and Activities

This year's attendance figures reflect a positive trend in engagement across KA Leisure's venues and programmes, with overall attendances rising by 2.5% compared to the previous year. The increase in indoor sport and leisure activity can be attributed to several key developments. A key area of growth was in fitness suite and class attendances, which saw a 19.4% increase.

This is driven by a rise in memberships and improved operational delivery. Efforts to reduce class cancellations, alongside the introduction of smart tile technology, have enhanced the accuracy of visit recording and improved customer experience. These changes have contributed to a more consistent and accessible fitness offering across our venues. Dry sports and events attendances have also increased, particularly at our Community Sports Hubs.

This growth is linked to an upturn in bookings and strengthened partnerships with local community groups, which have helped expand programme delivery and attract new participants. The improved functionality of our CRM system has further supported this growth by enabling more accurate tracking and reporting of visits.

While most areas have shown positive performance, pool attendances were impacted by the closure of Auchendarvie swimming pool in January due to significant roof damage caused by Storm Eowyn. Despite this setback, our teams worked swiftly to reallocate swimmers to other venues, minimising disruption and maintaining service continuity where possible.

The financial statements for North Ayrshire Leisure Limited at 31 March 2025 show a turnover of £10,859,992 (2024: £10,712,767), an Investment Reserve of £262,698 (2024: £262,698), and General Reserves of £220,910 incorporating £153,000 reflecting Defined Benefit Pension Fund liabilities (2024: reserves of £6,926 incorporating £172,000 reflecting Defined Benefit Pension Fund liabilities). The Company is an Admitted Body to Strathclyde Pension Fund. The Company has a Revaluation Reserve of £200,889 (2024: £222,821).

North Ayrshire Council's financial contribution towards the cost of maintaining facilities and delivering services is £4,877,419 (2024: £5,393,455).

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 2025 the general reserve amounted to £220,910 (2024: £6,926). Setting aside the pension deficit £153,000: (2024: deficit £172,000) the trustees have agreed that a healthy reserve position would be 5% of overall annual income (£54,000) 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 2025, it was Company policy to retain a designated investment reserve as a contingency towards the requirement for substantive investment of infrastructure. On 31 March 2025 the investment reserve amounted to £262,698 (2024: £262,698).

Trustees' report (including the directors' report and strategic report) Objectives and Activities

Pension Balance

The trustees acknowledge the net pension deficit at 31 March 2025 of £153,000 (2024: £172,000). 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

Leading the Way – Performance Strategy 2025-2027

After celebrating 25 years of service, we are proud to launch our new Performance Strategy for 2025–2027, a bold and forward-thinking plan that builds on our legacy and sets a clear direction for the future. This strategy is rooted in our vision to become a world-class leisure provider. Our mission is to enhance lives through physical activity, community engagement, and inclusive services, ensuring that everyone, regardless of age, ability, or background, can access opportunities to lead healthier, happier lives. This strategy has been shaped using appreciative inquiry, a strengths-based approach that builds on everything we've achieved over the past 25 years.

It reflects the values, successes, and energy of our organisation and will be delivered through the collective strengths of our teams across KA Leisure. By focusing on what works well and engaging our people in meaningful collaboration, we are creating a strategy that is both visionary and practical.

Over the next two years, we will focus on six key areas:

1. **Financial Performance:** Ensuring sustainable growth and financial stability. We will continue to explore innovative funding solutions and cost-saving measures to maintain our financial health and support our mission.
2. **Digital Transformation:** Embracing technology to enhance our services and reach. By investing in digital platforms and tools, we aim to improve user experience, streamline operations, and expand our online presence.
3. **The North Ayrshire Health & Wellbeing Alliance:** Collaborating to address local priorities – the Alliance is designed to place wellbeing at the heart of North Ayrshires strategic development, build on the great work of our partners and explore bold innovative approaches to make a real difference.
4. **Our People – Staff Wellbeing and Policies:** Investing in our team to foster a supportive and thriving workplace. We recognise that our staff are our greatest asset, and we are committed to their professional development, mental health, and overall wellbeing.

