



Culture NL Limited
(A company limited by guarantee)

Report and Financial Statements

For the year ending 31st March 2016

Company number – SC435540

Charity number – SC043891

CultureNL aims to deliver high quality and inspiring cultural experiences and facilities which promote and increase participation, meet customer and visitor expectations and improve quality of life

CultureNL Limited
Report and Financial Statements
For the year ending 31st March 2016

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I'm delighted to present the third Report and Financial Statement for CultureNL Limited.

As a Company Limited by Guarantee with Charitable status, CultureNL continues to embrace its responsibility for the management and operation of performance venues, arts activity and arts development, community facilities (including the letting of school halls and pitches), museums, local studies, archives, play services, libraries and information, along with catering, cleaning and caretaking associated with these functions.

Operational since April 2013 CultureNL has made excellent progress and this report consolidates the work undertaken in our first 3 year Business Plan. Over this period we have seen an increase in visitor and customer numbers especially within museums and community arts along with an increase in digital use within our libraries. With an increase in both income and external funding secured by the organisation and a greater online and social media presence we have seen more cohesion, increased cross sectional working and new partnership projects being developed.

We have introduced new activities, enhanced and developed facilities and reduced the subsidy required for our Trading Company. We have recruited a new marketing team to increase awareness of CultureNL services and events, undertaken our first employee survey and received very positive feedback as well as developing a bespoke performance management framework and reviewing our complaints and compliments procedure and our service standards.

The growth and development of CultureNL would not be possible without the invaluable contribution and support of the Board of Directors, each of whom gives freely of their time and energy to help shape the direction of the organisation. The Board has a broad skills and interest base relevant to the services and interests of CultureNL and each member brings expertise and experience that has and will continue to develop the organisation. It is a privilege to chair the Board of CultureNL and I thank all Board Members for their contribution and continued efforts.

Finally I would like to thank the staff, volunteers and senior management of CultureNL for their hard work and tireless dedication throughout this exceptionally busy year. All employees and volunteers are clearly fully committed to delivering a creative, inclusive, customer focused service for our local communities and beyond.

As in previous years we remain true to our mission statement and we are inspiring and creative in the work that we develop and deliver.

Councillor Heather McVey
Chair, CultureNL Limited

CultureNL Limited
Introduction from CultureNL Chief Executive

In line with the Chair's statement I am delighted to report that 2015/16 saw us capitalise on earlier successes and continue to work to further develop CultureNL as an organisation delivering high quality and inspiring cultural experiences and facilities for our customers and visitors. The past year has seen us continue to invest in our facilities thereby improving comfort, standards and safety and we are currently working to produce an overall maintenance plan for buildings and sites managed by CultureNL.

We have undertaken a number of service reviews and introduced new initiatives, welcomed many thousands more people through our doors and increased both external funding and income generation. We have spent a significant part of the year undertaking a review of library services to ensure our service is fit for 21st century delivery; we have helped develop new facilities – the Cumbernauld Community Enterprise Centre and the Colzium Visitor Centre and Café – both of which will be managed and operated by CultureNL when they open later in 2016; and we have continued to engage more people in cultural activity and expand our range of activities, entertainment and events to suit all tastes, ages and abilities.

As in previous years, as a public sector body, we continue to face challenges relating to significant efficiency savings linked to our contract with North Lanarkshire Council and 2015/16 saw us prepare a new savings package to meet further reductions to our management fee in 2016/17. By working hard to ensure that we provide an excellent service across the organisation we will look to achieve a substantial efficiency savings target through prudent financial management; restructure; strategic use, review and rationalisation of properties; increased income generation; investment in efficient energy systems; and extension of area facility letting plans.

CultureNL's performance continues to be monitored by both the CultureNL Board and North Lanarkshire Council and we strive to further increase performance, attendance, income and efficiency. During 2015/16 our overall attendance figures increased by 8% on the previous year with almost 3,500,000 people accessing our services and our income generation increased by 6.1%.

None of the achievements and successes outlined in this annual report and financial statements could have been delivered without a dedicated team. Our staff group consistently endeavour to develop and deliver high quality and inspiring cultural experiences and my thanks are conveyed to all.

Jillian Ferrie
Chief Executive

CultureNL Limited
Trustees' Report (incorporating the Trustees' Strategic Report)
For the year ending 31st March 2016

The trustees are pleased to present their Report and Financial Statements for the year ending 31st March 2016.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association 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).

