

Financial Statements
North Ayrshire Leisure
Limited

For the year ended 31 March 2019

Reference and Administration Details

Company registration number	SC202978
Charity registration number	SC029780
Registered office	22 Quarry Road Irvine KA12 0TH
Company trading name	KA Leisure
Trustees	G Higgon (Chairman) A Pringle (Vice Chairman) T Billings J Brahim H Campbell R Martin (Resigned 30 th September 2018) S Macaulay J Sweeney
Chief executive officer	E Cairns
Senior management team	E Cairns C Glencorse L Barrie L Campbell (Resigned 3 rd March 2019)
Solicitor	Shepherd and Wedderburn 191 West George Street Glasgow G2 2LB
Auditors	Campbell Dallas Audit Services Registered Auditors 5 Whitefriars Crescent Perth PH2 0PA
Bankers	Clydesdale Bank 151 High Street Irvine KA12 8AD

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Foreword

As chairman of KA Leisure I am pleased to provide this foreword and share with you our 2018/2019 Annual Report.

During the year 2018/2019 we continued to increase customers visits by 59,878 attendances, bringing the total number of visits for the period to 2,766,064. This increase is attributed to continued growth of our fitness offering, the development of innovative person-centred programmes and a further development with partnerships which offer outreach into our communities.

Financially the Company has achieved a turnover of £8,264,945 which is an increase of 4.3% on the previous year. The increase in the operational budget is mainly attributed to the aforementioned growth in our fitness products, and with the increased popularity of our newer facilities at the Portal together with the Garnock and Largs Campuses.

The report includes a number of highlights across the business which has contributed to our continual success. Our partnership with the North Ayrshire Health and Social Care Partnership has continued to grow in strength. The development of a new Health and Wellbeing service has supported our Active Lifestyles team to deliver across all six localities including some of the hardest to reach groups.

We are proud to deliver the Move More North Ayrshire project which is funded by Macmillan cancer support. Within which, in the first 12 months of the programme, we have supported 91 participants at various stages of their recovery, and also recruited and trained 31 volunteers, who support the programme through the delivery of classes, gardening or walking opportunities.

The report also details our successful application to the Changing Lives Through Sport and Physical Activity (CLTSPA) fund. This funding will be used to deliver the new North Ayrshire Champions for Change project; an exciting new project will be delivered in partnership with the North Ayrshire Drug and Alcohol Partnership and North Ayrshire Active Schools. Its aim being to use sport to develop social change, and support individuals towards positive destinations such as volunteering, employment or further education.

Our commitment to the Active Communities Partnership gives us a key role in the delivery of the North Ayrshire Drop Everything and Move initiative. The DrEAM Day took place in November 2018 with a series of inspiring community events which were used to highlight the importance of being active and the benefit that it brings to an individual's mental and physical health.

Collaboration and engagement with staff, customers and strategic partners is vital in ensuring we continue to meet everyone's expectations, and we continue to be proactive in communicating with all interested parties.

As a Company we strive to produce the best possible service to our community, and do so with everyone's health and safety in mind. I am delighted to record that KAL has retained the RoSPA Gold Medal for the fifth consecutive year together with a Gold Award in a new Leisure Safety category, which is a testament to the emphasis that the Company places on Health and Safety.

To conclude I would like to take this opportunity to thank our employees, Board of Directors, North Ayrshire Council and strategic partners for their dedication and commitment over the previous twelve months. I would also like to thank our customers for all their continued loyalty and support.

Gary Higgon, 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;

- Auchenhavie Leisure Centre, Stevenston
- Garnock Community Campus, Glengarnock
- Portal, Irvine
- Vikingar!, Largs
- KA Campuses
 - 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
 - Auchenhavie, Stevenston
 - Routenburn, Largs
- Outdoor Sports Facilities
- 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 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.

Applications for employment by disabled persons are given full and fair consideration. In the event of employees becoming disabled every effort is made to provide support to ensure their employment with the Company can continue.

The Company over the period has employed an average of 351 employees. The Company has a Senior Management Team comprising of a Chief Executive and 3 Business Managers covering the areas of Leisure, Physical Activity and Business Development.

During the period the Company continued to meet the criteria to maintain the Healthy Working Lives Silver Award and we are now actively working towards achieving the Gold Award from NHS Health Scotland. As part of the Gold award portfolio we will produce a Company Health and Wellbeing Strategy demonstrating clear commitment to promoting a healthy working environment for our employees.

The Company has an Employee Forum comprising employee representatives drawn from each facility and service area of the Company. The Forum is chaired by a Company Director and acts as an effective communication vehicle.

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 2019.

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. The existing funding agreement is being revised by both parties and will be replaced with a flexible service specification. This will also include reviewing the funding mechanism to encompass revenue and capital requirements to ensure the sustainability of facilities across North Ayrshire.

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

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

Risk Management

As part of the Company's risk management policy and strategy a Strategic Risk Register is reviewed on an ongoing basis by the Company Audit Committee and approved annually by the Board of Directors. A range of controls and actions are maintained to mitigate the impact of any of these risks on the future operations of the Company. Principal risks are identified on page 19 of this report.

Health and Wellbeing

KA Leisure continue to be committed to developing a positive health and wellbeing culture through the involvement and commitment of all employees in delivering a quality service.

KA Leisure aims to foster the commitment, co-operation and involvement of all staff in developing and delivering a health and wellbeing culture. We seek to channel the ideas, experience and enthusiasm of our employees into continually improving our health and wellness culture across the Company. A key element of employee engagement is the operation of a staff Health and Wellbeing Forum.

Recognition of the Company health and wellbeing culture has led to KA Leisure being awarded the Royal Society for the Prevention of Accidents (RoSPA) Gold Medal for achieving five consecutive annual Gold Awards. KA Leisure is the only leisure trust in Scotland to be awarded the RoSPA Gold Award. Additionally, the Company has successfully achieved the inaugural RoSPA Gold Leisure Industry Award.

In addition, in recognition of their health and safety leadership and commitment to the development of the Company Health and Wellbeing Culture, one of our Team Leaders was awarded the Institution of Occupational Safety & Health (IOSH) Certificate of Merit Award.

Director's report (incorporating the Strategic report) Objectives and Activities

Making a Difference

KA Leisure is an organisation with a clear vision. We are committed to delivering outstanding leisure, sport and physical activity opportunities and are always working to continually improve what we do to benefit our customers and partners.

Our vision, More People More Active More Often, underpins our commitment to improve personal, social and community health outcomes across North Ayrshire. Our innovative programmes interact with our community in compelling ways, building lasting relationships, motivating and supporting individuals to join in and act now.

North Ayrshire Active Communities – DrEAM

As a committed member of North Ayrshire Community Planning Partnership (NACPP) we are passionate about working collaboratively with our partners and likeminded organisations to increase activity levels to improve the health and wellbeing of our communities across North Ayrshire.