Trustees' report (including the directors' report and strategic report)

Objectives and Activities

5. **Community Health and Sport:** Promoting active lifestyles and community engagement. Through a variety of programmes and initiatives, we will encourage participation in sports and physical activities, contributing to the health and vitality of our community.
6. **Board Strategy - Fit for the Future:** Strengthening our governance to navigate future challenges. We will ensure our board is equipped with the skills and knowledge needed to guide our organisation through the evolving landscape of the leisure and charity sectors.

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).

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 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	The energy markets and their effects on UK costs are under constant monitoring by the Board of

Trustees' report (including the directors' report and strategic report)

Objectives and Activities

	increase in energy prices could have serious consequences for the Company maintaining operations, in particular swimming pools and ice rink.	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.
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.

Trustees' report (including the directors' report and strategic report)

Objectives and Activities

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.

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.

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.

Establish emergency arrangements as part of business continuity planning. Partnership working and supporting NAC with their emergency arrangements and preparedness as part of 'Blackstart'.

Trustees' report (including the directors' report and strategic report) Objectives and Activities

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

In preparing those financial statements, the trustees are required to:

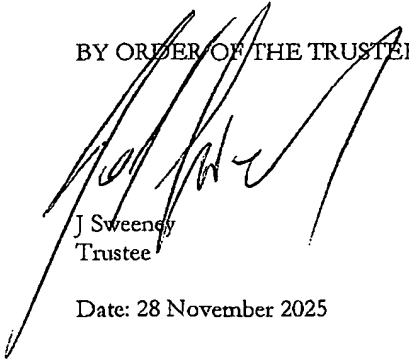
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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



J Sweeney
Trustee

Date: 28 November 2025

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 2025 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 2025 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 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 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.

Azets Audit Services.

Sally Cheeney (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

09 December 2025
.....

Chartered Accountants
Statutory Auditor

5 Whitefriars Crescent
Perth
PH2 0PA

Azets Audit Services is eligible for appointment as auditor of the Company by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Statement of Financial Activities (including income and expenditure account)

		Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £
Notes							
Income from donations and legacies							
Lottery and other funded projects	1	-	387,783	387,783	-	529,722	529,722
Income from Charitable activities							
Services provided to North Ayrshire Council	2	4,877,419	-	4,877,419	5,393,455	-	5,393,455
Charitable trading operations	2	4,897,939	635,173	5,533,112	4,476,766	226,265	4,703,031
Income from investments							
Investment income	3	61,678	-	61,678	86,559	-	86,559
Total income and endowments		9,837,036	1,022,956	10,859,992	9,956,780	755,987	10,712,767
<u>Expenditure on charitable activities</u>							
Charitable activities	4	10,324,947	797,404	11,122,351	9,571,622	755,987	10,327,609
Total resources expended		10,324,947	797,404	11,122,351	9,571,622	755,987	10,327,609
Net (expenditure)/income		(487,911)	225,552	(262,359)	385,158	-	385,158
Actuarial gains/(losses) on defined benefit pension scheme							
		545,000	-	545,000	(10,506,600)	-	(10,506,600)
Transfer between funds		134,963	(134,963)	-	-	-	-
Net movement in funds		192,052	90,589	282,641	(10,121,442)	-	(10,121,442)
Funds brought forward at 1 April 2024		492,445	-	492,445	10,613,887	-	10,613,887
Funds carried forward at 31 March 2025		684,497	90,589	775,086	492,445	-	492,445

