Financial Statements

Scottish Youth Hostels Association
(also known as Hostelling Scotland and SYHA)

For the year ended 31 January 2026

A registered Scottish charity No. SC013138 and a company limited by guarantee, registered in Scotland, No. SC310841
Registered Office: 7 Glebe Crescent, Stirling, FK8 2JA

Index

	Page
Legal and administrative information	1-2
Trustee report (including Strategic Report)	3-22
Standard operating policies	23-24
Independent auditor's report to the members and trustees	25-28
Group statement of financial activities	29
Charity statement of financial activities	30
Group and charity balance sheets	31
Group and charity cash flow statement	32
Notes to the financial statements	33-49

Legal and administrative information for the year ended 31 January 2026

Scottish Youth Hostels Association (operating as Hostelling Scotland as hereafter referred to in this report) is a registered Scottish Charity No. SC013138 and a company limited by guarantee, registered in Scotland, No. SC310841.

Trustees and Directors

The Board, who are the Charity Trustees and Directors of the Company, received no remuneration for their services. Those who served as board members during the year and up to the date of approval of the financial statements were as follows:

Claire McCorquodale	(2023-27)	Appointed 16.09.23
Paul Randall	(2022-25)	Retired 13.09.25
Sophie Bell	(2024-27)	Appointed 14.09.24
Martin Davidson	(2022-25)	Retired 13.09.25
Yvonne Milne	(2025-28)	Re-appointed 13.09.25
Carolyn Wright	(2025-28)	Re-appointed 13.09.25
Andrew Aldous	(2023-26)	Appointed 16.09.23
Catherine Ratcliff	(2023-26)	Appointed 16.09.23
Ondrej Vesely	(2024-27)	Appointed 14.09.24
Rhys Stanwix	(2024-27)	Appointed 14.09.24
James Halliwell	(2024-27)	Appointed 14.09.24
Campbell Spink	(2024-27)	Appointed 18.11.24
Richard Foster	(2025-28)	Appointed 13.09.25

Executive Management

Chief Executive & Company Secretary:	Margo Paterson
Director of Operations & Deputy Chief Executive:	Sabine Mackenzie
Director of Property & Health and Safety	Audrey Greenwood

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Legal and administrative information (continued)
for the year ended 31 January 2026

Bankers:	The Royal Bank of Scotland plc Units 22/23 Thistles Shopping Centre Stirling FK8 2EA Santander Corporate & Commercial Banking Sunderland SR43 4GG
Solicitors:	Lindsays WS Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE
Auditor:	Henderson Loggie LLP The Stamp Office Level 5 10 - 14 Waterloo Place Edinburgh EH1 3EG
Insurance Brokers:	Aon Corporate Division 103 Waterloo Street Glasgow G2 7BW
Financial Advisers:	Chase de Vere 33 Bothwell Street Glasgow G2 6NL

Trustee Report (including Strategic Report)

The Trustees present their report and financial statements for the year ended 31 January 2026. This sets out how the organisation has met its objectives in the year. A new strategy has been developed for the next 5 years and this is explained later in the report

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 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)".

Principal Charitable Objective

The principal charitable objective is:

'The advancement of education, for the public benefit, by helping all, but especially young people, to experience and appreciate the Scottish countryside, environment, natural heritage and places of historic and cultural interest in Scotland, and through the promotion of their health, recreation and education, particularly by providing low cost accommodation for them on their travels'.

Our Current Values

- We promote our charitable objectives by being open to all.
- We work together with pride and integrity to get things done.
- We are committed to operating in an environmentally sustainable way.
- We actively promote and take equality, diversity and inclusion into account in everything that we do.
- We pledge to give back and provide young people and families, who otherwise would not have the opportunity, the chance to experience Scotland and develop their skills for life, learning and work.
- We empower our teams by providing a fair work environment with meaningful opportunities for advancement.
- We work proactively in partnership with local communities, authorities and agencies.

Our Current Mission

Inspire all, especially young people to experience Scotland through the provision of great value and welcoming hostelling accommodation.

Our Current Vision

Staying true to our values, we offer the best hostelling experience throughout Scotland for everyone.

Recovery Strategy 2023-25

Hostelling Scotland (also known as Scottish Youth Hostels Association) exists to inspire all, but especially young people, through the provision of great value and welcoming hostelling accommodation.

Our charitable objective and our values were central to the delivery of our 2023-2025 Recovery Strategy.

The 2023-2025 Recovery Strategy concentrated on improving the long term viability of the organisation through meaningful activities that will have the greatest impact on retained surpluses. This will provide Hostelling Scotland with the necessary reserves to develop, invest and grow the organisation ahead of the Centenary in 2031.

Trustee Report (continued)

Strategy Aims & Activities
This Recovery Strategy is built on four central and interdependent themes.

1. **Nurture our Charitable Objectives and Activities**
   a) Progress a governance framework that fulfils our social responsibilities in particular focusing on improving diversity and inclusion opportunities.
   b) Develop partnership and community engagement initiatives that promote the good work and reputation of the organisation.
   c) Formulate a plan to enable the relaunch of youth and family explorer programmes and volunteering opportunities.

2. **Foster a Culture of People Development**
   a) Create an environment that promotes diversity, inclusiveness and engagement.
   b) Provide personal growth opportunities for everyone.

3. **Operate and Promote our Hostels Sustainably and Responsibly**
   a) Protect the assets through enhancement and development of our estate, hostel facilities, website and systems including, where possible, implementation of initiatives that will improve accessibility.
   b) Deliver the best, affordable and flexible hostelling experiences.
   c) Inspire travel and promote the Hostelling experience to a wider audience, encouraging adoption as a lifestyle choice.
   d) Develop an environmental plan to support the delivery of responsible tourism specific to the hostelling sector thereby reducing our carbon footprint and improving operational efficiency.

4. **Protect our Financial Future**
   a) Rebuilding of cash reserves to allow for future expansion and financial growth.

Outcome of 2025-26 Objectives

1. Strategic Aim: Nurture our Charitable Objectives and Activities

a) Progress a governance framework that fulfils our social responsibilities in particular focusing on improving diversity and inclusion opportunities.

2025-26 objectives:

- Develop a campaign to raise awareness and encourage applications fostering governance diversity and ensuring young people have a voice in shaping the organisation's future.
  Achieved. New approach to call for applications: Hunt for Gen Z 'Adventure Curators, supported by social media and a press release that achieved coverage in The Scotsman, The Herald, The National, The Edinburgh Reporter and various regional titles.

- Update Board Election information to include candidate names and profiles in a standardised Q&A format, allowing members to make an informed decision.
  Achieved. Implemented from 2025 Board Election.

- Recruitment of member representative on the Governance and Nominations Committee
  Ongoing; appointments to be made in 2026.

Trustee Report (continued)

b) Develop partnership and community engagement initiatives that promote the good work and reputation of the organisation.

2025-26 objectives:

- Develop opportunities with new and existing partners, raising awareness of Hostelling Scotland to our core 'Adventure Seeking /Outdoor Enthusiast' audience, and promoting specific products and initiatives such as RentaHostel, WoofHostelling, solo and responsible active travel.

  Achieved with:

  - Hostel Hoolie working with Girls On Hills and Adventure Syndicate. Coverage in The Guardian, The Herald, and numerous regional and online titles.
  - Launch of the 'Door to Door Challenge' with Girls On Hills. Coverage in The National, online titles and future coverage agreed with Times Alba.
  - Working with VisitScotland in support of their travel being 'good for the soul' campaign, gaining online coverage in The Sunday Post.
  - Solo female adventure article developed with Keri from Girls on Hills gaining strong coverage in The Scotsman
  - Success in delivering a partnership with Adventure Cycling Event organiser Camille McMillan on an international 700km mixed-terrain bicycle adventure in the Scottish Highlands accessing properties within our Fort William area.
  - Continued support of the Highland Cross, a 50-mile duathlon (20 miles on foot, 30 miles on bike) traversing coast to coast across the Scottish Highlands via our Glen Affric Hostel, to raise money for causes that benefit the people of Highland, disadvantaged by disability, ill health or social need.

c) Formulate a plan to enable the relaunch of youth and family explorer programmes and volunteering opportunities.

2025-26 objectives:

- Launch of Happy Hosteller Breaks to support disadvantaged young people and families in accessing trips. The aim is to foster our values and empower individuals to explore Scotland and experience hostelling.

  Achieved with:

  - Launch of Happy Hosteller Breaks with coverage gained in The Herald, Third Force News, Scottish Business News and 'What's on' Edinburgh, Renfrewshire etc.
  - Increased exposure via the signature logo and hostel teams to assist in launching the product and gaining local interest in application.
  - Two rounds of applications (Spring & Autumn) have funded 27 groups (616 individuals), each receiving a break between October 2025 and December 2026.
  - A social impact evaluation carried out showing that participants benefit from the breaks by broadening their horizons and improving their relationships and wellbeing. More than half of the participants declared it was their first time going on a residential break and exploring a new part of Scotland and all said they wish to come back or stay in another Youth Hostel in the future.
  - Royston Youth Group trip was captured on video to support future rounds of the Happy Hosteller Initiative and to help promote the initiative on the new website.

Trustee Report (continued)

- Creation of volunteer programme in line with our ethos 'by helping all, but especially young people, to experience and appreciate the Scottish countryside, natural heritage and places of historic and cultural interest in Scotland.'

  Achieved. 'Caring for Our Green Spaces' gardener volunteer programme was developed, seeking partnership with established charity firms and individuals who could help enhance the grounds of Hostelling Scotland.

- Development of new partnerships in the delivery of Happy Hosteller Breaks and opportunities for volunteering.

  Achieved with:

  - Assistance from Volunteer Scotland in the creation of a structured framework and action plan to support the development of a range of opportunities and engagement activities.
  - Fostering relationships with organisations participating in Happy Hosteller Breaks (meetings and visits) and building connections with local youth led organisations across the network to enable tailored support and engagement initiatives. New partnership with Ullapool Sea Savers.

2. Strategic Aim: Foster a Culture of People Development

a) Create an environment that promotes diversity, inclusiveness and engagement.

2025-26 objectives:

- Promote the organisation's mentorship program by defining its purpose, fostering collaboration, and guiding individuals to support leadership growth and development.
  - This is work in progress with 2 Group Managers and 2 Duty Managers currently participating in a mentoring programme.
  - Hosted 2 Hostelling International Exchanges hosting colleagues from Australia and Stayokay (Netherlands) on a work placement with Hostelling Scotland, learning and sharing ideas and best practice.