Delivered in partnership with members of the Active Communities Steering Group DrEAM is North Ayrshire's approach to encouraging people to have fun, while living healthier and more active lives.

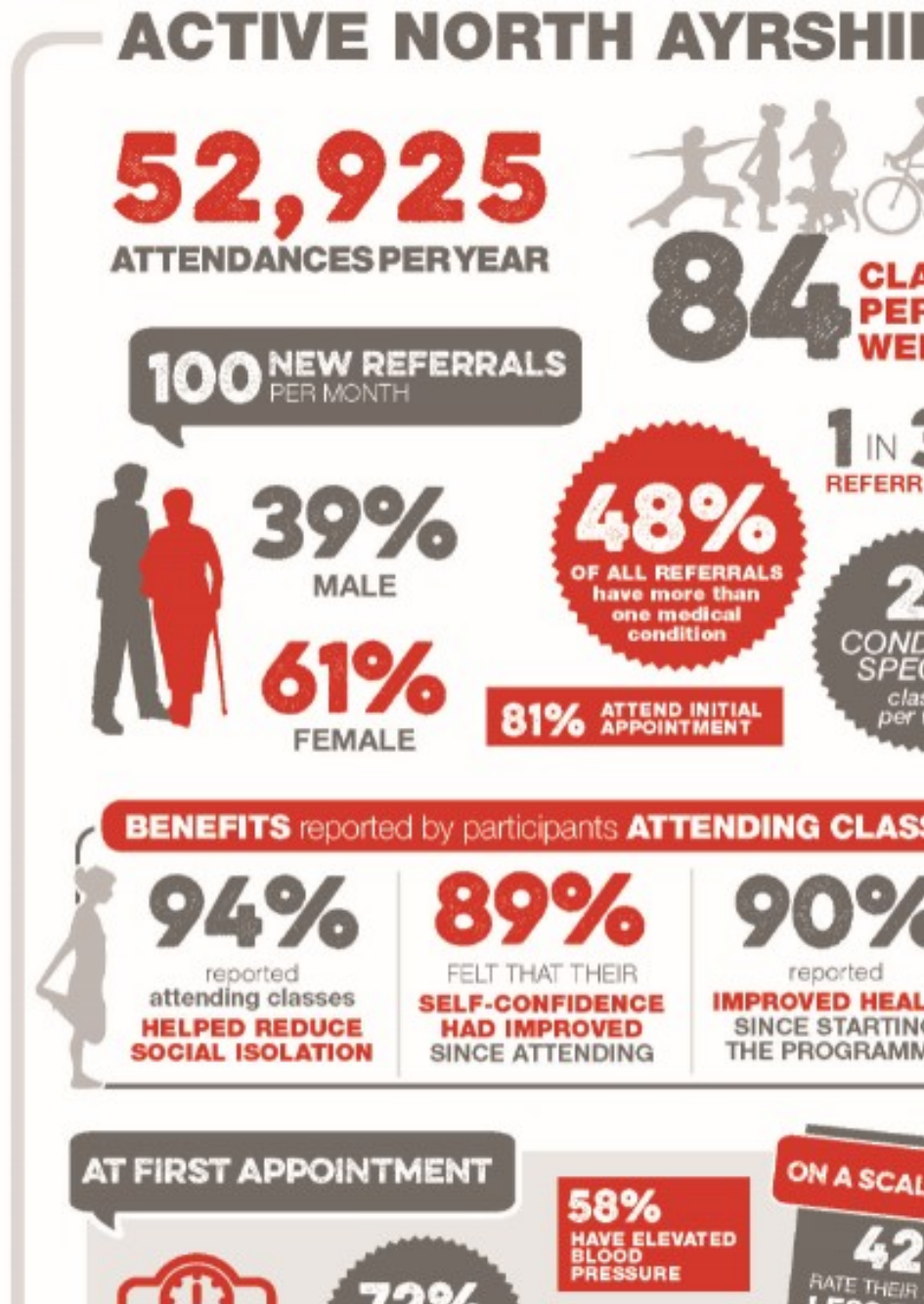
Thousands of people across North Ayrshire were active during our Drop Everything and Move Day in November 2018. A series of community events highlighted the importance of bringing people together both in terms of physical and mental health.

Health & Wellbeing Service

We continue to work in partnership with North Ayrshire Health and Social Care Partnership and NHS Ayrshire and Arran. During 2018 we developed a new Health and Wellbeing Service, enabling us to provide a variety of physical activity opportunities and support individuals to adopt an active, healthy lifestyle across all 6 North Ayrshire Localities. Working together with partners we can reach those most in need, improve health and reduce inequalities.

The service includes the overarching Exercise on Referral Programme Active North Ayrshire (ANA), the Healthy Active Rehabilitation Programme (HARP) that provides a structured pathway of physical activity from rehabilitation led by health professionals to longer term supported physical activity and the Mind and Be Active (MBA) programme which aims to improve mental health and wellbeing through supported physical activity.

Director's report (incorporating the Strategic report) Objectives and Activities



Move More North Ayrshire

Move More North Ayrshire is a project funded by Macmillan Cancer Support, which provides physical activity opportunities for patients who have recently been diagnosed with cancer or are within 3 years of a cancer diagnosis. During the first 12 months of delivery the project supported 91 participants and

Director's report (incorporating the Strategic report) Objectives and Activities

recruited 31 volunteers who assist in the delivery of classes, gardening and walking opportunities. The development of partnerships with Kilwinning Sports Club, Eglinton Country Park and the North Ayrshire Green Health Partnership has enabled a more diverse delivery of the Move More programme across North Ayrshire.

North Ayrshire Green Health Partnership

We recognise that there is a significant evidence base for the range of individual and wider social health and wellbeing benefits that can be achieved through outdoor activity and contact with nature. Key benefits of these Green Health activities include: better physical and mental health and guarding against future illness, therapeutic and restorative qualities which enhance recovery, reduced social isolation, greater community cohesion and opportunities to establish lifelong healthy behaviours.

Working with a wide range of organisations in the health, social care, environment, leisure, sport and active travel sectors as part of the North Ayrshire Green Health Partnership, we now have Green Health activity as an activity option within Active North Ayrshire. The North Ayrshire Green Health Partnership is one of four pilot Green Health Partnerships making up a key element of Scottish Natural Heritage's vision for a Natural Health Service in Scotland.

Girl Make Your Move

We were awarded funding from the Sporting Equality fund to deliver a project aimed at engaging girls and young woman in physical activity to improve physical and mental wellbeing. The project had two distinct strands: the overarching social media campaign Girl Make Your Move which encourages and inspires woman girls within North Ayrshire to become more active and STEP UP which targeted girls within 2 local secondary schools who are inactive and experiencing mental health and social isolation issues.

Community Outreach

As a company we are committed to tackling health inequalities and providing opportunities that will contribute to help improve the health of the people living within North Ayrshire. Our outreach programme continues to offer a diverse range of physical activity opportunities, opportunity for early health intervention and the promotion of the benefits of a healthy lifestyle.