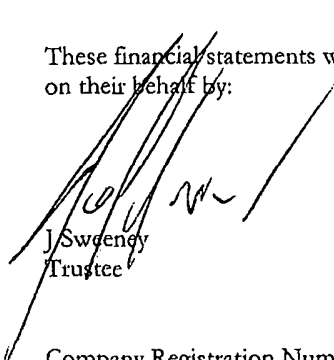
The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The statement of financial activities also complies with the requirements for an income and expenditure account under Companies Act 2006.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet as at 31 March 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	9	913,976	782,791
Investments	10	1	1
		<u>913,977</u>	<u>782,792</u>
Current assets			
Stocks	11	51,595	41,446
Debtors	12	696,118	894,086
Cash at bank and in hand		153,019	93,002
		<u>900,732</u>	<u>1,028,534</u>
Creditors: amounts falling due within one year	13	<u>(827,340)</u>	<u>(1,035,255)</u>
Net current assets/(liabilities)		<u>73,392</u>	<u>(6,721)</u>
Total assets less current liabilities		<u>987,369</u>	<u>776,071</u>
Creditors: amounts falling due after more than one year	14	<u>(59,283)</u>	<u>(111,626)</u>
Net assets excluding pension (liability)		<u>928,086</u>	<u>664,445</u>
Net pension (liability)		<u>(153,000)</u>	<u>(172,000)</u>
Net assets including pension (liability)		<u>775,086</u>	<u>492,445</u>
Funds			
Designated funds: Investment Reserve: Unallocated	16	236,815	258,747
Allocated	16	3,951	3,951
Revaluation reserve	16	222,821	222,821
Restricted fund: Project	16	90,589	-
Unrestricted funds: General Reserve	16	220,910	6,926
		<u>775,086</u>	<u>492,445</u>

These financial statements were approved by the Board of Trustees on 27 November 2025 and are signed on their behalf by:


J. Sweeney
Trustee

R. Glover
Trustee



Company Registration Number: SC202978

The accompanying accounting policies and notes form part of these financial statements.

Statement of cash flows

	Note	2025 £	2024 £
Cash flows from operating activities			
Net incoming resources		(262,359)	385,158
Pension scheme payments		526,000	(428,000)
Depreciation		117,642	96,781
(Increase)/decrease in stock		(10,149)	3,784
Decrease/(increase) in debtors		197,968	(173,776)
(Decrease)/increase in creditors		(218,129)	269,954
Net cash generated from operating activities		350,973	153,901
Cash flows from investing activities			
Purchase of tangible fixed assets		248,827	113,220
Net cash used in investing activities		(248,827)	(113,220)
Cash flows from financing activities			
Capital element of finance lease rentals		42,129	72,672
Net cash used in financing activities		(42,129)	(72,672)
Net (decrease)/increase in cash and cash equivalents	18	60,017	(31,991)
Cash and cash equivalents at the beginning of year		93,002	124,993
Cash and cash equivalents at end of year		153,019	93,002

The accompanying accounting policies and notes form part of these financial statements.

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 the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and 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). The Company meets the definition of a public benefit entity under FRS 102.

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 £.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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:

Land and buildings	5% straight line (on completion)
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

	2025 £	2024 £
Project Funding	387,783	529,722
	<u>387,783</u>	<u>529,722</u>

2 Income from charitable activities

	2025 £	2024 £
Contribution from North Ayrshire Council	4,877,419	5,393,455
Income from charitable trading		
Auchenharvie Leisure Centre	1,131,482	1,097,279
Garnock Community Campus	442,038	377,224
Portal	1,570,643	1,299,880
Vikingar Leisure Centre	637,157	590,202
KA Campus	450,852	331,557
Golf	356,438	332,330
Outdoor Sports	59,728	200,896
Physical Activity		247,393
Other	249,601	5
Project income (restricted)	635,173	226,265
	<u>5,533,112</u>	<u>4,703,031</u>

3 Investment income

	2025 £	2024 £
Investment income comprises income from:		
Funds held by North Ayrshire Council	61,678	86,559
	<u>61,678</u>	<u>86,559</u>

4 Direct charitable expenditure

	2025 £	2024 £
Other direct expenditure		
Employee costs	7,513,005	7,061,808
Property costs	1,801,367	2,062,370
Supplies and services	1,156,596	983,543
Transport costs	28,360	29,531
	<u>10,499,328</u>	<u>10,137,252</u>