- Create a process to match skilled mentors who are able to coach and support others with those needing guidance, helping build a strong mentorship culture for growth and future planning.
  - Carry forward to 2026-27

b) Provide personal growth opportunities for everyone.

2025-26 objectives:

- Foster a culture of continuous learning through lunch-and-learns, coaching, and leadership forums.

  Achieved by:

  - Recognising the geographical challenges, we utilise a blended learning model that combines hands-on experience with an extensive eLearning catalogue. This ensures consistent standards regardless of location and includes:
    - Mandatory modules in Data Protection (GDPR), Health & Safety, and Bullying & Harassment etc.
    - Advanced certifications such as Food Hygiene Level 3 and Personal License training.
    - Training on how to manage conflict and aggression/violence
    - Targeted training in Food Hygiene and Allergen Awareness for all frontline colleagues to ensure guest safety and service quality.

Trustee Report (continued)

This is supported with informal Lunch-and-Learn meetings, coaching sessions, and dedicated leadership forums designed to share best practices.

- Strengthen leadership communication, performance management and feedback processes to support individual growth and development.
  Achieved by:
  - Group Managers Business Development Meetings hosted by CEO and Director of Operations reviewing hostel/ group performance annually, celebrating wins and discussing challenges.
  - Remote Monthly Management Team meeting reviewing business activity throughout the network
  - Establishment of Group Manager Sessions face to face twice per year with 3 main goals:
    - Deliver bespoke training for personal development and leadership communication
    - Provide training sessions based on data gathered throughout the year relating to HR and Health and Safety to ensure relevance
    - Equip the Group Managers to support their team's growth

3. Strategic Aim: Operate and Promote our Hostels sustainably and responsibly

a) Protect the assets through enhancement and development of our estate, hostel facilities, website and systems and including, wherever possible, implementation of initiatives that will improve accessibility.

<u>2025-26 objectives</u>:

- Working from the findings of research and development work carried out towards the end of 2024, develop, build, and launch a new website that improves the user experience for our members and guests and encourages direct online bookings.
  Achieved in part by:
  - New website/booking system development in progress. Currently working on functionality with aim to launch main season 2026.
  - Reviewing our current analytics and google ads, making any changes necessary to fit with the new content and subject to the results of rigorous testing and validation research.

- Complete Wi-Fi upgrades across 7 hostels (Stirling, Pitlochry, Gairloch, Ratagan, Portree, Port Charlotte, and Crianlarich) by the end of Year 2, providing improved coverage in all common areas and guest rooms.
  - Upgrade to Stirling Youth Hostel completed in Year 1. Remaining hostels to be upgraded in 2026-27.

- Install new firewalls across the network.
  Achieved.

- Complete a comprehensive review of the central reservations system (CRS).
  Achieved by:
  - Purchase of source code for CRS agreed which will secure control of future developments.
  - Full review of functionality with new features introduced such as housekeeping functionality, reservation reminders and the connection to MyHostellingScotland to create a Customer Relationship Management system.

Trustee Report (continued)

- Development of mixed dorms product.

- Effectively manage the changes resulting from the implementation of the visitor levy, ensuring Hostelling Scotland is fully prepared for the necessary system adjustments to manage and collect the levy, while maintaining seamless integration with existing processes and ensuring compliance, accuracy, and efficient tracking and reporting.
  Achieved. Works completed to ensure our systems are levy ready, although efforts continue to secure charity exemptions.

- Strengthen safety & security measures with the introduction of secure entry systems, CCTV, and well-trained employees to ensure the continued safety of guests and employees.
  Achieved by:
  - Panic button introduced in Edinburgh Central Youth Hostel
  - CCTV improvements in progress for Edinburgh, Glasgow & Oban Youth Hostels
  - External door entry systems improved within Oban Youth Hostel
  - Intercom camera bell introduced into Glasgow Youth Hostel with potential to roll out.

- Develop a project plan for the next major refurbishment, including project scope, outline cost and consultant appointments in advance of the tendering process.
  - Working group established including direct input form the local region manager. Architect identified and project scope considered – currently paused to allow for external considerations (A9 dualling).

- Completion of Phase 3 legacy works at Rowardennan Youth Hostel
  - New ground floor pod showers created. New water heaters also installed and further water storage and supply improvements to be completed in 2026.

- Commencement of new Glen Affric lease with The National Trust for Scotland and completion of required works.
  - Lease terms agreed and legal documentation being finalised.
  - Substantial improvements works completed ahead of the 2026 season, including new wind turbine, door and window repairs/replacements as well as internal flooring renewed. Any remaining works taking place in 2026 including the final coat of external re-decoration.

- Conduct a feasibility study for Broadford Youth Hostel to assess the viability, sustainability, and potential improvements for property.
  - Following external expert assessments and extensive reviews of the viability of the hostel, the property was placed on the market and sold in early January 2026.

- Completion of all shower and toilet upgrades at Kirkwall Youth Hostel.
  - Major works to all washrooms completed in the year, offering much improved shared and private shower facilities within the hostel.
  - Further enhancements included new lounge furniture, full re-decoration and new beds complete with under bed storage and built in lights and sockets within the shared dormitory rooms.

Trustee Report (continued)

- Complete all key stages of the Loch Ossian toilet and team accommodation refurbishment.
    - Carried forward to 2026-27. Phase 1 works commenced in March 2026 with the installation of a new septic tank to facilitate the provision of toilets in each dormitory. Phase 1 works to be completed by end of June 2026.

b) Deliver the best, affordable and flexible hostelling experiences.

2025-26 objectives:

- Improve guest rating against 2024 actuals through the enhancement of self-catering facilities ensuring that equipment, cleanliness, and operating hours meet the needs of each guest.
    - Kitchens currently trending at 94% with 3 out of 4 of our residents responding on the use of our kitchens during the rate and review questionnaire. For the same time period, 2024 scored 92%.

- Our guests will score comfort levels in excess of 90% on average across the network through the continued enhancement of public spaces and private accommodation, following an injection of some soft touches into guest spaces whilst improving the stay and sleeping quality.
    - Comfort scored 88% in 2024, this has increased to 90% when comparing the same time period year on year.
    - Guest lounge improvements took place within Tobermory and Oban Lodge with new furniture purchased to complement the space. Utilising assets from Broadford, the lounge in Durness has also seen improvements ready for the 2026 season with sofas, chairs and tables relocated.
    - Following the sale of Broadford Youth Hostel, assets have been transferred throughout the network.

c) Inspire travel and promote the Hostelling experience to a wider audience, encouraging adoption as a lifestyle choice.

2025-26 objectives:

- Work with travel influencers and strategic partners to develop new opportunities to raise awareness of Hostelling Scotland, promote our charitable status and hostelling accommodation as an affordable alternative for anyone looking to explore and experience Scotland.
    - [Element of cross-over with 1b].
    - WoofHostelling influencer trips with Wee White Dug and Edinburgh Spaniels.
    - Over the year we have worked on extending our current influencer base with an aim to keep our content as fresh and relevant as possible.
    - Development of “pre-conceptions” campaign proposal with StoryShop. ‘Beyond the bunk’ is a long-term strategy with numerous strands aimed at dispelling any pre-conceptions people may have of hostels and hostelling – ongoing with initial focus on bringing our social and new website messaging into line.

- Complete a review of the Rent-a-Hostel private hire offering across the network and implement a revised strategy that supports midweek bookings and bookings for smaller groups (under 20 people).
    - Not complete although the selling of our RentaHostel product will be taken forward as part of the website development as we look at how best to sell partial rentals.

Trustee Report (continued)

- Enhance the visual appeal and accuracy of hostel website images to support user engagement, attract potential guests, and provide better information to allow for informed booking decisions.
  Ongoing - continual process of updating image library to better reflect our accommodation and continue to inspire travel. New photography over the last 12 months includes Pitlochry, Gairloch, Port Charlotte, Torridon, Achmelvich and Ullapool.

- Continue to ensure affordability by keeping dormitory prices affordable, while offering timely discounts to students, partner charities, and youth organisations during low-demand periods to maintain occupancy.
  In progress **-** partner and youth organisations receive marginal discounts, with a winter promotion issued to members to boost off-peak bookings. Dormitory prices remain affordable, with family room discounts for children and timely offers to students, charities, and youth groups help sustain occupancy.

- Continue to increase Hostelling Scotland's visibility and growth in group business by actively attending key industry trade events and exhibitions, including those hosted by VisitScotland, Hostelworld, and Stay Wyse targeting schools, universities, and international youth travel networks, to foster new partnerships and drive group bookings.
  Achieved with attendance at the Stay Wyse Conference and Visit Scotland Connect. Over four days, the team held meetings with group trade suppliers, focusing on securing new companies to work with Hostelling Scotland while also strengthening relationships with existing clients.

d) Develop an environmental plan to support the delivery of responsible tourism specific to the hostelling sector thereby reducing our carbon footprint and improving operational efficiency.

2025-26 objectives:

- Continue with action plans formulated in 2023-24 and 2024-25. We will continue (on our journey) the activities implemented in 2023-24 & 2024-25 by sourcing eco-friendly producers, installing energy efficient lighting and promoting sustainable travel practices.
  - Our Environmental and Sustainable practices were reviewed this year, continuing to build on previous years efforts whilst highlighting plans for development in considering the environmental impact on our procurement decisions and working practices.
  - Our core range of washroom and cleaning products changed over the winter ready for the 2026 season, utilising chemicals which are derived from plant-based extracts that are less harmful to human health and the environment, with packaging that can be recycled.

4. Strategic Aim: Protect our Financial Future

a) Rebuilding of cash reserves to allow for future expansion and financial growth.

2025-26 objectives:

- Aim for a £1M surplus.
  Achieved with operational surplus of £1,187,321 before depreciation and gain on sale of asset.

- Actively work to manage operational costs by optimising resources, energy efficiency and renegotiation supplier contracts
  Regular review of contractual prices and renewal of energy contracts to lock in best price.

Trustee Report (continued)

- Appointment of Fundraising Consultant to explore opportunities for both capital and youth and family engagement.
  Carry forward: Board of Trustees to consider the remit and ask during 2026-27.

- Progress with Perth College tender negotiations (April 2025) to retain the contract offering student residence management services and summer hostel accommodation.
  Achieved. Tender submission completed and a 3-year contract awarded, with the potential of 2 additional extension years.

- Optimise pricing strategy to increase the average accommodation revenue per overnight stay by 3% and catering revenue by 6% across the network.
  Achieved in part by:
  - Year end results reflect average accommodation revenue per overnight stay is 4% ahead of prior year and 1% ahead of budget.
  - Catering revenue is 3% ahead of prior year and 2% behind budget.