Activator

Our Activator is a versatile, mobile, physical activity and health unit providing a valuable service of health checks and lifestyle advice within the heart of local communities. Over the past 12 months we carried out a number of health checks that identified potential health issues that required referral to a medical professional. In some instances, this resulted in the identification of a health condition and the prescription of medication, demonstrating the impact our service can have as the first point of contact and an opportunity for early intervention.

KA Walk

We continue to deliver a programme of health walks across North Ayrshire, supporting a committed network of volunteers who lead the walks. Further to training provided by Alzheimer Scotland a number of our walks are now Dementia Friendly, supporting people living with dementia to remain active within their local community.

Falls Prevention

Our outreach programme continues to support the prevention of falls within the vulnerable frail and elderly population of North Ayrshire. Structured falls prevention classes are delivered within our leisure centres alongside a programme of structured activity classes that focus on functional exercises and

Director's report (incorporating the Strategic report) Objectives and Activities

improving postural stability. These classes are delivered to local community groups, within residential care homes, sheltered accommodation and social community hubs targeting hard to reach groups who are most in need.

Community Sport

Champions for Change

The Changing Lives Through Sport and Physical Activity (CLTSPA) Fund was launched in partnership between the Scottish Government, sportscotland, the Robertson Trust and Spirit of 2012, and will support organisations to deliver positive change in communities across the country.

Our own partnership of KA Leisure, North Ayrshire Active Schools and North Ayrshire Alcohol and Drug Partnership were delighted to receive confirmation of a successful funding bid for their Champions for Change Project, which will draw on the energy and passion of the people in North Ayrshire and serve as a vehicle for tackling social challenges.

Funded for two years the Champions for Change has **two distinct strands**, each delivered in two selected SIMD localities in North Ayrshire – Garnock Valley and Irvine.

- Community/Senior Pupil Leadership Programme - A volunteer project which develops the skills of people who don't traditionally get involved in sport and physical activity. The development project aims to support individuals gain the necessary skills and training to deliver community sports and physical activity opportunities in their communities and increases employment opportunities or progression into positive destinations.
- Schools and Community Participant Programme - Individuals who have participated in our Leadership programme will be supported to design and deliver their own sports and activity programmes. The delivery method will be interactive and educational and will focus around the awareness of alcohol and drug issues combined with non-traditional sports and physical activity sessions combined with family community events.

North Ayrshire Community Sport Hubs

National Lottery funded Community Sport Hubs (CSH) are one of sportscotland's key programmes which support local sports clubs to play their part in promoting "Sport for Life". In doing so, these clubs are playing a crucial part in creating a long-term legacy which will have a positive impact on our future generations. We support 5 Community Sport Hubs in the North Ayrshire CSH programme which is in partnership with North Ayrshire Council.

CSH's provide information, support and advice on a wide range of sports and physical activities to make it easier for local people to get involved and engage in a more active and healthier lifestyle. The specifics of each hub and what it offers vary according to local need and local resource. However, all our hubs work to the following five principles:

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

CSH's across North Ayrshire aim to support local sports clubs and individuals who may experience barriers to participation with a focus on age, disability, gender, and social and economic disadvantage.

Director's report (incorporating the Strategic report) Objectives and Activities

Meadow Activity Club

Community Sport Hub funding received from the GO LIVE! Get Active! programme was launched in October 2018 in partnership with Irvine Meadow Community Club. The Irvine Meadow Activity Club offered weekly health and nutrition education, a weekly weigh-in option and a variety of physical activity and sports activities. The 12-week programme supported 12 participants aged between 34 and 80 years. At the end of the programme the twelve participants lost a combined weight of 41.3kg.

Following its success, the Meadow Activity Club will be replicated in early 2019 in Kilwinning in partnership with Kilwinning Sports Club and Kilwinning Rangers.

Cross Country

Following 27 years of the Annual North Ayrshire Schools Cross-Country League, attendances have continued to rise in recent years. Delivered in partnership with North Ayrshire Athletics Club the Cross-Country League is a key part of the local athletics calendar. Last year the attendances increased by 18%, however since 2014 our attendances have risen by 75% with 410 individuals taking part.

Walking Football

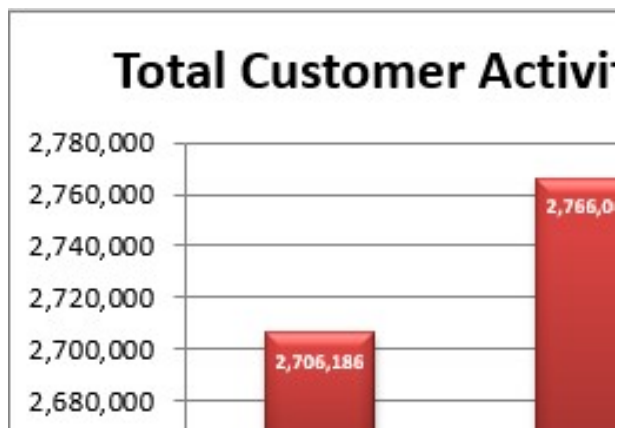
Walking Football has continued to flourish since its inception in November 2015. There are now four weekly sessions available to interested footballers at different venues across North Ayrshire, St. Matthews Academy, Inverclyde Largs and the Portal, Irvine. On average, 60 players of 50+ age attend these sessions on a weekly basis. December 2018 saw the first North Ayrshire festival take place at the Weir 3g indoor centre in Largs in partnership with Inverclyde National Sports Centre where we had 5 teams participating on the day.

Director's report (incorporating the Strategic report) Achievements and Performance

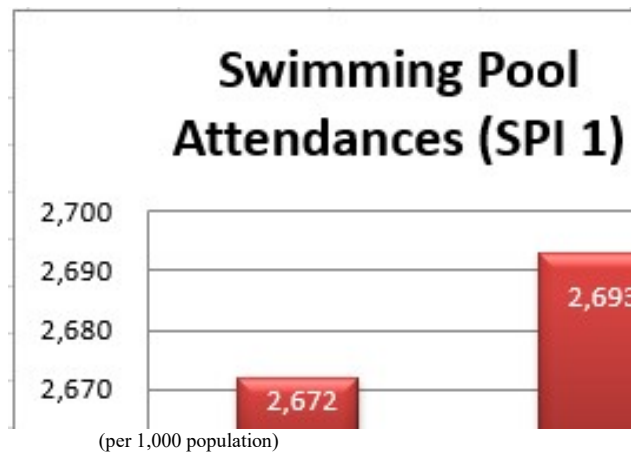
To measure performance the Company provides Statutory Performance Indicators (SPIs) information to North Ayrshire Council on an annual basis. The Company also produces a series of key performance indicators (KPIs).

Overall attendance figures for the Company in 2018/19 have shown an increase of 59,878 visits and an operational surplus of £68,842. The following graphs highlight the main areas of activity and report on any fluctuations.