Notes to the financial statements (continued)

4 Direct charitable expenditure (continued)

	2025 £	2024 £
Brought forward	10,499,328	10,137,252
Support costs		
Rent and insurance	163,409	172,838
Post, stationery and advertising	96,337	97,489
Telephone	70,101	117,910
Depreciation	117,642	96,780
Bank charges	15,425	12,856
Bad debts	9,888	26,005
Finance lease interest	10,220	17,758
Other finance expense - pension scheme	20,000	(471,000)
Governance costs (see note 5)	120,001	119,721
	<u>623,023</u>	<u>190,357</u>
Total	<u>11,122,351</u>	<u>10,327,609</u>

Included in supplies and services is irrecoverable input VAT of £275,704 (2024: £215,633).
Of the above expenditure, £797,403 is restricted (2024: £755,987)

5 Governance costs

	2025 £	2024 £
Fees paid to auditors	21,525	20,750
Fees paid to auditors for non-audit work	6,918	260
Legal and professional fees	91,558	98,711
	<u>120,001</u>	<u>119,721</u>

Notes to the financial statements (continued)

6 Net incoming resources

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

	2025 £	2024 £
Auditors remuneration	21,525	20,750
Depreciation and amortisation:		
Tangible fixed assets, owned	95,648	66,731
Tangible fixed assets held under finance leases	21,994	30,050
Other operating lease rentals		
Plant and machinery	33,374	-
	<u>21,525</u>	<u>20,750</u>

7 Employees

Staff costs during the year were as follows:

	2025 £	2024 £
Wages and salaries	6,087,770	5,344,513
Social security costs	447,094	413,770
Pension costs	856,000	1,228,000
Other employee costs	122,141	75,525
	<u>7,513,005</u>	<u>7,061,808</u>

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

	2025 No.	2024 No.
Managers and officers	33	46
Support services and reception	29	19
Manual workers and technicians	102	102
Temporary/seasonal employees	151	154
	<u>315</u>	<u>321</u>

Notes to the financial statements (continued)

7 Employees (continued)

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

	2025	2024
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-
£80,000 - £89,999	-	1
£90,000 - £99,999	-	-
£100,000 - £109,999	-	1
£110,000 - £119,999	1	-

The total pension payments in relation to the defined pension scheme made in respect of the higher paid employees numbered above totalled £9,020 (2024: £16,181).

Total salary costs for the Company's senior management team was £216,015 (2024: £309,608).

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 £36,907 (2024: £36,570), 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

	Land & Buildings	Fixtures & Fittings	Plant & Machinery	Motor Vehicles	Computer Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2024	-	268,522	563,694	10,067	92,486	934,769
Additions	134,963	37,814	41,093	-	34,957	248,827
At 31 March 2025	134,963	306,336	604,787	10,067	127,443	1,183,596
Depreciation						
At 1 April 2024	-	29,707	89,767	2,960	29,544	151,978
Additions	-	29,431	67,673	1,480	19,058	117,642
At 31 March 2025	-	59,138	157,440	4,440	48,602	269,620
Net book value at 31 March 2025	134,963	247,198	447,347	5,627	78,841	913,976
Net book value at 31 March 2024	-	238,815	473,927	7,107	62,942	782,791

All tangible fixed assets were used for charitable purposes.

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

Notes to the financial statements (continued)

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 2025.

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	(1,372,561)
Carrying value	<u>10,515</u>

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

Net book amount at 31 March 2025	<u>175,948</u>
Net book amount at 31 March 2024	<u>197,942</u>
Depreciation provided in the year	<u>21,994</u>

10 Fixed asset investments - unquoted

	£
Value at 31 March 2024 and 31 March 2025	<u>1</u>

Fixed asset investments comprise the following:-

Name of Company	Country of registration	Holding	Proportion held	Capital and reserves 2025	Capital and reserves 2024	Capital and reserves 2023
				£	£	£
North Ayrshire Trading Services Limited	Scotland	Ordinary Shares	100%	N/A	1	1

The subsidiary company (SC203399) is dormant.