The impact of these measures is included later in the Financial Statements.

Building a Sustainable Future: Hostelling Scotland 2026-2031

The Board of Trustees approved the following Mission, Vision and Values along with the Building a Sustainable Future Strategy 2026-2031 at its meeting in April 2026.

Mission, Vision, Values

Everything we do is shaped by our mission, vision and values, helping us create welcoming experiences and lasting positive impact for the communities we serve.

Mission

Enable everyone, especially young people and those who might not otherwise get the chance, to discover, enjoy and learn from Scotland's landscapes, culture and communities through affordable, sustainable and welcoming hostelling experiences.

Vision

A Scotland where everyone can explore, connect with nature, grow in confidence and feel inspired to care for themselves and the world around them.

Values

We are a Scottish charity that puts people first. Our values guide how we serve our audiences, protect our resources and work with one another every day.

1. **Empowering**
   We act with pride and integrity to inspire trust, connection and belonging for all.

2. **Sustainable**
   We are committed to long-term environmental, social and organisational responsibility supporting sustainable growth in everything we do.

Trustee Report (continued)

3. **Inclusive**
   We champion accessible and respectful environments where everyone feels valued and supported and able to participate, contribute and thrive.

4. **Curious**
   We embrace discovery, creativity and continuous learning as essential to growth and innovation.

5. **Collaborative**
   We build meaningful relationships with colleagues, partners and communities to strengthen our charitable impact.

Strategy 2026-2031

Overview

Hostelling Scotland stands at a pivotal point in its journey. Demand for affordable, meaningful travel remains strong, but expectations around accommodation quality, digital access and environmental responsibility continue to evolve. At the same time, young people and under-represented communities still face barriers to accessing the outdoors, travel and transformative experiences.

We have significant strengths to build on; a long-standing, trusted brand, committed teams, iconic locations and a genuine social mission. Yet we also face challenges, including an ageing estate, rising operating costs, outdated perceptions of hostelling and limited awareness of our charitable impact.

To respond to these challenges and opportunities, we will deliver a five-year strategy built around three interconnected pillars: Impact, People and Sustainability. These pillars will guide delivery of *Building a Sustainable Future: Hostelling Scotland 2026–2031*, ensuring we maximise our impact, invest in our people and secure long-term sustainability - creating a resilient organisation that remains relevant, inclusive and financially strong.

Strategic Pillars

1. IMPACT

- Expand access for young people and under-represented communities
- Deliver inspiring experiences that promote curiosity, learning and discovery
- Build and strengthen partnerships with organisations, groups and communities
- Promote our charitable purpose across all channels
- Use evidence and insight to improve experiences, enhance impact measurement and inform investment
- Shape modern perceptions and expand reach through targeted marketing, PR and storytelling.

By 2031 we will measure success by:

- Increasing the number of young people, families and individuals from under-represented communities engaging with us each year
- Embedding a clear impact measurement framework, with a baseline year and consistent, transparent reporting

Trustee Report (continued)

- Growing strategic partnership activity with organisations and communities and evidencing the outcomes delivered
- Continuously improving experience and satisfaction year-on-year, using people insight to drive measurable improvements in quality and experience
- Increasing awareness and understanding of our charitable purpose across key audiences, measured through feedback and engagement metrics
- Shifting perceptions of hostelling by reducing negative sentiment and increasing relevance among target and non-traditional audiences, tracked through campaign performance and brand sentiment analysis.

2. PEOPLE

- Strengthen capability and improve standards through continuous learning and development
- Build and support a thriving workforce
- Embed practices that promote wellbeing, recognition and inclusion
- Drive improvement through stakeholder feedback
- Create a supported volunteer community
- Develop member engagement and supporter base.

By 2031 we will measure success by

- Sustained year-on-year improvement in employee engagement and wellbeing metrics
- Training and talent pathways enabled through structured training and development programmes, mentoring and succession planning
- A larger, more supported people-centred community, with increased participation in volunteering and improved employee retention
- Stronger member engagement, reflected in increased participation
- Governance that reflects future organisational needs, with leadership demonstrating effective succession planning and skills balance, measured against agreed diversity and capability criteria.

3. SUSTAINABILITY

- Establish and deliver a long-term estate investment plan
- Reduce carbon emissions, improve energy efficiency and minimise waste
- Provide a high-quality, accessible and safe hostel network
- Maintain strong financial stewardship, diversify income opportunities and deliver cost and operational efficiencies
- Develop digital tools to enhance user experience
- Uphold strong governance, risk management and transparent reporting.

By 2031 we will measure success by:

- A long-term estate investment plan established and delivered in phases, informed by robust condition data and risk-based prioritisation
- Sustained year-on-year reductions in carbon emissions and energy consumption, tracked against a defined baseline and targets
- Safe, high-quality and accessible hostels maintained, with consistently high standards in health, safety and compliance performance
- Reduced waste and increased recycling rates, with responsible procurement embedded across key operational areas
- Strong financial resilience demonstrated through consistent operating surpluses, supported by income diversification, leading to a healthy cash position to allow reinvestment within our means.

Trustee Report (continued)

- Digital systems and automation implemented to reduce manual processes, improve operational performance and insight and enhance overall user experience.

Strategic Outcomes

By 2031 Hostelling Scotland will be:

- A leading social impact organisation, known for expanding access to meaningful travel, learning and wellbeing
- A people-centred, values-led community, where people feel connected and empowered
- A financially and environmentally resilient charity, with a clear long-term estate plan, strong governance and high-quality hostels.

Review of Annual Activities

Hostelling Guests

We welcomed 333,825 overnight guests (2025: 332,977) during the year**,** a marginal 0.3% increase on the previous year.

Guest profiles were:

- 72% Individuals & Families (2025: 72%)
- 23% Groups (10 persons or more) (2025: 23%)
- 5% Exclusive Private Hire RentaHostel (2025: 5%)

Guest nationalities were:

- 27% Scotland (2025: 24%)
- 24% England, Wales and Ireland (2025: 28%)
- 35% European (2025: 36%)
- 14% Other International (2025: 12%)

Partner Hostels

We continue our Partner Hostel programme with independent, trust and community accommodation providers. The programme promotes hostels across Scotland, including those in the Western and Northern isles operated by the Gatliff Hebridean Hostels Trust and Orkney and Shetland Councils, alongside our wider network of Partner Hostels.

23 (2025: 22) affiliate hostels within our network welcomed 56,296 (2025:49,930) overnight guests during the year.

Membership increased to 13,401 (2025: 13,223), with lifetime membership continuing to be popular with 230 new members in this category during the year (2025: 180).

Trustee Report (continued)

Working with Young People & Families

We launched Happy Hosteller Breaks in the year, a programme for youth and family funded breaks.

Our goal is to:

- Meet Hostelling Scotland's charitable objectives – feature breaks that align with our core values.
- Inspire meaningful breaks – highlight the full potential of our Youth Hostels
- Cultivate connections – develop partnerships and support likeminded organisations.

To encourage more variety in the break's purposes and activities, applications divided into three categories:

- **Nature & Environment** – explore Scotland's landscapes, wildlife, and ecosystems.
- **Culture & Historic Heritage** – discover the Scottish stories and cultural gems.
- **Wellness & Play** – engage in physical and fun activities that promote health and self-discovery.

Applications are welcomed from:

- Schools, Early Years Centres, Youth Groups and Registered charities in Scotland working with disadvantaged young people and families. *Families cannot apply individually.*
- The age range for youth groups is 6 to 25 years.
- Early Years Centre and Family Groups can include children under 6 years old if the parents/guardians are included.

Engagement levels have met expectations, and connections with like-minded organisations have exceeded what we initially hoped for. School groups, however, have been less represented than anticipated. Investigations were carried out to understand the reasons, with several factors identified, including teacher capacity for supervision and budget constraints. In 2026, we will continue to approach schools, supported by the development of new and adapted engagement strategies.

The impact of the programme is already evident, with participants providing detailed and thoughtful reflections on their experiences, highlighting exploration, learning, and connection.

The programme is shaped by continuous improvement, with the aim of providing the best possible experience for all Happy Hostellers. Hostel teams are actively involved, offering advice and practical support to groups, such as access to local activity discounts. Partnerships are being developed with outdoor activity providers (In Your Element, Curious in Nature) and donation programmes offering free outdoor equipment (Gift Your Gear – Rohan). Fundraising opportunities are also being explored to further strengthen and sustain the programme.

Hostelling People

Training & Development

- 2,211 Virtual College courses completed in 2025, maintaining our rigorous compliance baseline across the network.
- 100% of colleagues (including casual workers) completed online Fire Safety and Fire Warden training, augmented by 74 colleagues attending practical, in-person fire equipment sessions.
- St Andrew's First Aid training for 23 colleagues in the year (bringing our active network total to 70 since 2024 (2024: 19, 2025: 28), alongside 3 dedicated Mental Health First Aiders.

Trustee Report (continued)

- Upgraded network-wide food safety standards with 396 courses completed: 113 in Food Allergy Awareness, 233 in Level 1 Food Safety and Hygiene, 46 in Level 2 Food Safety and Hygiene (Kitchen/Catering Managers level), and 4 managers achieving Level 3 Food Safety and Hygiene (Advanced/Restaurant Management level).
- 45 colleagues completed Alcohol Server training (with a further 35 completing refreshers) and 8 new Personal Licences were secured to fully protect operational compliance in 2025.

Recruitment & Onboarding

- Average time to fill a vacancy further reduced to 13 working days (down from 15.5 days in 2024-25).
- Driven by the Recruitment Co-ordinator's targeted direct-sourcing strategy, total advertising costs were significantly cut by 75% via a reduced reliance on traditional job boards.
- Attracted 1,307 applicants for 2025-26 recruitment, successfully securing 26 returning colleagues from the 2024 season.
- Conducted 183 structured wellbeing calls to new starters, significantly boosting early-stage engagement and retention during onboarding and probation.

Wellbeing, Inclusion & Engagement

- Transitioned the internal anonymous reporting line to an independent, external model. It is now monitored and reported by our EAP provider, Health Assured, under the "Speak Up" framework to enhance trust and compliance.
- Voluntary turnover successfully reduced from an already exceptional 3.05% in 2024 down to 2.79% in 2025.
- The Wellbeing Newsletter was scaled from a quarterly HR publication to a wider initiative, with Group Managers now designing and driving content in rotating groups of four.
- Maintained our commitment to bi-annual face-to-face Group Manager Training Days. 2025-26 sessions successfully delivered modules on understanding contracts, unbiased/non-discriminatory recruitment, probation optimisation, and network-wide communication improvement.