Key Facts

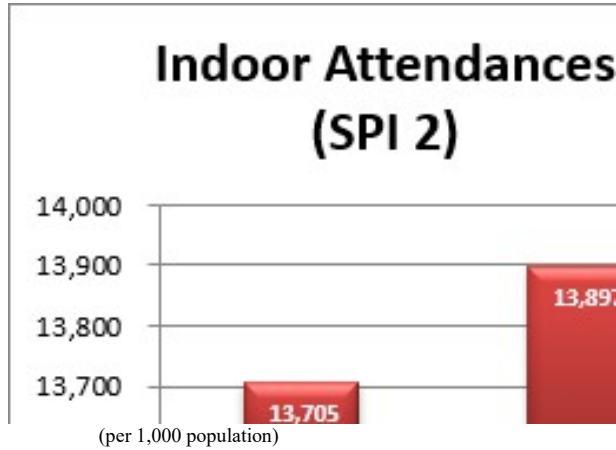


Overall Customer Activity visits have marginally increased during 2018/19. A further breakdown of each activity area is highlighted in the following graphs:

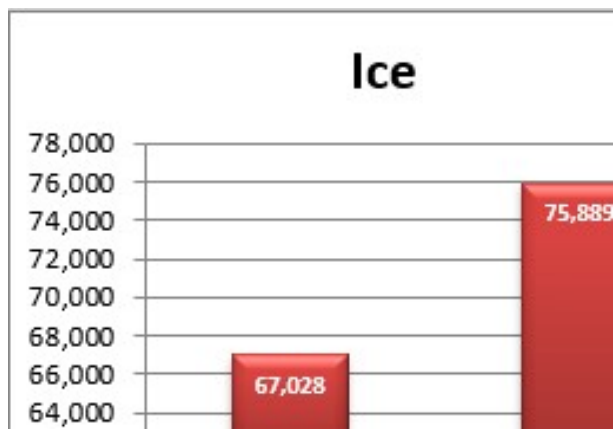


Aquatic activity is comparable with the previous year despite a small number of pool closures at the Portal to complete necessary investigation works. However, these reductions have been offset by increased attendance across the KA Leisure Learn to Swim programme.

Director's report (incorporating the Strategic report) Achievements and Performance



Attendances across indoor sports facilities have maintained a similar number of customer visits to the previous year.

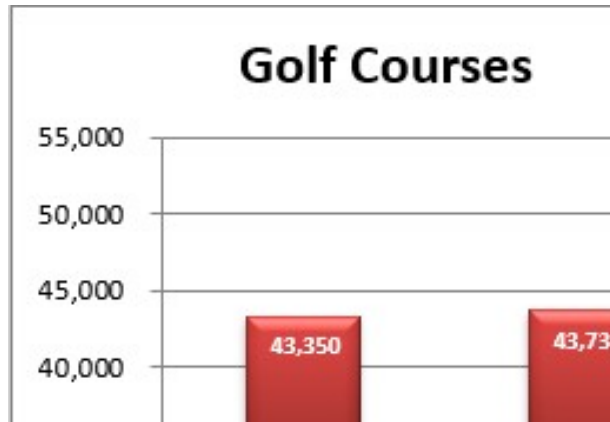


Customer visits to the ice rink at Auchenharvie Leisure Centre have recorded an increase in comparison to attendances in 2017-18 largely assisted by the installation of dehumidification plant.

Director's report (incorporating the Strategic report) Achievements and Performance

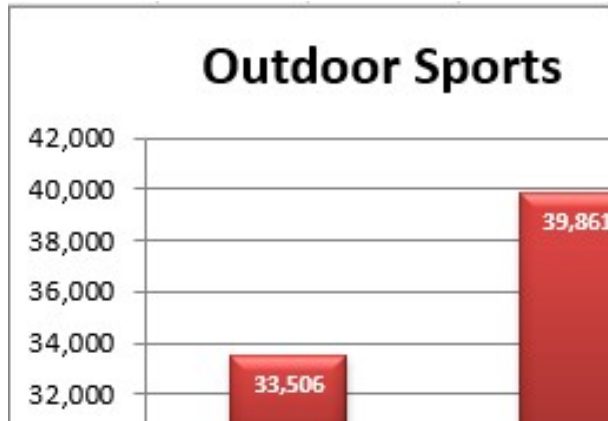


Attendances to fitness activities maintained a similar level to that of the previous year. Visits have varied across sites with visits to fitness activities at Campus facilities decreasing.

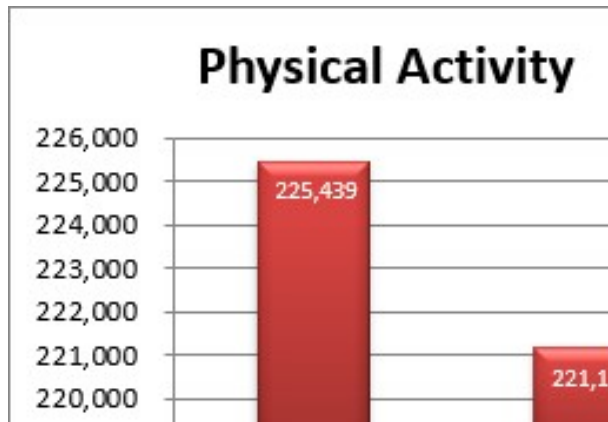


Customer visits to the three golf courses are comparable to the previous financial year. Recorded visits mirror national figures however development of the KA Leisure golf coaching programme is expected to contribute to a small increase moving forward.

Director's report (incorporating the Strategic report) Achievements and Performance



Customer visits to Outdoor Sports have increased in comparison to the previous financial year. A milder winter has increased the availability of grass sports pitches contributing to increased visits.



Attendances across physical activity have reduced by 2% in comparison to the previous financial year. This is primarily due to a reduction in attendances recorded at the Rugby and Basketball School of Sport Programmes as well as a variety of community events which were not repeated during the year.

Director's report (incorporating the Strategic report) Financial Review

The financial statements for North Ayrshire Leisure Limited at 31 March 2019 show a turnover of £8,264,945 (2018: £7,926,952), an Investment Reserve of £331,061 (2018: £302,186), and General Reserves in deficit by £3,353,327, incorporating £3,529,000 reflecting Defined Benefit Pension Fund liabilities (2018: reserves deficit £707,169, incorporating £864,000 pension liability). The Company is an Admitted Body to Strathclyde Pension Fund.

North Ayrshire Council's financial contribution towards the cost of maintaining facilities and delivering services is £2,886,624 (2018: £3,036,624).

Reserves Policy

It is the policy of the Company to hold reserves of funds which have not yet been committed or designated for any particular purpose.