11 Stocks

	2025	2024
	£	£
Goods for resale and consumable stores	<u>51,595</u>	<u>41,446</u>

Notes to the financial statements (continued)

12 Debtors

	2025	2024
	£	£
Trade debtors	181,587	158,769
Prepayments and accrued income	206,197	120,827
Other debtors	99,374	135,089
Amounts due from related parties	208,960	479,401
	<u>696,118</u>	<u>894,086</u>

13 Creditors: amounts falling due within one year

	2025	2024
	£	£
Trade creditors	30,208	50,800
Social security and other taxes	305,356	362,283
Other creditors	18,747	23,640
Amounts due to related parties	1,828	110,259
Accruals and deferred income	366,409	347,993
Pension creditor	52,449	98,151
Finance lease creditor	52,343	42,129
	<u>827,340</u>	<u>1,035,255</u>

14 Creditors: amounts falling due after more than one year

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

	2025	2024
	£	£
Finance lease creditor (see note 15)	59,283	111,626
	<u>59,283</u>	<u>111,626</u>

15 Commitments under finance leases and hire purchase agreements

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

	2025	2024
	£	£
Amounts payable within 1 year	52,343	42,129
Amounts payable between 1 to 5 years	59,283	111,626

Notes to the financial statements (continued)

<u>111,626</u>	<u>153,755</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 2024	-	262,698	6,926	222,821	492,445
Incoming Resources	1,022,956	-	9,837,036	-	10,859,992
Expenditure	(797,404)	-	(10,324,947)	-	(11,122,351)
Net incoming/outgoing resources	225,552	-	(487,911)	-	(262,359)
Transfer to General Reserve in respect of depreciation	-	(21,932)	21,932	-	-
Transfer from General Reserve	(134,963)	-	134,963	-	-
	90,589	240,766	(324,090)	222,821	230,086
Actuarial gain/(loss) in pension scheme	-	-	545,000	-	545,000
At 31 March 2025	<u>90,589</u>	<u>240,766</u>	<u>220,910</u>	<u>222,821</u>	<u>775,086</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	235,618
Allocated	3,951
	<u>240,766</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 2024

	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	(755,987)	-	(9,571,622)	-	(10,327,609)
Net incoming/outgoing resources	-	-	385,158	-	385,158
Transfer to General Reserve in respect of depreciation	-	(5,439)	5,439	-	-
	-	262,698	10,513,526	222,821	10,999,045
Actuarial gain/(loss) in pension scheme	-	-	(10,506,600)	-	(10,506,600)
Transfer from General Reserve	-	-	-	-	-
At 31 March 2024	-	262,698	6,926	222,821	492,445

Restricted reserves	Balance at 1 April 2024	Incoming resources	Outgoing resources	Transfer between funds	Balance at 31 March 2025
	£	£	£	£	£
Externally Funded and Partnership Projects					
North Ayrshire Community Planning Partnership	-	103,471	(103,471)	-	-
Community Sports	-	58,373	(58,373)	-	-
Active North Ayrshire	-	336,573	(336,573)	-	-
Support for Community Events	-	21,767	(21,767)	-	-
Mind and Be Active	-	138,368	(133,368)	-	5,000
Wellbeing Alliance	-	40,000	(39,448)	-	552
Weigh to Go	-	1,525	(1,525)	-	-
Walking for Health	-	13,243	(13,243)	-	-
Champions For Change	-	43,436	(43,436)	-	-
NAC Funded Programmes	-	16,200	(16,200)	-	-
Brodick Tennis Courts	-	30,000	(30,000)	-	-
SFA Football Pitch (Capital)	-	220,000	-	(134,963)	85,037
	-	1,022,956	(797,404)	(134,963)	90,589

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.

Incoming resources in addition to those detailed above have been received from a number of external bodies. In accordance with the Statement of Recommended Practice: Accounting by Charities (the SORP) this income has been deferred into future accounting periods.