Volunteers

During 2025–26, we greatly appreciated the contribution of our volunteers in helping prepare our hostels for the start of the season. To expand opportunities for volunteer engagement, we developed a new volunteer programme which launched in March 2026 at Rowardennan Youth Hostel, with a focus on ‘Caring for Your Green Space’.

Hostelling Operations

66% of all bookings in the year (2025: 67%) were generated through Reservations, at the hostels and on our website, with 34% (2025: 33%) being generated through third party booking engines.

On a basis of 5,572 reviews (2025: 6,283), Hostelling Scotland Guest Reviews scored 94% (2025: 92%) for overall stay, with guests scoring the following for the individual parts of their hostelling experience:

- 93% Value (2025: 92%)
- 95% Cleanliness (2025: 93%)
- 90% Comfort (2025: 88%)
- 97% Check in (2025: 96%)
- 96% Service (2025: 95%)

Trustee Report (continued)

- 97% Location (2025: 95%)

We also introduced additional feedback categories this year:

- 88% Washrooms
- 90% Food
- 94% Laundry
- 92% Bike Sheds

Sustainable Tourism
Sustainability is a core pillar of our 2025–2031 Strategy and we believe hostels play an important role in supporting more responsible and environmentally conscious travel. Across our organisation, we are committed to integrating sustainable practices into our everyday operations. By encouraging our colleagues and guests to make informed, responsible choices, we aim to minimise our environmental footprint and help safeguard the planet for future generations.

Hostelling Property
£1,877,469 (2025: £2,732,352) was re-invested into the network during the year. £414,410 (2025: £278,258) was expended on capital, the major elements of this being washroom and kitchen enhancements and boiler replacements. A further £39,967 was expended on the Rowardennan Project (2025: £709,878) and £1,045,236 (2025: £860,320) was expended on routine property and equipment maintenance and costs relating to statutory compliance and health and safety. £266,418 (2025: £211,285) was spent on furniture and equipment across the network, with the remaining £111,438 (2025: £79,428) spent on upgrading the organisation's information technology infrastructure and system enhancements.

Hostelling Finance
Total operational income was £11,343,757 (2025: £10,720,750) a 6% increase of £623,007 on prior year (2025: £688,379 increase). Total resources expended was £10,925,983 (2025: £10,047,490), a 9% increase of £878,493 (2025: £756,239 increase). The resulting surplus of income over expenditure was £417,774 in the year after all costs including depreciation (2025: surplus £673,260).

SYHA (Trading) Ltd. a wholly owned subsidiary trading company generated, in its sixteenth year of trading, incoming resources of £303,885 (2025: £274,124), with resources expended of £248,203 (2025: £224,706) providing a net profit of £55,682 (2025: £49,418), a sum which has been gift-aided to the parent company under deed of covenant.

General donations and legacies of £20,861 (2025: £18,707) were gratefully received in the year along with restricted donations and legacies totalling £143,605 (2025: £42,629). The following expenditure was made from these restricted funds in the year:

- Social Inclusion: £10,074 (2025: £1,862) was expended on social inclusion youth programmes
- Small Hostels Project: £60,651 (2025: £5,819)
- Property Legacy : £19,722 (2025: £797,276)
- Visit Scotland : £13,825 (2025: £22,800)
- Wi-Fi Upgrade : £500 (2025: £Nil)
- Glen Nevis Bench £917 (2025: £Nil)

After making all due enquiry, the Trustees confirm their expectation following preparation of forecasts and in consideration of key scenarios and assumptions, that Hostelling Scotland has adequate resources to

Trustee Report (continued)

continue to operate as a charity for the foreseeable future. Therefore, in preparing the accounts, the Trustees continue to adopt the going concern basis as explained further in the accounting policies (Page 33). Hostelling Scotland reports net surplus in funds for the year ended 31 January 2026 of £417,774 (2025: £673,260 surplus) after providing for all charges, including depreciation. The resulting balance of funds as at 31 January 2026 is £15,455,738 (2025: £15,037,964).

The majority of reserves is represented by the hostels which are the income generators for the Charity. The Trustees are therefore focused on maintaining and investing in the estate, using the free unrestricted reserves of Hostelling Scotland to further its charitable objectives.

Hostelling International (HI)

Since our formation in 1931, we have taken an active part in the activities of Hostelling International (HI) which as a global network provides support by driving direct reservations and promoting the mission and quality of the brand on behalf of 61 Youth Hostel Associations around the world, with over 3,000 hostels in 59 countries.

Hostelling International continues to follow its mission-aligned strategic plan with the following goals: Financial Sustainability, Strengthening the Global Federation and Purpose First. To achieve these goals the strategic priorities are to diversify and optimise revenue streams, transform funding model, stabilise then expand the global federation, foster a customer-centric organisation, reinvigorate global programmes (e.g. HI Connect, Say HI For Peace), empower & educate youth in sustainable travel (e.g. Youth Panel) and elevate the Global Brand. HI remains committed to Sustainable Hostelling, fostering cultural understanding, empowering global youth and supporting a strong network of youth hostel associations around the world.

We meet regularly with British and Irish Youth Hostelling Associations and other European national associations to discuss matters of mutual benefit and cooperation. The CEO sits on the Strategic Working Group of HI and along with our Marketing Manager participated in HI's Marketing & Sustainability Forum and Strategy meeting in February 2025.

Industry Collaboration

We represent the hostelling sector in Scotland on the Council of The Scottish Tourism Alliance (STA) and on its Policy Committee. STA is the largest member organisation for tourism businesses in Scotland and the leading representative body for its tourism industry.

We are a member of UKHospitality which gives access to invaluable industry insight, expertise and UK and Scottish Government lobbying support.

We also continue to collaborate with the Cairngorms and Loch Lomond and The Trossachs National Parks to promote the hostelling ethos and develop partnership working.

Risk Management

Hostelling Scotland's major risks are assessed to be:

1. Financial sustainability in a challenging economic climate;
2. Competitor growth in market share and Hostelling Scotland brand protection;
3. Breakdown of Key IT infrastructure;
4. Fire or other serious incident involving employees, guests and property;
5. Declining tourism

Trustee Report (continued)

The Board of Trustees endorse the following key procedural controls used to manage the charity's risks:

Clear terms of reference for roles and responsibilities, formal agendas and minutes for Governance meetings and special projects, including structural lines of reporting and issuing of instructions, authorisation and approval at each level;

1. Strategic and operational planning, budgeting, management control and finance reporting, conducted through the Board and Management meetings;
2. Formal written policies where required;
3. Regular reporting and review of Hostelling Scotland's risk management process.

The Board of Trustees maintains a Risk Register which includes measures to control and mitigate these risks. The Register is reviewed regularly at Management and Board meetings. It is recognised that systems can only provide reasonable, and not absolute, assurance that major risks have been appropriately managed.

Annual Activities Summary

The 2025–26 financial year marked the successful conclusion of our three-year Recovery Strategy and signalled the beginning of an exciting new chapter in our journey towards a sustainable and forward looking future. It has been a year of progress, investment and achievement, laying strong foundations for the implementation of our new five-year strategy, Building a Sustainable Future, which will guide us towards our Centenary in 2031.

Over the course of the Recovery Strategy, we welcomed 984,249 overnight guests, increased revenue by 12% from 2023 to 2025, whilst carefully managing ever increasing costs, which included investment of £5.8M in our hostel network. We also continued to improve the quality of our guest experience, achieving an outstanding overall guest satisfaction rating of 94% during 2025–26. These achievements reflect the dedication of our people, the loyalty of our guests and members and the strength of our charitable purpose.

A major focus during the year was the development of our new strategic direction. Working closely together, the Board of Trustees and Senior Management Team undertook a comprehensive review of our Mission, Vision and Values and developed a new strategy built around three strategic pillars: Impact, People and Sustainability. This work will shape our priorities and investment decisions over the coming years, ensuring we remain focused on delivering meaningful social impact whilst maintaining a resilient and sustainable organisation.

The year also saw significant investment across our property portfolio. We completed the legacy works at Rowardennan Youth Hostel, delivered upgrades at Glen Affric and undertook major improvements at Kirkwall Youth Hostel. These investments strengthen the quality and sustainability of our network.

Alongside investment in our properties, we continued to strengthen our partnerships and services. We secured a further three-year contract with Perth College to provide student residence management services and summer accommodation, reflecting the confidence our partners place in our expertise and operational capability. Extensive work was also undertaken on the development of a new website,

Trustee Report (continued)

which will launch during 2026 and provide an enhanced digital experience for guests, members and supporters.

There were many other successes during the year. The launch of the Happy Hosteller Fund was met with considerable enthusiasm and support, demonstrating the strong connection people have with our charitable mission and hostel network. We were also delighted to develop a new volunteer programme, launched at Rowardennan Youth Hostel in March 2026, creating new opportunities for people to contribute through our 'Caring for Your Green Space' initiative.

The Door-to-Door Challenge was launched this year, a partnership with Girls on Hills featuring walking and running routes from eight youth hostels. The challenge supports sustainable travel, promotes outdoor activity and enhances the visitor experience by showcasing Scotland's landscapes through accessible and more challenging route options.

We also enjoyed extensive positive media coverage throughout the year, helping to raise awareness of our work and our impact. This momentum continued into the start of 2026–27 as we celebrated our 95th Anniversary on 13th February 2026, an important milestone in our history and an opportunity to reflect on the difference hostelling has made to generations of travellers and communities across Scotland.

The year was not without its challenges. The introduction of the Visitor Levy by the City of Edinburgh Council required significant organisational effort and complex systems development to ensure compliance across our network. Following extensive engagement, we were pleased to secure charitable exemption within Edinburgh and continue to work proactively with local authorities, sector partners and the Scottish Government to seek similar recognition elsewhere. This remains an important issue for the organisation and the wider charitable tourism sector.

Difficult decisions were also required in relation to Broadford Youth Hostel. Following a comprehensive feasibility study examining all available options for the future of the property, including refurbishment, redevelopment and rebuilding, the Board concluded that the level of investment required could not be justified when balanced against the needs of the wider hostel network. While the decision to sell the hostel was made with great regret, it reflected our responsibility to steward charitable resources wisely and to ensure investment is directed where it can deliver the greatest long-term benefit.