The trustees have set aside these general reserves in order to protect future operations of the Company from the effects of any unforeseen variations in its income streams as part of a policy of good financial management practice. At 31 March 2019 the general reserve amounted to a deficit of £3,353,327 (2018: deficit £707,169). Setting aside the pension deficit the trustees are aware that the Company has minimal free reserves and are working on improving this position by ensuring the Company is operating efficiently.

It is also the policy of the Company to provide a designated reserve where it is deemed necessary in considering the future intentions of the Company. Such a reserve has been set aside for investment. At 31 March 2019 the investment reserve amounted to £331,061 (2018: £302,186).

Pension Deficit

The trustees acknowledge the net pension deficit at 31 March 2019 of £3,529,000 (2018: deficit £864,000). 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.

Director's report (incorporating the Strategic report) Plans for Future Periods

Strategic Direction

Our collaboration with the North Ayrshire Community Planning Partnership (NACPP) underpin our commitment towards developing more active communities. We continue to work towards our aim of delivering exceptional service for all our stakeholders.

Our place within the North Ayrshire Active Communities Strategic Partnership (NAACSP) has created a network of organisations which promote joint working across our localities. We continue to strengthen our partnerships across all sectors including public, private and voluntary. Partnership working is key to increasing the health and wellbeing of the people of North Ayrshire.

Our work involves the delivery of person-centred approaches which foster a fun and social environment for our participants to feel confident and motivated to take part in sport and physical activity. We support all staff to ensure they are equipped with the skills, experience and qualities to deliver these activities along with messages which highlight the benefits of staying active to increase both our physical and mental health.

We understand the barriers which people face in taking part in sport and physical activity. The work we do within our communities gives us the knowledge to create inclusive programmes which are focused to remove pre-conceived obstructions including age, gender, disability or social economic disadvantage.

Our continued investment towards our programmes, staff and facilities has ensured that we remain the leading fitness provider in North Ayrshire. This has created a strong platform to ensure we support everyone to get more active no matter their chosen activity or level of participation.

Future Plans

KA Leisure continues to work in partnership with North Ayrshire Council regarding the development of new facilities. The next facilities to be introduced will be the indoor and outdoor football facilities at the Circuit, Irvine, in the second half of 2019.

We will continue our collaborative working with NAC and other partners to ensure facility and service provision meets the expectation of North Ayrshire communities.

We will carry out a review of corporate service functions to ensure the effective management of information across the organisation.

Director's report (incorporating the Strategic report)

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 priorities. A risk management framework is in place to assist with taking informed decisions regarding the risks that impact on the Company's priorities, whether Strategic or Operational.

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.

Principal Risks and Uncertainties

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.	Development of revised funding agreement with North Ayrshire Council and a reserves budgetary provision within the 2019/20 revenue budget.
Strategic Workforce Issues	Retention or failure to attract quality employees will reduce development and adversely affect the way the Company reacts to its environment	Continual review of workplace requirements to include Living Wage, staffing structures, grade differentials & staff training
Information & Communication Technology	If the business does not remain current with the continual developments within ICT it could lead to inefficient operating systems, lack of customer satisfaction and data security	Ongoing corporate ICT development and training to ensure compliance with General Data Protection Regulation
Asset Management	The age of facilities operated by the Company and relative lack of investment to date, identify facility management as a significant risk to the Company. New facilities operated in partnership with North Ayrshire Council must be reflective of community requirements.	Specialist contractors to maintain plant and equipment, the installation of a computerised maintenance management system to enable identification of general maintenance issues and develop a facilities management agreement with North Ayrshire Council
Partnership Working	Loss of funding from North Ayrshire Council would seriously impact the ongoing viability of the Company.	Development of funding arrangements with North Ayrshire Council and membership of the North Ayrshire Community Planning Partnership.
Customer Satisfaction	Maintaining customer satisfaction levels is a high priority for the Company. Ensuring income targets are achieved through customer loyalty; favourable perception from key partners; minimising competitor activity; achievement of key and statutory performance indicators and avoidance of adverse publicity within the local and national press.	Maintenance of customer consultation forums; adoption of social media communication techniques; ongoing customer service training for staff; maintenance of competitive pricing structure and roll out of the customer charter.

Director's report (incorporating the Strategic report)

Strategic Risk	Possible Impact	Mitigating Actions
Governance & Management	The Company would be at risk if it were reporting poor statistical and satisfaction levels and there was evidence of non-adherence to charity and company law and best practice guidance	External audit, retention of Company solicitors, membership of Industry body, Director training, records held with Companies House and OSCR
Social, Economic, Environmental, & Legislative Pressures	Failure to respond to external factors may result in legal action, loss of customer satisfaction, increased costs, loss of confidence and missed opportunities	Retention of Company solicitors, membership of industry body, attendance at seminars, development of procurement guidelines
Business Continuity	Loss of one of more Company facilities would result in loss of income and customer loyalty whilst increasing opportunity for competitors	Asset management plan, health and safety policy and strategy, financial monitoring of individual sites, secure financial and customer databases
Health & Safety	Failure to provide a safe environment for staff, contractors and customers may lead to a forced closure of a facility resulting in lost income, loss of confidence and reduced customer satisfaction and loyalty	Comprehensive health and safety policy and strategy, training for staff and Directors, health and safety forum, maintenance of RoSPA Gold Accreditation

Director's 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 Trustee's 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 are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and 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

G Higgon
Trustee

Date: 27 June 2019

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

We have audited the financial statements of North Ayrshire Leisure Limited for the year ended 31 March 2019 which comprise Statement of Financial Activities, Balance sheet, Statement of Cash Flows, Statement of Comprehensive Income and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom General Accepted Accounting Practice).

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 directors, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2019 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; and
- have been prepared in accordance with 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.

Conclusion relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable companies' ability to continue to adopt the going

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

concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report, which incorporates the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report, which incorporates the Strategic report, have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters 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:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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

Responsibilities of Trustees

As explained more fully in the trustee's responsibilities statement set out on page 21 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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 under the Companies Act 2006 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 a Report of the Independent Auditors 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 aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements.

A further description of our responsibilities of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Neil Morrison (Senior Statutory Auditor)
For and on behalf of Campbell Dallas Audit Services
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

5 Whitefriars Crescent
Perth
Perthshire
PH2 0PA

Dated:

Accounting policies

Accounting Policies

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

Basis of preparation

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

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

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

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

Security

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

Going concern

The financial statements are prepared on the going concern basis. The reserves are in deficit at the year end, arising through the liability on the defined benefit pension scheme. Detailed budgets have been prepared for the Company for the year ended 31 March 2020 and the trustees have also reviewed the period to 27 June 2019.

For this reason, the trustees have formed a judgement that, at the time of approval of these financial statements, the Company has sufficient resources to continue to operate for the foreseeable future and will continue to monitor the pension deficit.

Accounting policies (continued)

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.

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.

Accounting policies (continued)

Fixed assets

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets held for Company use by equal annual instalments over their expected useful lives. The rates generally applicable are:

Plant and machinery	20% and 33% straight line
Fixtures and fittings	20% straight line

It is the policy of the Company to charge depreciation in the year of acquisition of an asset.