Analysis of Net Assets between Funds

2025	Restricted reserve	Investment reserve	General reserve	Revaluation reserve	Total
	£	£	£	£	£
Tangible Fixed Assets	-	3,951	687,204	222,821	913,976
Investments	-	-	1	-	1
Cash at bank and in hand	-	-	153,019	-	153,019
Other net current assets/ (liabilities)	90,589	236,815	(619,314)	-	(291,910)
	<u>90,589</u>	<u>240,766</u>	<u>220,910</u>	<u>222,821</u>	<u>775,086</u>

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)
	<u>-</u>	<u>262,698</u>	<u>6,926</u>	<u>222,821</u>	<u>492,445</u>

Notes to the financial statements (continued)

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

	2025 £	2024 £
(Decrease)/Increase in cash in the year	60,017	(31,991)
Cash outflow from financing	42,129	72,673
Change in net funds resulting from cash flows	102,146	40,682
Inception of finance leases	-	-
Movement in net funds in the year	102,146	40,682
Net funds at 1 April 2024	(60,753)	(101,435)
Net funds at 31 March 2025	41,393	(60,753)

19 Analysis of changes in net funds

	At 1 April 2024 £	Cash flows £	Non-cash Items £	At 31 March 2025 £
2025				
Cash at bank and in hand	93,002	60,017	-	153,019
Finance leases	(153,755)	42,129	-	(111,626)
	(60,753)	102,146	-	41,393

	At 1 April 2023 £	Cash flows £	Non-cash Items £	At 31 March 2024 £
2024				
Cash at bank and in hand	124,993	(31,991)	-	93,002
Finance leases	(226,428)	72,673	-	(153,755)
	(101,435)	40,682	-	(60,753)

Notes to the financial statements (continued)

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 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 2025.

The pension charge for the year was £856,000 (2024 :£1,228,000).

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 2025.

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 %	2025 £000	Rate of return %	2024 £000
Market value of assets:				
Equities	60	25,510	58	23,827
Bonds	23	9,779	27	11,092
Property	9	3,826	10	4,108
Cash	8	3,401	5	2,054
		<u>42,516</u>		<u>41,081</u>

Notes to the financial statements (continued)

20 Pensions (continued)

Present value of scheme liabilities	(22,263)	(25,311)
Net pension asset	20,253	15,770
Restriction on assets	(20,406)	(15,942)
Total (deficit)/asset recognised	(153)	(172)

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

The movement in the deficit during the year was:

	2025 £000	2024 £000
Deficit/(surplus) in scheme assets at 1 April 2024	(172)	9,907
Movement in year:		
Current service cost	(856)	(742)
Losses on curtailments	-	(486)
Contributions	336	1,172
Contributions in respect of unfunded benefits	14	13
Interest (income)/cost	(20)	471
Actuarial gain/(loss)	20,951	5,435
Restriction on asset	(20,406)	(15,942)
(Deficit)/Surplus in scheme assets at 31 March 2025	(153)	(172)

The main assumptions used by the actuary were:

	2025 %	2024 %
Salary increases	3.45	3.45
Pension increases	2.75	2.75
Discount rate	5.80	4.85

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

Notes to the financial statements (continued)

20 Pensions (continued)

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) 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 for the Employer are summarised:-

	Males	Females
Current Pensioners	19.0 years	22.0 years
Future Pensioners*	20.1 years	24.1 years

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

Historic Mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements are shown below:

Current Pensioners	Future Pensioners
CMI 2022 model, with a 25% weighting of 2022 data, 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.	CMI 2022 model, with a 25% weighting of 2022 data, 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 £(000)		Average Age
	31 Mar 2023	31 Mar 2020	31 Mar 2023	31 Mar 2020	31 Mar 2023
Actives	297	343	4,298	4,143	51
Deferred Pensioners	330	217	355	217	48
Pensioners	88	74	514	401	68

Deferred pensioners include undecided leavers and frozen refunds. Salaries are actual, not full-time equivalent.