Strong governance continued to underpin our work throughout the year. To support continuity and stability as we transition into our new strategy period, the Board agreed to extend the current Chair's term until 2027 through a co-opted appointment, as permitted under the Articles, and appointed James Halliwell as Chair Elect. We also welcomed Richard Foster to the Board following his election by the membership at the 2025 AGM. Yvonne Milne and Carolyn Wright were re-elected and continue to provide valuable experience as members of the Board of Trustees.

Thanks to another successful year, we closed 2025–26 with a strong cash position, providing a solid platform from which to begin the first year of our new strategy. This financial strength enables us to continue investing in our properties, people and programmes while remaining focused on our charitable purpose.

Trustee Report (continued)

None of these achievements would have been possible without the support of our many stakeholders. We are sincerely grateful to the individuals, trusts, funders and corporate partners who have supported our charitable objectives throughout the year. We also thank our employees and volunteers for their commitment and dedication, our members and guests for their continued loyalty and support and everyone who has contributed financially through donations, gifts or waivers.

Since 1931, our mission has been to make more of Scotland more accessible to more people. That mission remains as relevant today as it was 95 years ago. As we begin our new five-year strategy and continue our journey towards our Centenary in 2031, we do so with confidence, ambition and optimism. Building on a strong recovery, a clear strategic direction and the continued support of our people and partners, we are well placed to create lasting impact, strengthen our hostel network and inspire future generations to discover Scotland through hostelling.

Hostelling Governance
As defined by the Articles of Association, the governance of Hostelling Scotland derives from a Board of Trustees and Directors of up to 9 members who are elected by rotation annually for a renewable term of three years up to a maximum of 9 years, through a ballot of Hostelling Scotland's current Hostelling Members prior to each AGM. The Articles of Association also provide for 3 individuals to be co-opted onto the Board. Hostelling Scotland remains committed to broaden participation in its Board's diversity and skills base, in order to facilitate succession planning and enhance the achievement of its charitable purposes.

The Board normally meets formally at least four times per annum. The Board is accountable in law for Hostelling Scotland's charitable and company activities with specific responsibility for governance, strategy, and the monitoring of operational activities, risk and financial sustainability.

Furthermore, the Audit and Risk Committee meets formally at least four times each year, whilst the Governance and Nomination, and People and Remuneration Committees meet at least three times every year. The day-to-day executive and operational management is delegated to the Chief Executive and where appropriate, to those to whom specific duties have been responsibly assigned.

The training of Trustees and Directors after election or co-option usually comprises an induction briefing programme involving the Chair, Vice-Chairs, Board members and the Chief Executive. Trustees and Directors are issued with copies of previous annual reports and minutes, audited financial statements and management accounts, relevant governance strategy and procedural policies, the Articles of Association, and a copy of the Office of the Scottish Charity Regulator's Trustees' guidelines. Ongoing training is also provided where needs are identified.

Hostelling Scotland maintains liability insurance cover for Trustees, Directors and Officers, which includes provision for legal representation expenses for Trustees and Directors and for the Executive Management of the Charity and Company.

Trustees' Responsibilities Statement

The Trustees (who are also Directors of Hostelling Scotland for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Trustee Report (continued)

Company law requires the Trustees to prepare financial statements for each financial 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 law) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these 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 (FRS102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 charitable group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditor

In accordance with the company's articles, a resolution proposing that Henderson Loggie LLP be reappointed as auditor of the company will be put at a General Meeting.

The Trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and

- the Trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Considered and approved by the Trustees on 16 June 2026 and signed on their behalf by:

Claire McCorquodale
Claire McCorquodale - 2026-06-18, 17:40:50 UTC

Claire McCorquodale
Chair of the Board of Trustees

Margo Paterson
Margo Paterson - 2026-06-18, 11:12:59 UTC

Margo Paterson
Chief Executive Officer

Standard operating policies for the year ended 31 January 2026

The Board of Trustees and Management Team operate the following key policies and procedures:

Reserves
The reserves policy of Hostelling Scotland is to hold its reserves in the form of property, which represents its principal working asset and is integral to the pursuit of its charitable objectives. Hostelling Scotland re-invests all surpluses generated through the running of youth hostels back into the network.

It is the Trustees' opinion that the substantial reserve which exists in excess of market value over book value of Hostelling Scotland's heritable properties, along with strict cash management (detailed below) and the ability where necessary to borrow funds or sell property, provides sufficient security to meet existing and future known commitments.

Cash Management
Hostelling Scotland's cash management approach is to provide financial transparency and secure the short and long term financial sustainability of the organisation. The approach also outlines the organisation's appetite for financial risk tolerances.

Currently the principles of cash management are to ensure we retain £1.5M free funds in operational cash (as previously agreed by the Board in March 2024), which is particularly relevant for the winter months when we generate operational losses. We achieve this by:

- Protecting bookings' prepaid income which is not utilised for operational cashflow
- Ordinarily not operating an overdraft facility
- Retaining a low gearing percentage of loan to property value
- Strict controls and levels of authorisation for purchase orders raised
- Efficient planning and timing of high value expenditure such as capex
- Timely payments of supplier and contractors
- Tight controls of booking payments and credit facilities for trade clients
- Daily reporting of cash balances, weekly cashflow reporting and regular cash flow projections.
- Regular discussions and updates to The Royal Bank of Scotland including Management Accounts quarterly reporting and Cashflow forecasting.
- Financial compliance demonstrated through the annual external audit
- Regular cashflow reporting to the Audit & Risk Committee and Board of Trustees

Investments
An investment is held in SYHA (Trading) Ltd. which is a wholly owned subsidiary of Scottish Youth Hostels Association (Hostelling Scotland).

Payments
It is Hostelling Scotland's policy to settle the terms of payment with suppliers when agreeing the terms of transaction, to ensure that suppliers are aware of these terms, and to abide by them.

Employees
Hostelling Scotland declares its intention to continue to work for the furtherance of equality of opportunity in all areas of its work; in particular, equality is sought in employment practices, access to services, service provision, Board and committee structures, Hostel Membership, volunteer recruitment, selection and training processes.

Standard operating policies for the year ended 31 January 2026 (continued)

Hostelling Scotland has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting Hostelling Scotland through employee meetings and communications, regular meetings with the management team and postings on PeopleHR. It is the policy of Hostelling Scotland that appropriate training, career development and promotion opportunities should be available to all employees.

The Board of Trustees determines the terms and conditions of employment of the Chief Executive Officer, taking into account employment market conditions and financial affordability. It also reviews on an annual basis the remuneration of all employees. The Chair of the Board of Trustees, together with the People and Remuneration Committee, review the remuneration of the Chief Executive Officer.

Hostelling Scotland operates a defined contribution pension provision which was established in February 2010. The scheme provider is AEGON Scottish Equitable and contributions made by both Hostelling Scotland and members are a percentage of participating members' pay dependent on length of continuous service. In addition, a Qualifying Workplace Pension Scheme commenced on 1st April 2014 to allow Hostelling Scotland to comply with its auto enrolment requirements. The scheme provider is The Peoples Pension. All eligible employees are auto enrolled into the scheme following a three month postponement period, with contributions in line with the current minimum auto enrolment requirements.

Considered and approved by the Trustees on 16 June 2026 and signed on their behalf by:

Claire McCorquodale
Claire McCorquodale - 2026-06-18, 17:40:50 UTC

Claire McCorquodale
Chair of the Board of Trustees

Margo Paterson
Margo Paterson - 2026-06-18, 11:12:59 UTC

Margo Paterson
Chief Executive Officer

Independent Auditor's Report to the Trustees and Members of the Scottish Youth Hostels Association (operating as Hostelling Scotland)

Opinion

We have audited the financial statements of Scottish Youth Hostels Association (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 January 2026 which comprise the Group and Charity Statements of Financial Activities (incorporating the Income and Expenditure accounts), the Group and Charity Balance Sheets, the Group and Charity Cash Flow Statements and 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 group's and parent charitable company's affairs as at 31 January 2026 and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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' (who are also the directors of the charitable company for the purpose of company law) 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 group and parent 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 the Scottish Youth Hostels Association (operating as Hostelling Scotland) (*continued*)

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, 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 the audit:

- the information given in the Trustees' Report (incorporating the Strategic report and Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within 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 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit**.**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees (who are also the directors of the parent 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.

Independent Auditor's Report to the Trustees and Members of the Scottish Youth Hostels Association (operating as Hostelling Scotland) (*continued*)

In preparing the financial statements, the trustees are responsible for assessing the group and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the group and parent charitable company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the group and parent charitable company. We determined that the following were most relevant: FRS 102, Health and Safety legislation, employment law (including Working Time Directive) , and compliance with the UK Companies Act, Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts Regulations 2006
- We considered the incentives and opportunities that exist in the group and parent charitable company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the group and parent charitable company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;

Independent Auditor's Report to the Trustees and Members of the Scottish Youth Hostels Association (operating as Hostelling Scotland) (*continued*)

- Reviewing Board and management meeting minutes for discussions of irregularities including fraud;
- Review of correspondence with the regulator, where applicable;
- Challenging assumptions and judgements made by management in their significant accounting estimates in particular in relation to the carrying value of tangible assets;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- Testing key revenue lines, in particular cut-off, for evidence of management bias; and
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.

Owing to the inherent limitations of an audit, there is unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company'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 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, 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.