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.

Accounting policies (continued)

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.

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.

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

	Note	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Total funds 2018 £
Income from donations and legacies					
Lottery and other funded projects	1	-	443,883	443,883	401,443
Income from charitable activities					
Services provided to North Ayrshire Council	2	2,886,624	-	2,886,624	3,036,624
Charitable trading operations	2	4,770,790	159,479	4,930,269	4,485,326
Income from investments					
Investment income	3	4,169	-	4,169	3,559
Total income and endowments		<u>7,661,583</u>	<u>603,362</u>	<u>8,264,945</u>	<u>7,926,952</u>
Expenditure on charitable activities					
Charitable activities	4	8,289,866	603,362	8,893,228	8,625,642
Total resources expended		<u>8,289,866</u>	<u>603,362</u>	<u>8,893,228</u>	<u>8,625,642</u>
Net income / (expenditure)		<u>(628,283)</u>	<u>-</u>	<u>(628,283)</u>	<u>(698,690)</u>
Actuarial (losses)/ gains on defined benefit pension schemes	20	(1,989,000)	-	(1,989,000)	4,369,000
Net movement in funds		<u>(2,617,283)</u>	<u>-</u>	<u>(2,617,283)</u>	<u>3,670,310</u>
Funds brought forward at 1 April 2018		<u>(404,983)</u>	<u>-</u>	<u>(404,983)</u>	<u>4,075,293</u>
Funds carried forward at 31 March 2019		<u>(3,022,266)</u>	<u>-</u>	<u>(3,022,266)</u>	<u>(404,983)</u>

There is no difference between the result as disclosed in the Statement of Financial Activities and the result on an unmodified historical cost basis.

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

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

Balance sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	9	476,831	513,548
Investments	10	1	1
		<u>476,832</u>	<u>513,549</u>
Current assets			
Stocks	11	38,229	38,071
Debtors	12	969,723	818,774
Cash at bank and in hand		170,099	163,480
		<u>1,178,051</u>	<u>1,020,325</u>
Creditors: amounts falling due within one year	13	<u>(983,797)</u>	<u>(904,999)</u>
Net current assets		<u>194,254</u>	<u>(115,326)</u>
Total assets less current liabilities		<u>671,086</u>	<u>628,875</u>
Creditors: amounts falling due after more than one year	14	<u>(164,352)</u>	<u>(169,858)</u>
Net assets excluding pension liability		<u>506,734</u>	<u>459,017</u>
Net pension liability	20	<u>(3,529,000)</u>	<u>(864,000)</u>
Net assets including pension liability		<u><u>(3,022,266)</u></u>	<u><u>(404,983)</u></u>
Funds			
Designated funds: Investment Reserve: Unallocated	16	293,401	263,140
Allocated	16	37,660	39,046
Unrestricted funds: General Reserve	16	<u>(3,353,327)</u>	<u>(707,169)</u>
		<u><u>(3,022,266)</u></u>	<u><u>(404,983)</u></u>

These financial statements were approved by the Board of Trustees on 27 June 2019 and are signed on their behalf by:

G Higgon
Trustee

A Pringle
Trustee

Company Registration Number: SC202978

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

Statement of cash flows

	Note	2019 £	2018 £
Cash flows from operating activities			
Net incoming resources		(628,283)	(698,690)
Pension scheme payments		676,000	728,000
Depreciation		199,627	230,135
(Increase)/ decrease in stock		(158)	743
Decrease/(increase) in debtors		(150,949)	(152,737)
(Decrease)/increase in creditors		78,707	51,040
		<hr/>	<hr/>
Net cash generated from operating activities		174,944	158,491
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of tangible fixed assets		73,782	18,816
		<hr/>	<hr/>
Net cash from investing activities		(73,782)	(18,816)
		<hr/>	<hr/>
Cash flows from financing activities			
Capital element of finance lease rentals		94,543	117,967
		<hr/>	<hr/>
Net cash used in financing activities		(94,543)	(117,967)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	18	6,619	21,708
Cash and cash equivalents at the beginning of year		163,480	141,772
		<hr/>	<hr/>
Cash and cash equivalents at end of year		170,099	163,480
		<hr/> <hr/>	<hr/> <hr/>

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

Statement of comprehensive income

	2019	2018
Note	£	£
Net (outgoing)/incoming resources for the financial year	(628,283)	(698,690)
Actuarial gain/(loss) in the pension scheme	20 <u>(1,989,000)</u>	<u>4,369,000</u>
Total comprehensive gains/(losses) relating to the year	<u><u>(2,617,283)</u></u>	<u><u>3,670,310</u></u>

Notes to the financial statements

1 Income from donations and legacies

	2019	2018
	£	£
Spirit of 2012 Funding	24,072	5,533
Other Project Funding	419,811	395,910
	<u>443,883</u>	<u>401,443</u>

2 Income from charitable activities

	2019	2018
	£	£
Contribution from North Ayrshire Council	2,886,624	3,036,624
Income from charitable trading		
Auchenharvie Leisure Centre	1,060,149	1,014,004
Garnock Community Campus	319,585	274,372
Portal	1,297,648	1,252,717
Vikingar Leisure Centre	524,343	527,743
KA Campus	457,929	389,690
Golf	249,533	253,795
Outdoor Sports	50,764	51,672
Physical Activity	296,407	265,838
Other	514,432	316,412
Project income (restricted)	159,479	139,083
	<u>4,930,269</u>	<u>4,485,326</u>

3 Investment income

	2019	2018
	£	£
Investment income comprises income from:		
Funds held by North Ayrshire Council	4,169	3,559
	<u>4,169</u>	<u>3,559</u>

4 Direct charitable expenditure

	2019	2018
	£	£
Other direct expenditure		
Employee costs	6,009,005	5,713,628
Property costs	1,423,436	1,339,057
Supplies and services	809,542	761,666
Transport costs	47,551	47,558
	<u>8,289,534</u>	<u>7,861,909</u>

Notes to the financial statements (continued)

4 Direct charitable expenditure (continued)

	2019 £	2018 £
Brought forward	8,289,534	7,861,909
Support costs		
Rent and insurance	75,644	95,551
Post, stationery and advertising	101,385	106,203
Telephone	119,195	117,948
Depreciation	199,627	230,135
Bank charges	14,125	12,253
Bad debts	1,153	2,809
Finance lease interest	9,999	13,718
Operating lease charge	-	213
Other finance expense - pension scheme	32,000	125,000
Governance costs (see note 5)	50,566	59,903
	<u>603,694</u>	<u>763,733</u>
Total	<u>8,893,228</u>	<u>8,625,642</u>

Included in supplies and services is irrecoverable input VAT of £200,673 (2018: £168,062).