Notes to the financial statements (continued)

20 Pensions (continued)

Period Ended	31 Mar 2025 £(000)	31 Mar 2024 £(000)
Fair Value of Employer Assets	42,516	41,081
Present Value of Funded Liabilities	(22,110)	(25,139)
Net (Under)/Overfunding in Funded Plans	20,406	15,942
Present Value of Unfunded Liabilities	(153)	(172)
Unrecognised Past Service Cost	-	-
Restriction on Asset	(20,406)	(15,942)
Net (Deficit)	(153)	(172)

Reconciliation of fair value of employer assets

Period Ended	31 Mar 2025 £(000)	31 Mar 2024 £(000)
Opening Fair Value of Employer Assets	41,081	36,811
Interest income	1,991	1,769
Contributions by Members	292	246
Contributions by the Employer	336	1,172
Contributions in respect of Unfunded Benefits	14	13
Actuarial gains /(losses)	(536)	1,900
Estimated Unfunded Benefits Paid	(14)	(13)
Other experience	-	(117)
Estimated Benefits Paid	(648)	(700)
Closing Fair Value of Employer Assets	42,516	41,081

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 2026 will be approximately £329,000.

Notes to the financial statements (continued)

20 Pensions (continued)

History of experience gains and losses

	2025 £000	2024 £000
Difference between the expected and the actual return on scheme assets:		
- amount	(536)	1,900
- percentage of scheme assets	(1.3%)	4.6%
Experience gains and losses on scheme assets:		
- amount	(215)	2,085
- percentage of scheme assets	(0.5%)	5.1%
Total amount recognised in statement of total comprehensive income:		
- gain on scheme assets	-	5,434
- restriction on scheme assets	-	(15,942)
- Net (loss)/gain on assets recognised	20,951	10,508
- percentage of scheme assets	49.3%	25.6%

i) Amount charged to operating profit

	2025 £000	2024 £000
Current service cost	856	1,228
Total operating charge	856	1,228

ii) Amount credited to other finance income

	2025 £000	2024 £000
Interest (income)/cost on pension scheme liabilities	(20)	471
Net return	(20)	471

Notes to the financial statements (continued)

20 Pensions (continued)

iii) Amount recognised in other comprehensive income

	2025 £000	2024 £000
Changes in demographic assumptions	41	372
Actual return less expected return on pension scheme assets	(536)	1,900
Experienced gains and losses arising on the scheme liabilities	215	(2,202)
Change in financial assumptions underlying the scheme liabilities	4,516	1,676
Other experience	16,715	3,689
Restriction on asset	(20,406)	(15,942)
Actuarial loss recognised in the Statement of comprehensive income	545	(10,507)

Amount Recognised in other comprehensive income

	31 Mar 2025 £(000)	31 Mar 2024 £(000)
Actuarial Gains/(Losses) – as recognised in the statement of financial activities	545	(10,507)
Cumulative Actuarial Gains and Losses	5,786	5,241

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

Change in assumptions at year ended 31 March 2025:	Approximate increase to employer liability %	Approximate monetary amount £000
0.1% decrease in real discount rate	2	447
1 year increase in member life expectancy	4	891
0.1% increase in the salary increase rate	-	29
0.1% increase in the pension increase rate	2	430

Notes to the financial statements (continued)

21 Leasing commitments

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

	2025	2024
	Other	Other
	£	£
In one year or less	27,811	4,535
Between one and five years	-	-
	<u>27,811</u>	<u>4,535</u>

22 Capital commitments

There were no capital commitments at 31 March 2025 or 31 March 2024.

23 Contingent liabilities

There were no contingent liabilities at 31 March 2025 or 31 March 2024.

24 Related party transactions

North Ayrshire Council provided a banking facility during the period and paid £61,678 (2024: £86,559) interest to the company in this regard. At 31 March 2025 the net amount due from North Ayrshire Council was £207,132 (2024: £369,141).

Total monies received from North Ayrshire Council in the year was £4,826,455 (2024: £5,540,090). 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.