Keith Macpherson
Keith Macpherson - 2026-06-22, 14:10:12 UTC

Keith Macpherson (Senior Statutory Auditor)
For and on behalf of Henderson Loggie LLP
Chartered Accountants
Statutory Auditor
Henderson Loggie LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

The Stamp Office
Level 5
10 – 14 Waterloo Place
Edinburgh EH1 3EG

Group statement of financial activities (incorporating the group income and expenditure account)

for the year ended 31 January 2026

	Note	Unrestricted funds £	Restricted funds £	Total funds 2026 £	Total funds 2025 £
Income from:					
Donations and legacies	2	**20,861**	**143,605**	**164,466**	61,336
Charitable activities **-** Operating Youth Hostels		**9,928,541**	**-**	**9,928,541**	9,552,881
Other trading activities					
Commercial Income from SYHA (Trading) Ltd	3	**303,885**	**-**	**303,885**	274,124
Membership subscriptions	3	**732,683**	**-**	**732,683**	707,227
Investments – bank interest		**107,264**	**-**	**107,264**	125,182
Other Income – net gain on disposal of fixed assets		**106,918**	**-**	**106,918**	-
Total income		**11,200,152**	**143,605**	**11,343,757**	10,720,750
Expenditure on:					
Raising funds					
SYHA (Trading) Ltd expenditure	7	**248,203**	**-**	**248,203**	224,706
Membership costs		**51,392**	**-**	**51,392**	48,199
Charitable activities **-** Operating Youth Hostels		**10,601,989**	**24,399**	**10,626,388**	9,774,585
Other Expenditure – net loss on disposal of fixed assets		**-**	**-**	**-**	-
Total expenditure	4	**10,901,584**	**24,399**	**10,925,983**	10,047,490
Net (expenditure)/income		**298,568**	**119,206**	**417,774**	673,260
Transfers between funds		**81,290**	**(81,290)**	**-**	-
Net movement in funds		**379,858**	**37,916**	**417,774**	673,260
Reconciliation of funds					
Total funds brought forward		**14,836,346**	**201,618**	**15,037,964**	14,364,704
Total funds carried forward	15	**15,216,204**	**239,534**	**15,455,738**	15,037,964

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities

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

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 31 / 53

Charity statement of financial activities (incorporating the charity income and expenditure account)

for the year ended 31 January 2026

	Note	Unrestricted funds £	Restricted funds £	Total funds 2026 £	Total funds 2025 £
Income from:					
Donations and legacies	2	**20,861**	**143,605**	**164,466**	61,336
Charitable activities **-** Operating Youth Hostels		**9,928,541**	-	**9,928,541**	9,552,881
Other trading activities					
Membership subscriptions	3	**732,683**	**-**	**732,683**	707,227
Investments – bank interest		**107,264**	**-**	**107,264**	125,182
- donation from subsidiary		**55,682**	**-**	**55,682**	49,418
Other Income – net gain on disposal of fixed assets		**106,918**	**-**	**106,918**	-
Total income		**10,951,949**	**143,605**	**11,095,554**	10,496,044
Expenditure on:					
Raising funds					
Membership costs		**51,392**	**-**	**51,392**	48,199
Charitable activities **-** Operating Youth Hostels		**10,601,989**	**24,399**	**10,626,388**	9,774,585
Other Expenditure – net loss on disposal of fixed assets		**-**	**-**	**-**	-
Total expenditure	4	**10,653,381**	**24,399**	**10,677,780**	9,822,784
Net (expenditure)/income		**298,568**	**119,206**	**417,774**	673,260
Transfers between funds		**81,290**	**(81,290)**	**-**	-
Net movement in funds		**379,858**	**37,916**	**417,774**	673,260
Reconciliation of funds					
Total funds brought forward		**14,836,346**	**201,618**	**15,037,964**	14,364,704
Total funds carried forward	15	**15,216,204**	**239,534**	**15,455,738**	15,037,964

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities

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

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 32 / 53

Group and charity balance sheets

As at 31 January 2026

	Note	**Group 2026 £**	Group 2025 £	**Charity 2026 £**	Charity 2025 £
Fixed assets					
Tangible assets	6	**15,702,694**	15,877,952	**15,702,694**	15,877,952
Investments	7	**-**	-	**100**	100
		15,702,694	15,877,952	**15,702,794**	15,878,052
Current assets					
Stocks	8	**39,060**	36,328	**39,060**	36,328
Debtors	9	**203,589**	177,170	**240,961**	213,470
Cash at bank and in hand		**7,055,589**	6,765,627	**7,018,117**	6,729,227
		7,298,238	6,979,125	**7,298,138**	6,979,025
Creditors: amounts falling due within one year	10	**(5,478,306)**	(5,212,766)	**(5,478,306)**	(5,212,766)
Net current assets		**1,819,932**	1,766,359	**1,819,832**	1,766,259
Total assets less current liabilities		**17,522,626**	17,644,311	**17,522,626**	17,644,311
Creditors: amounts falling due after more than one year	12	**(2,066,888)**	(2,606,347)	**(2,066,888)**	(2,606,347)
Net assets		**15,455,738**	15,037,964	**15,455,738**	15,037,964
Funds					
Restricted Funds	15	**239,534**	201,618	**239,534**	201,618
Unrestricted general funds	15	**15,216,204**	14,836,346	**15,216,204**	14,836,346
Total charity funds	15	**15,455,738**	15,037,964	**15,455,738**	15,037,964

The financial statements were considered and approved by the Board of Trustees on 16 June 2026 and signed on their behalf by:

Claire McCorquodale Claire McCorquodale – 2026-06-18, 17:40:50 UTC **Director**

Campbell Spink Campbell Spink – 2026-06-18, 10:54:36 UTC **Director**

Company Registration Number SC310841

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

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 33 / 53

Group and charity cash flow statement

for the year ended 31 January 2026

	Note	**Group 2026 £**	Group 2025 £	**Charity 2026 £**	Charity 2025 £
Cash flows from operating activities:					
Net cash provided by/ (outflow from) operating activities	17	**1,461,290**	2,197,839	**1,460,218**	2,198,005
Cash flows from investing activities					
Interest and similar income received		**107,264**	125,182	**107,264**	125,182
Proceeds from sale of property		**237,943**	-	**237,943**	-
Purchase of tangible fixed assets		**(832,233)**	(1,872,032)	**(832,233)**	(1,872,032)
Net cash outflow from investing activities		**(487,026)**	(1,746,850)	**(487,026)**	(1,746,850)
Cash flows from financing activities					
Interest paid		**(144,843)**	(195,276)	**(144,843)**	(195,276)
Repayment of defined benefit scheme		**(180,000)**	(180,000)	**(180,000)**	(180,000)
Repayment of borrowings		**(359,459)**	(459,808)	**(359,459)**	(459,808)
Net cash from/used in financing activities		**(684,302)**	(835,084)	**(684,302)**	(835,084)
Increase/ (decrease) in cash and cash equivalents for the year		**289,962**	(384,095)	**288,890**	(383,929)
Cash and cash equivalents at the beginning of the year		**6,765,627**	7,149,722	**6,729,227**	7,113,156
Cash and cash equivalents at the end of the year		**7,055,589**	6,765,627	**7,018,117**	6,729,227

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 34 / 53

Notes to the financial statements
for the year ended 31 January 2026

1 Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including the Charities SORP (FRS 102)– "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 United Kingdom and Republic of Ireland (FRS 102)", the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and with the Companies Act (2006) and the Charities and Trustee Investment (Scotland) Act 2005. They have been prepared under the historical cost convention.

The charity meets the definition of a public benefit entity and a company limited by guarantee, incorporated in Scotland with the registered office as noted on page 1. The Financial Statements are prepared under FRS102 and are prepared in £ Sterling, the functional currency of the charity rounded to the nearest pound.

Basis of consolidation
The group financial statements consolidate those of the Scottish Youth Hostels Association and its subsidiary undertaking, SYHA (Trading) Ltd using the acquisition method of consolidation.

Going concern
The financial statements have been prepared on a going concern basis with the consideration at least 12 months from the date of approval of the financial statements. The Trustees have considered relevant information, including the annual budget, forecasted future cash flows and the impact of subsequent events in making their assessment. The Trustees have performed a robust analysis of forecasted future cash which support the ability of the charitable company to remain a going concern and be able to trade and meet its debts as they fall due.

The Trustees therefore are of the opinion that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Income
Income is recognised when there is entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from accommodation is recognised once the guest's stay is complete. Goods supplied and services are recognised in the statement of financial activities when a guest stays in a hostel. Income received in advance of a visit is held as deferred income until such time as the stay occurs. Cancellation charges are applied as per the standard SYHA terms and conditions if a guest cancels a booking within the allotted timeframe.

Membership fees, including life membership fees, are recognised when membership is taken out and fees are non-refundable.

Donations, gifts and legacies that provide core funding or are of a general nature are recognised when there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

Commercial income from SYHA (Trading) Ltd represents goods and services supplied and is recognised when goods and services are delivered.

Grants
Revenue grants are credited as income 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 for the purchase of fixed assets are credited to restricted income when receivable. The grant is released to general reserves by equal annual instalments over the expected useful lives of the relevant assets.

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 35 / 53

Notes to the financial statements
for the year ended 31 January 2026

1 Accounting policies *(continued)*

Income from investments
Investment income is recognised when receivable.

Fund accounting
Restricted funds are those for which specified purposes were laid down by the donor or grant-giving body. Expenditure for those purposes is charged to the appropriate fund.

Unrestricted funds are donations and other income received or generated for expenditure on the general objectives of SYHA.

When grants and donations are received for a specific purpose involving capital investment, the cash will be recorded against a restricted fund. When the investment has been made, the relevant capital asset will be recorded against the relevant fund, and depreciation of the asset charged against the fund. Once any restrictions on the use of the asset have expired, the asset will be transferred from the restricted fund to SYHA's unrestricted funds.

Tangible fixed assets
Individual fixed assets costing more than £500 and which are not part of a designated project are capitalised at cost.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. No depreciation is charged during the period of development or construction.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land over their expected useful lives. The rates generally applicable are:

Heritable property	-3% - 12%	straight line
Short leasehold property	-10%	straight line or, for leases of less than 10 years, over the period of the lease
Long leasehold property	-3%	straight line
Hostel equipment	-10%	straight line
Office equipment	-20%	straight line
Computer equipment	-33%	straight line
Transport	-30%	of cost in the first year and 15% of cost thereafter

Assets under construction policy
Costs of construction projects which are unfinished at the year-end are classed as Assets Under Construction and are not depreciated. When the project is complete the costs will be transferred out and will be subject to depreciation at the above rates for Heritable Property.

Impairment
Tangible Fixed Assets will be tested for impairment if there is an indication that impairment has occurred. Impairment will be measured by comparing the net book value of the asset with the net recoverable value of the asset or group of assets.

Cash and cash equivalents accounting policy
Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 36 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

1 Accounting policies *(continued)*

Expenditure
Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure on charitable activities which include costs of operating the hostels and associated support costs; and
- costs of raising funds which comprise the cost of commercial trading and membership matters.

Financial instruments
Financial liabilities are classified according to the substance of their governing contractual arrangements.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of financial activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Stocks
Stocks are stated at the lower of cost and net realisable value.

Leased assets
Operating leases and the payments made under them are charged to the statement of financial activities on a straight line basis over the lease term.

Pensions
Pension costs charged to the statement of financial activities represent contributions payable in the year to the defined contribution pension schemes which are run for the benefit of employees. In the year ended 31 January 2016 the association agreed to withdraw from the defined benefit Scottish Voluntary Sector Pension Scheme and to pay it's share of the crystalised scheme deficit of £2,160,000 equally over 12 years.

Redundancy and termination payments
Hostelling Scotland aims to avoid redundancies, where this is not possible redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the charity is demonstrably committed to terminate the employment of an employee.