5 Governance costs

	2019 £	2018 £
Fees paid to auditors	16,000	16,100
Fees paid to auditors for non-audit work	650	5,600
Legal and professional fees	33,916	38,203
	<u>50,566</u>	<u>59,903</u>

Notes to the financial statements (continued)

6 Net incoming resources

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

	2019	2018
	£	£
Auditors remuneration	16,000	16,100
Depreciation and amortisation:		
Tangible fixed assets, owned	104,097	103,022
Tangible fixed assets held under finance leases	95,530	127,113
Other operating lease rentals		
Land and buildings	12,500	30,000
Plant and machinery	5,607	2,564
	<u>16,000</u>	<u>16,100</u>

7 Employees

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	4,321,357	4,127,707
Social security costs	265,024	258,974
Pension costs	1,328,000	1,234,000
Other employee costs	94,624	92,947
	<u>6,009,005</u>	<u>5,713,628</u>

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

	2019	2018
	No.	No.
Managers and officers	29	29
Support services and reception	81	73
Manual workers and technicians	101	104
Temporary/seasonal employees	140	129
	<u>351</u>	<u>335</u>

Notes to the financial statements (continued)

7 Employees (continued)

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

	2019	2018
£60,000 - £69,999 (2017: £60,000 - £69,999)	1	1

The total pension payments in relation to the defined pension scheme made in respect of the higher paid employees numbered above totalled £13,224 (2018: £13,224).

Total salary costs for the Company's senior management team was £206,880 (2018: £204,483).

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 employee's of the Charity. Helen Campbell was paid £24,772 (2018: £23,973), 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

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2018	447,842	1,055,406	1,503,248
Additions	43,351	119,559	162,910
Disposals	-	(35,730)	(35,730)
At 31 March 2019	<u>491,193</u>	<u>1,139,235</u>	<u>1,630,428</u>
Depreciation			
At 1 April 2018	330,764	658,936	989,700
Provided in the year	58,951	140,676	199,627
Disposals	-	(35,730)	(35,730)
At 31 March 2019	<u>389,715</u>	<u>763,882</u>	<u>1,153,597</u>
Net book value at 31 March 2019	<u><u>101,478</u></u>	<u><u>375,353</u></u>	<u><u>476,831</u></u>
Net book value at 31 March 2018	<u><u>117,078</u></u>	<u><u>396,470</u></u>	<u><u>513,548</u></u>

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)

9 Tangible fixed assets (continued)

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

	£
Net book amount at 31 March 2019	247,942
Net book amount at 31 March 2018	279,222
Depreciation provided in the year	95,530

10 Fixed asset investments - unquoted

	£
Value at 31 March 2018 and 31 March 2019	1
Historical cost at 31 March 2018 and 31 March 2019	1

Fixed asset investments comprise the following:-

Name of Company	Country of registration	Holding	Proportion held	Capital and reserves 2018	Results 2019
North Ayrshire Leisure Trading Services Limited	Scotland	Ordinary shares	100%	£ 1	£ -

The subsidiary company is dormant.

11 Stocks

	2019	2018
	£	£
Goods for resale and consumable stores	38,229	38,071

Notes to the financial statements (continued)

12 Debtors

	2019 £	2018 £
Trade debtors	32,583	43,033
Prepayments and accrued income	59,022	84,757
Other debtors	23,028	42,556
Amounts due from related parties	855,090	648,428
	<u>969,723</u>	<u>818,774</u>

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	98,515	45,998
Social security and other taxes	253,253	222,767
Other creditors	518	1,254
Accruals and deferred income	475,400	478,886
Pension creditor	74,847	74,921
Finance lease creditor	81,264	81,173
	<u>983,797</u>	<u>904,999</u>

14 Creditors: amounts falling due after more than one year

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

	2019 £	2018 £
Finance lease creditor (see note 15)	164,352	169,858
	<u>164,352</u>	<u>169,858</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:

	2019 £	2018 £
Amounts payable within 1 year	81,265	81,173
Amounts payable between 1 to 5 years	164,352	169,858
	<u>245,617</u>	<u>251,031</u>

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

16 Funds

	Restricted reserve £	Investment reserve £	General reserve £	Total £
As at 1 April 2018	-	302,186	(707,169)	(404,983)
Incoming resources	603,362	-	7,661,583	8,264,945
Expenditure	(603,362)	-	(8,289,866)	(8,893,228)
Net outgoing resources	-	-	(628,283)	(628,283)
Transfer to General Reserve in respect of depreciation	-	(21,125)	21,125	-
	-	(21,125)	(607,158)	(628,283)
Actuarial (loss)/gain in the pension scheme	-	-	(1,989,000)	(1,989,000)
Transfer from General Reserve	-	50,000	(50,000)	-
As at 31 March 2019	<u>-</u>	<u>331,061</u>	<u>(3,353,327)</u>	<u>(3,022,266)</u>

Investment reserve

The investment reserve is represented by:

	£
Unallocated	293,401
Allocated	37,660
	<u>331,061</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)

Restricted reserve	Deferred income at 1 April 2018	Deferred income released in year	Incoming resources	Current year income deferred	Outgoing resources	Deferred income at 31 March 2019
	£	£	£	£	£	£
Externally Funded and Partnership Projects						
North Ayrshire Community Planning Partnership	-	-	149,827	(113)	(149,714)	113
Rugby Development Officers	13,654	13,654	10,881	-	(24,535)	-
Basketball Development Officer	-	-	11,250	-	(11,250)	-
Community Sports	600	600	2,314	(2,197)	(717)	2,197
Active North Ayrshire	12,212	12,212	221,994	-	(234,206)	-
Cashless Accounts	21,494	10,108	35,873	(35,873)	(10,108)	47,259
Support for Community Events	5,708	5,708	4,941	-	(10,649)	-
Mind and Be Active	-	-	106,975	(7,350)	(99,625)	7,350
Cycling Scotland	116	116	-	-	(116)	-
Active Girls North Ayrshire	9,215	9,215	14,857	-	(24,072)	-
McMillan Move More	-	-	31,020	-	(31,020)	-
Champions For Change	-	-	25,505	(25,505)	-	25,505
	62,999	51,613	615,437	(71,038)	(596,012)	82,424

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.

Notes to the financial statements (continued)

16 Funds (continued)

Analysis of Net Assets between Funds

	Restricted reserve	Investment reserve	General reserve	Total
	£	£	£	£
Tangible fixed assets	-	37,660	439,171	476,831
Investments	-	-	1	1
Cash at bank and in hand	-	-	170,099	170,099
Other net current assets/(liabilities)	-	293,401	(3,962,598)	(3,669,197)
	-	331,061	(3,353,327)	(3,022,266)

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

	2019 £	2018 £
Increase in cash in the year	6,619	21,708
Cash outflow from financing	94,543	117,967
Change in net funds resulting from cash flows	101,162	139,675
Inception of finance leases	(89,128)	-
Movement in net funds in the year	12,034	139,675
Net funds at 1 April 2018	(87,551)	(227,226)
Net funds at 31 March 2019	(75,517)	(87,551)

19 Analysis of changes in net funds

	At 1 April 2018 £	Cash flows £	Non-cash Items £	At 31 March 2019 £
Cash at bank and in hand	163,480	6,619	-	170,099
Finance leases	(251,031)	94,543	(89,128)	(245,616)
	(87,551)	101,162	(89,128)	(75,517)

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 at 31 March 2017.