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

Creditors and provisions
Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in a 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.Loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 37 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

1 Accounting policies *(continued)*

Judgements in applying accounting policies and key sources of estimation uncertainty
In the application of the Trust'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. In preparing these financial statements, the trustees have made the following judgements:

- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

Amendments to FRS 102 introduced by the Period Review 2024
The amendments to FRS 102 [along with the revised Charities SORP 2026] are applicable for accounting periods commencing on or after 1 January 2026, with earlier adoption permitted. The Trustees have opted not to adopt these amendments early, as such, the amendments will be implemented for the accounting period/year ending 31 March 2027. The most significant amendments are the replacement of Section 23, now renamed 'Revenue from Contracts with Customers', and Section 20 'Leases'. The other less significant changes are not currently expected to have a material impact. The new revenue and leasing requirements seek to provide greater consistency and alignment with International Financial Reporting Standards, namely IFRS 15 and IFRS 16.

The charity is currently planning for the implementation of these changes. Under the new lease accounting requirements these changes will be applied using the modified retrospective approach which avoids the restatement of comparative figures. The implementation of the changes would see leased assets recognised as Right-of-Use assets on-balance sheet, with a lease liability recognised based on the discounted value of any future commitments, plus payments related to optional extension periods if considered reasonably certain. Exemptions to this approach will be considered for certain short-term leases or low-value assets.

Under the new revenue accounting requirements, management expects these changes to be applied using the modified retrospective approach which avoids the restatement of comparative figures.

Management are reviewing the current and expected future revenue transactions to determine the necessary performance obligations, transaction prices, and overall recognition and presentation to ensure compliance with the changes.

As at the date of signing the financial statements, and given the changes relate to future periods, it has been deemed impractical to determine the amounts involved.

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 38 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

2 Income from donations and legacies

Group and charity	Unrestricted funds 2026 £	Restricted funds 2026 £	Total 2026 £	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £
Donations - general	**20,861**	**-**	**20,861**	10,207	-	10,207
Give Us a Break/ Social Inclusion	**-**	**64,049**	**64,049**	-	42,629	42,629
Explorer Fund	**-**	**-**	**-**	-	-	-
Legacies	**-**	**-**	**-**	8,500	-	8,500
Small Hostels Fund	-	**78,456**	**78,456**	-	-	-
Glen Nevis bench		**1,100**	**1,100**			
	20,861	**143,605**	**164,466**	18,707	42,629	61,336

3 Income from other trading activities

Group	2026 £	2025 £
Income from SYHA (Trading) Ltd		
- Property management fees	**167,318**	156,122
- Other income	**25,670**	27,722
- Catering sales	**110,897**	90,280
	303,885	274,124
Group & Charity		
Membership income received directly by SYHA	**732,683**	707,227

Income from other trading activities

Membership categories and prices are:

	2026 £	2025 £
Life	**95**	150
Individual (Adult) – 1 year	**25**	25
Group (10 or more members) – 1 year	**40**	40
Temporary membership	**4**	4

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 39 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

4 **Total resources expended**

	Direct staff costs £	Other direct costs £	Support costs £	Total 2026 £	Total 2025 £
Costs of operating Youth Hostels	**4,693,343**	**4,765,309**	**1,167,736**	**10,626,388**	9,774,585
Membership costs	**51,392**	**-**	**-**	**51,392**	48,199
Total charity	**4,744,735**	**4,765,309**	**1,167,736**	**10,677,780**	9,822,784
SYHA (Trading) Limited	155,090	93,113	-	248,203	224,706
Total group	4,899,825	4,858,422	1,167,736	10,925,983	10,047,490
Total group 2025	4,429,882	4,581,371	1,036,237	10,047,490	

Other direct costs		**2026 £**	2025 £
Repairs and maintenance of buildings and equipment		**1,045,236**	860,320
Fuel, telephone, cleaning and laundry		**1,394,767**	1,365,908
Catering and store purchases		**531,026**	508,869
Interest payable on bank loans		**144,843**	195,276
Marketing and publications and social inclusion costs		**133,413**	132,044
Rent, rates and insurance		**423,577**	386,110
Operating lease rentals	Land and buildings	**10,779**	10,215
	Fixtures, fittings and equipment	**14,196**	17,208
Commissions payable		**663,649**	615,258
Other direct costs		**496,936**	490,163
		4,858,422	4,581,371
Support costs			
Depreciation		**876,466**	809,398
Governance costs		**51,857**	53,021
Auditors' remuneration	Audit fees	**25,900**	24,950
	Non audit fees	**715**	-
Administration		**212,798**	148,868
Impairment on owned tangibe fixed assets		**-**	-
		1,167,736	1,036,237

Expenditure of £24,399 (2025:£30,481) was from restricted funds. £10,901,584 (2025:£10,017,009) was from unrestricted funds. There was a transfer of £81,290 between restricted and unrestricted funds for the cost of the Rowardennan project, Glen Nevis bench and Loch Ossian and Glen Affric works.

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 40 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

5 Staff numbers and costs

	Group 2026 £	Group 2025 £	**Charity 2026 £**	Charity 2025 £
Wages and salaries	**4,319,931**	4,017,725	**4,319,931**	4,017,725
Social security costs	**492,186**	336,924	**492,186**	336,924
Pension contributions – Defined contribution	**111,333**	98,234	**111,333**	98,234
Other pension costs	**15,390**	14,511	**15,390**	14,511
	4,938,840	4,467,394	**4,938,840**	4,467,394

At the year end £21,801 (2025; £19,697) of pension contributions were due to the defined contribution pension scheme.

The pay of key management in the year totalled £307,265 (2025; £248,119). Two employees earned remuneration excluding pension contributions which exceeded £60,000. One fell in the band between £90,000 and £100,000 and the other in the band between £60,000 and £70,000. (2025; one employee had remuneration between £90,000 and £100,000 and the other between £60,000 and £70,000).

The average number of employees of the group during the year was 179 this was split 207 high season and 134 low season (2025; average number of employees was 175 split 202 high season; 129 low season). The average number of charity employees was 173 (2025; 168).

Members of the Board receive no salary or other benefits. Out of pocket expenses totalling £576 (2025; £72) which were reimbursed to three (2025; one) Trustees.

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 41 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

6 Tangible fixed assets

Group and charity	Freehold properties £	Long leasehold property £	Short leasehold property £	Hostel and office equipment £	Transport £	Total £
Cost						
At 1 February 2025	**28,223,083**	**650,818**	**123,599**	**3,305,358**	**45,306**	**32,348,164**
Additions	**317,147**	**92,151**	**-**	**405,685**	**17,250**	**832,233**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**
Disposals/assets written off	**(286,426)**	**-**	**-**	**(25,242)**	**(12,500)**	**(324,168)**
At 31 January 2026	**28,253,804**	**742,969**	**123,599**	**3,685,801**	**50,056**	**32,856,229**
Depreciation						
At 1 February 2025	**13,385,365**	**480,315**	**123,599**	**2,435,627**	**45,306**	**16,470,212**
Provided in the year	**572,120**	**37,260**	**-**	**261,911**	**5,175**	**876,466**
Disposals/assets written off	**(169,029)**	**-**	**-**	**(11,614)**	**(12,500)**	**(193,143)**
At 31 January 2026	**13,788,456**	**517,575**	**123,599**	**2,685,924**	**37,981**	**17,153,535**
Net book amount						
At 31 January 2026	**14,465,348**	**225,394**	**-**	**999,877**	**12,075**	**15,702,694**
At 31 January 2025	**14,837,718**	**170,503**	**-**	**869,731**	**-**	**15,877,952**

All tangible fixed assets were used for charitable purposes.

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

7 Investments

The investment held by the charity is 100 shares in SYHA (Trading) Limited.

A summary of the results of the trading activities of the subsidiary is set out below:

	2026	**2026**	2025	2025
	£	**£**	£	£
Turnover		**303,885**		274,124
Cost of sales	**(44,859)**		(39,516)	
Administrative expenses	**(203,344)**		(185,190)	
		(248,203)		(224,706)
Profit for the period		**55,682**		49,418
Distribution to parent company under gift aid		**(55,682)**		(49,418)
Net assets carried forward		**-**		-

SYHA (Trading) Ltd is a company registered in Scotland (No. SC330788) and a wholly owned subsidiary of Scottish Youth Hostels Association (SYHA). The trustees of SYHA have the authority to appoint the board of directors of SYHA (Trading) Ltd.

The principal activities of SYHA (Trading) Ltd in the year were: the provision of coffee shops, conferencing facilities and student residence management.

SYHA (Trading) Ltd pays any surplus taxable profits to the parent company by gift aid. The surplus taxable profits this period are £55,682 (2025: £49,418), which will be paid to the parent company within 9 months of the year end.

8 Stocks

Group and charity	**2026** **£**	2025 £
Consumable stores	**16,540**	14,619
Goods for resale	**22,520**	21,709
	39,060	36,328

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 43 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

9 Debtors

	Group 2026 £	Group 2025 £	**Charity 2026 £**	Charity 2025 £
Trade debtors	**31,964**	22,556	**31,964**	22,556
Prepayments and accrued income	**171,625**	154,614	**171,625**	154,614
Amounts owed by group company	**-**	-	**37,372**	36,300
	203,589	177,170	**240,961**	213,470

10 Creditors: Amounts falling due within one year

	Group 2026 £	Group 2025 £	**Charity 2026 £**	Charity 2025 £
Bank loans	**359,459**	359,459	**359,459**	359,459
Trade creditors	**756,976**	644,898	**756,976**	644,898
Social security and other loans	**339,477**	338,426	**339,477**	338,426
Other creditors	**4,190**	7,546	**4,190**	7,546
Accruals	**228,229**	259,870	**228,229**	259,870
Defined benefit pension scheme debt	**180,000**	180,000	**180,000**	180,000
Deferred income (note 11)	**3,609,975**	3,422,567	**3,609,975**	3,422,567
	5,478,306	5,212,766	**5,478,306**	5,212,766

11 Deferred income

Deferred income in the current year relating to advanced bookings for hostel stays is as follows:

Group and charity	**2026 £**
Balance at 1 February 2025	**3,422,567**
Amounts released	**(3,422,567)**
Amounts deferred in the year	**3,609,975**
Balance as at 31 January 2026	**3,609,975**

12 Creditors: Amounts falling due after more than one year

Group and charity	**2026 £**	2025 £
Bank loans	**2,066,888**	2,426,347
Defined benefit pension scheme loan	**-**	180,000
	2,066,888	2,606,347

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 44 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

13 Bank loans

Bank loans are repayable in instalments as follows:

	Group 2026 £	Group 2025 £	**Charity 2026 £**	Charity 2025 £
Within one year	**359,459**	359,459	**359,459**	359,459
After one year and within two years	**359,459**	359,459	**359,459**	359,459
After two years and within five years	**1,078,377**	1,078,377	**1,078,377**	1,078,377
After five years	**629,052**	988,511	**629,052**	988,511
Total borrowings	**2,426,347**	2,785,806	**2,426,347**	2,785,806
Cash at bank and in hand	**(7,055,589)**	(6,765,627)	**(7,018,117)**	(6,729,227)
Net funds	**(4,629,242)**	(3,979,821)	**(4,591,770)**	(3,943,421)

The bank loan of £2,426,347 is secured by a fixed charge over Edinburgh Central Youth Hostel and Glasgow Youth Hostel, and a bond and floating charge over all assets. The combined market value of Edinburgh Central Youth Hostel and Glasgow Youth Hostel is £11,000,000. Repayment of the loan is due by 2032.

14 Defined benefit pension scheme loan

In the year ended 31 January 2016 the association agreed to withdraw from the Scottish Voluntary Sector Pension Scheme and to pay it's share of the crystalised scheme deficit of £2,160,000 equally over 12 years. This debt will be extinguished in January 2027.

Group and charity	**2026 £**	2025 £
Within one year	**180,000**	180,000
After one year and within two years	**-**	180,000
After two years and within five years	**-**	-
Total debt	**180,000**	360,000

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

15 Funds analysis

Group	**Funds at 1 February 2025**	**Income**	**Expenditure**	**Transfer Between Funds**	**Funds at 31 January 2026**
	£	**£**	**£**	**£**	**£**
Restricted					
Social Inclusion	67,268	64,049	(10,074)	-	**121,243**
Small Hostels Fund	75,303	78,456	-	(60,651)	**93,108**
Property Legacy	19,722	-	-	(19,722)	**-**
Capital Hostel Donation	25,000	-	-	-	**25,000**
Visit Scotland Funding	13,825	-	(13,825)	-	**-**
Donation for Wi-Fi Upgrade	500	-	(500)	-	**-**
Glen Nevis bench		1,100		(917)	**183**
	201,618	143,605	(24,399)	(81,290)	**239,534**
Unrestricted	14,836,346	11,200,152	(10,901,584)	81,290	**15,216,204**
Total funds	15,037,964	11,343,757	(10,925,983)	-	**15,455,738**

Charity	**Funds at 1 February 2025**	**Income**	**Expenditure**	**Transfer Between Funds**	**Funds at 31 January 2026**
	£	**£**	**£**		**£**
Restricted					
Social Inclusion	67,267	64,049	(10,074)	-	**121,243**
Small Hostels Fund	75,303	78,456	-	(60,651)	**93,108**
Property Legacy	19,722	-	-	(19,722)	**-**
Capital Hostel Donation	25,000	-	-	-	**25,000**
Visit Scotland Funding	13,825	-	(13,825)	-	**-**
Donation for Wi-Fi Upgrade	500	-	(500)	-	**-**
Glen Nevis bench		1,100		(917)	**183**
	201,618	143,605	(24,399)	(81,290)	**239,534**
Unrestricted	14,836,346	10,951,949	(10,653,381)	81,290	**15,216,204**
Total funds	15,037,964	11,095,554	(10,677,780)	-	**15,455,738**

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 46 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

15 Funds analysis (continued)

Group	Funds at 1 February 2024	Income	Expenditure	Transfer Between Funds	Funds at 31 January 2025
	£	£	£	£	£
Restricted					
Social Inclusion	26,501	42,629	(1,862)	-	**67,268**
Small Hostels Fund	81,122	-	(5,819)	-	**75,303**
Property Legacy	816,998	-	-	(797,276)	**19,722**
Capital Hostel Donation	25,000	-	-	-	**25,000**
Visit Scotland Funding	36,625	-	(22,800)	-	**13,825**
Donation for Wi-Fi Upgrade	500	-	-	-	**500**
	986,746	42,629	(30,481)	(797,276)	**201,618**
Unrestricted	13,377,958	10,678,121	(9,219,733)	-	**14,836,346**
Total funds	14,364,704	10,720,750	(9,250,214)	(797,276)	**15,037,964**

Charity	Funds at 1 February 2024	Income	Expenditure	Transfer Between Funds	Funds at 31 January 2025
	£	£	£		£
Restricted					
Social Inclusion	26,501	42,629	(1,862)	-	**67,268**
Small Hostels Fund	81,122	-	(5,819)	-	**75,303**
Property Legacy	816,998	-	-	(797,276)	**19,722**
Capital Hostel Donation	25,000	-	-	-	**25,000**
Visit Scotland Funding	36,625	-	(22,800)	-	**13,825**
Donation for Wi-Fi Upgrade	500	-	-	-	**500**
	986,746	42,629	(30,481)	(797,276)	**201,618**
Unrestricted	13,377,958	10,453,415	(8,995,027)	-	**14,836,346**
Total funds	14,364,704	10,496,044	(9,025,508)	(797,276)	**15,037,964**

Social Inclusion
Hostelling Scotland raised funds for Youth Programmes through legacy giving and online and collection tin donations. During 2025-2026, 11 guests were granted funding for our Respitality Programmes and 6 groups took part in our Happy Hosteller progranmmes with the funds remaining at 31 January 2026 to be used throughout 2026 and 2027.

Small Hostels Fund
The small hostels fund value is to be used for improvements to the smaller hostels in the network. We spent £33,279 on the new wind turbine at Glen Affric and £27,372 towards a new sewage pump station at Loch Ossian.

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

Legacy
The property legacy was received for the construction, or part or whole reconstruction, of one new or existing hostel in a mountainous region of Scotland primarily for the use of walkers. We spent the remainder of the legacy on Phase 3 of the refurbishment at Rowardennan Lodge in 2025-26.On the completion of each stage the fund has been released through the SOFA.

Capital Hostel Donation
Donations totalling £25,000 are to be used towards capital projects at Gairloch Sands, Ratagan or Achmelvich Beach.

Visit Scotland Funding
To be used for the engagement of professional web designer/developer services to assist with improving our overall online presence.The remaining £13,825 was expended in the year.

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2026 £
Group			
Tangible fixed assets	**15,702,694**	**-**	**15,702,694**
Current assets	**7,058,704**	**239,534**	**7,298,238**
Current liabilities	**(5,478,306)**	**-**	**(5,478,306)**
Long term liabilities	**(2,066,888)**	**-**	**(2,066,888)**
	15,216,204	**239,534**	**15,455,738**
Charity			
Tangible fixed assets	**15,702,694**	**-**	**15,702,694**
Investments	**100**	**-**	**100**
Current assets	**7,058,604**	**239,534**	**7,298,138**
Current liabilities	**(5,478,306)**	**-**	**(5,478,306)**
Long term liabilities	**(2,066,888)**	**-**	**(2,066,888)**
	15,216,204	**239,534**	**15,455,738**

	Unrestricted funds £	Restricted funds £	Total 2025 £
Group			
Tangible fixed assets	15,877,952	-	15,877,952
Current assets	6,777,507	201,618	6,979,125
Current liabilities	(5,212,766)	-	(5,212,766)
Long term liabilities	(2,606,347)	-	(2,606,347)
	14,836,346	201,618	15,037,964
Charity			
Tangible fixed assets	15,877,952	-	15,877,952
Investments	100	-	100
Current assets	6,777,407	201,618	6,979,025
Current liabilities	(5,212,766)	-	(5,212,766)
Long term liabilities	(2,606,347)	-	(2,606,347)
	14,836,346	201,618	15,037,964

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 49 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

17 Reconciliation of changes in resources to net cash inflow from operating activities

	Group 2026 £	Group 2025 £	**Charity 2026 £**	Charity 2025 £
Surplus of income over expenditure	**417,774**	673,260	**417,774**	673,260
Depreciation	**876,466**	809,398	**876,466**	809,398
Interest and similar income	**(107,264)**	(125,182)	**(107,264)**	(125,182)
Interest payable	**144,843**	195,276	**144,843**	195,276
(Profit) / Loss on sale of assets	**(106,918)**	-	**(106,918)**	-
Decrease/(increase) in stock	**(2,732)**	(6,263)	**(2,732)**	(6,263)
Decrease/(increase) in debtors	**(26,419)**	(49,361)	**(27,491)**	(49,195)
(Decrease)/ increase in creditors	**265,540**	700,711	**265,540**	700,711
Net cash inflow from operating activities	**1,461,290**	2,197,839	**1,460,218**	2,198,005

18 Analysis of changes in net debt

	Group			Charity		
	As at 1 February 2025 **£**	Cashflows £	As at 31 January 2026 **£**	As at 1 February 2025 £	Cashflows	As at 31 January 2026
Cash	6,765,627	**289,962**	**7,055,589**	6,729,227	**288,890**	**7,018,117**
Loans (due within 1 yr)	(359,459)	**359,459**	**-**	(359,459)	**359,459**	**-**
Loans (due after 1 yr)	(2,426,347)	**-**	**(2,426,347)**	(2,426,347)	**-**	**(2,426,347)**
Pension scheme debt	(360,000)	**180,000**	**(180,000)**	(360,000)	**180,000**	**(180,000)**
	3,619,821	**829,421**	**4,449,242**	3,583,421	**828,349**	**4,411,770**

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 50 / 53

Notes to the financial statements *(continued)*
for the year ended 31 January 2026

19 Leasing commitments

The future minimum operating lease payments are as follows:

	2026	2025
Group and charity	**£**	£
Within one year	**23,673**	24,141
Between one and two years	**23,673**	23,331
Between two and five years	**53,531**	65,621
Five years and over	**633,420**	623,115
	734,297	736,208

20 Capital commitments

	2026	2025
Group and charity	**£**	£
Capital expenditure authorised and contracted for	**-**	29,904

21 Related party transactions

There were no transactions with Trustees other than those disclosed in note 5. There were no material transactions with related parties.

As SYHA (Trading) Ltd is a wholly-owned subsidiary of SYHA, trading profits of SYHA (Trading) Ltd of £55,682 (2025: £49,418) were gift aided to Scottish Youth Hostel Association in the year.

SYHA Group FInancial Statements at 31 January 2026.pdf [958b0e81-7b5b-46be-8a25-8e4930ad855d] Page: 51 / 53

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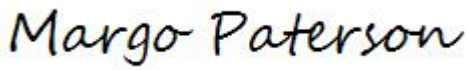
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