The contributions to the Fund ranged from 5.5% to 8.7% of earnings by employees and 19.3% of employee earnings by North Ayrshire Leisure Limited for the year ended 31 March 2019.

The pension charge for the year was £1,328,000 (2018: £1,234,000).

A full actuarial valuation was carried out at 31 March 2017 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 2019.

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.

Notes to the financial statements (continued)

20 Pensions (continued)

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

	Rate of return %	2019 £000	Rate of return %	2018 £000
Market value of assets:				
Equities	2.4	17,716	2.7	18,011
Bonds	2.4	6,643	2.7	4,631
Property	2.4	2,768	2.7	2,830
Cash	2.4	554	2.7	257
		<u>27,681</u>		<u>25,729</u>
Present value of scheme liabilities		<u>(31,210)</u>		<u>(26,593)</u>
Net pension asset/(deficit)		<u>(3,529)</u>		<u>(864)</u>

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

The movement in the deficit during the year was:

	2019 £000	2018 £000
Deficit in scheme assets at 1 April	(864)	(4,505)
Movement in year:		
Current service cost	(1,328)	(1,234)
Losses on curtailments	-	-
Contributions	673	620
Contributions in respect of unfunded benefits	11	11
Interest cost	(32)	(125)
Actuarial gain/(loss)	(1,989)	4,369
Deficit in scheme assets at 31 March	<u>(3,529)</u>	<u>(864)</u>

Notes to the financial statements (continued)

20 Pensions (continued)

The main assumptions used by the actuary were:

	2019 %	2018 %
Salary increases	3.7	3.6
Pension increases	2.5	2.4
Discount rate	2.4	2.7

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2016 model with an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.4 years	23.7 years
Future Pensioners*	23.4 years	25.8 years

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

Historic Mortality

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

Year Ended	Prospective Pensioners	Pensioners
31 March 2018	CMI 2016 model, long term rates of 1.5% p.a. for males and 1.25% p.a. for females.	CMI 2016 model, long term rates of 1.5% p.a. for males and 1.25% p.a. for females.
31 March 2017	CMI 2012 model assuming current rate of improvement have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females.	CMI 2012 model assuming current rate of improvement have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females.

Notes to the financial statements (continued)

20 Pensions (continued)

Employer Membership Statistics

	Number		Total Salaries/ Pensions £(000)		Average Age
	31 Mar 2017	31 Jan 2015	31 Mar 2015	31 Mar 2015	31 Mar 2017
Actives	269	179	3,002	2,549	48
Deferred Pensioners	164	95	171	*	48
Pensioners	58	52	297	*	65

* = Current figures are not available for the amount of pensions in payment and deferred pensions. 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 2019 £(000)	31 Mar 2018 £(000)
Fair Value of Employer Assets	27,681	25,729
Present Value of Funded Liabilities	(30,971)	(26,362)
Net (Under)/Overfunding in Funded Plans	(3,290)	(633)
Present Value of Funded Liabilities	(239)	(231)
Unrecognised Past Service Cost	-	-
Net Liability	(3,529)	(864)

Reconciliation of fair value of employer assets

Period Ended	31 Mar 2019 £(000)	31 Mar 2018 £(000)
Opening Fair Value of Employer Assets	25,729	24,707
Interest Cost	700	646
Contributions by Members	200	186
Contributions by the Employer	673	620
Contributions in respect of Unfunded Benefits	11	11
Actuarial gains /(losses)	841	79
Estimated Unfunded Benefits Paid	(11)	(11)
Estimated Benefits Paid	(462)	(509)
Closing Fair Value of Employer Assets	27,681	25,729

Notes to the financial statements (continued)

20 Pensions (continued)

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 2020 will be approximately £673,000.

History of experience gains and losses

	2019 £000	2018 £000
Difference between the expected and the actual return on scheme assets:		
- amount	841	79
- percentage of scheme assets	3.0%	0.0%
Experience gains and losses on scheme assets:		
- amount	(5)	2,615
- percentage of scheme assets	0.0%	10.2%
Total amount recognised in statement of total comprehensive income:		
- amount	(1,989)	4,369
- percentage of scheme assets	7.2%	17.0%
i) Amount charged to operating profit		
	2019 £000	2018 £000
Current service cost	1,328	1,234
Losses on curtailments	-	-
Total operating charge	<u>1,328</u>	<u>1,234</u>

Notes to the financial statements (continued)

20 Pensions (continued)

ii) Amount credited to other finance income

	2019 £000	2018 £000
Interest cost on pension scheme liabilities	(32)	(125)
Net return	<u>(32)</u>	<u>(125)</u>

iii) Amount recognised in the Statement of comprehensive income

	2019 £000	2018 £000
Changes in demographic assumptions	-	(18)
Actual return less expected return on pension scheme assets	841	79
Experienced gains and losses arising on the scheme liabilities	(5)	2,615
Change in financial assumptions underlying the scheme liabilities	<u>(2,825)</u>	<u>1,693</u>
Actuarial loss recognised in the Statement of comprehensive income	<u>(1,989)</u>	<u>4,369</u>

Amount Recognised in Statement of comprehensive income

	31 Mar 2019 £(000)	31 Mar 2018 £(000)
Actuarial Gains/(Losses) – as recognised in the Statement of comprehensive income	<u>(1,989)</u>	<u>4,369</u>
Cumulative Actuarial Gains and Losses	<u>(1,592)</u>	<u>397</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 2019:	Approximate increase to employer liability %	Approximate monetary amount £000
0.5% decrease in real discount rate	13	3,973
0.5% increase in the salary increase rate	2	756
0.5% increase in the pension increase rate	10	3,128

Notes to the financial statements (continued)

21 Leasing commitments

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

	2019 Land & Buildings	2018 Land & Buildings	2019 Other £	2018 Other £
In one year or less	-	30,000	-	-
Between one and five years	-	-	23,774	8,197
	<u>-</u>	<u>30,000</u>	<u>23,774</u>	<u>8,197</u>

22 Capital commitments

There were no capital commitments at 31 March 2019 (2018: £ nil).

23 Contingent liabilities

There were no contingent liabilities at 31 March 2019 (2018: £ nil).

24 Related party transactions

North Ayrshire Council provided a banking facility during the year and paid £4,169 (2018: £3,559) interest to the Company in this regard. As at 31 March 2019 the net amount due from North Ayrshire Council was £855,090 (2018: £648,428).

Total monies received from North Ayrshire Council in the year was £3,684,535 (2018: £3,498,691). 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.