STRATEGIC REPORT

Objectives and Activities

The charitable company's objects and principal activities are:

- To advance public participation in cultural activities primarily within the Operating Area;
- To provide, or assist in the provision of, cultural facilities and to organise cultural activities, primarily but not exclusively, within the Operating Area, with such facilities and activities being made available to members of the public at large with the object of improving their quality of life;
- To provide accessible and affordable opportunities for all members of the general public in the Operating Area to participate in cultural activities and access the cultural facilities;
- To advance education and learning, primarily but not exclusively, within the Operating Area, particularly as it relates to cultural activities;
- To advance citizenship and community engagement through cultural activities, primarily within the Operating Area.

The CultureNL business plan 2013-2016 outlines the issues the organisation seeks to tackle and the changes and differences the organisation seeks to make. Our organisational aim is '*to deliver high quality and inspiring cultural experiences and facilities which promote and increase participation, meet customer and visitor expectations and improve quality of life*'. The Business Plan aims and objectives, and progress relating to these, are reported to both the Board of CultureNL and North Lanarkshire Council.

The 'Meeting Our Objectives' section outlines progress achieved in 2015/16.

Meeting Our Objectives

Inspire, Experience, Live – CultureNL Business Plan

Currently we are working within a 3 year Business Plan which is reviewed annually by the CultureNL Board of Directors.

Over the 3 years of the Plan we have set ourselves a very challenging range of aims and objectives which comply with our charitable objectives and activities. Year 1 and Year 2 aims and objectives have been highlighted in previous annual reports and Year 3 objectives are set out below with 83% of targets being on track or completed and 17% of targets slightly behind schedule and so due to be completed in 2016/17. The objectives and indicators measuring performance for activity undertaken in 2015/16 are detailed below with level of achievement indicated.

Secure feedback from partners, stakeholders and employees following the first 2 years of performance and report the outcomes via website, publications and posters

Status – Reputation tracking questionnaires have been completed and integrated into service feedback/consultation processes; target complete. Led by the marketing team, collecting customer feedback is essential to delivering targeted services in the coming years. *Performance is measured by the evidence gathered and actions taken in accordance with feedback secured.*

Reappoint the Board of Directors or recruit/appoint new Directors in line with CultureNL recruitment/nominations procedure

Status – The Board is now at full compliment. A reappointment process for the Directors who have been in position for 3 years will be conducted in the summer of 2016; target complete.

Review business plan, assess progress and performance and set objectives for the next 3 years

Status – new 3 year business plan produced and approved by Board; target complete. A significant piece of work, the new plan sets further ambitious aims and objectives for 2016-19.

Focus on hard to reach groups and undertake research to identify ways to reach such groups and make access to culture accessible and affordable

Status – Product developments in the e-library service were launched in late 2015 and early 2016. These present an opportunity for marketing to identify and engage with new audiences who currently do not use the existing service. Marketing staff worked with Culture Republic to profile existing e-library customers and match these with other socio- economic segments within the authority area. The findings were used for targeted digital marketing campaigns commencing mid-March 2016. Other customer/market research on the museums and libraries services was progressed in the first quarter of 2016; target on track. *Performance measurement includes the number of new participants attracted to our services.*

Ensure staff are equipped to fulfil their role within the organisation by providing support and supervision sessions, training, undertaking Performance Review and Development (PRD) linking to employee development plans in order to retain and develop a motivated workforce

Status – Pilot induction programme has been launched within museums and feedback is being sought. Impact/success will be assessed and the programme will be adapted for wider staff groups throughout CultureNL. Mandatory training for different levels of staff is being developed but frequency of refresher training and costs have still to be identified. Feedback from staff indicated that the current PRD process is too complex for all staff groups. A draft revised PRD has been developed and issued to service managers for comment, following which consultation with Trade Unions will commence. When fully agreed, training will be provided and the revised PRD will be implemented; target on track. *Performance measurement will include evidence of individual PRD being undertaken and recorded, development of a funded organisational training plan and reduced staff turnover.*

Develop a Culture and Wellbeing Strategy

Status – Literature review nearing completion but partners meeting not yet convened. Feedback from Encounters Festival surveys indicate 81% of respondents stated an improvement in their general feeling of wellbeing through being involved in a cultural event or activity. This very positive feedback will be taken forward and built upon in the development of a strategy. Target carried over into 2016/17.

Identify and prioritise external funding opportunities by developing funding applications which link to our development and business plans and by creating a database of relevant funding streams

Status – Work currently underway to identify potential commercial funding partners for the 2016 Motherwell Theatre pantomime and the arts and entertainment and exhibition programmes, which will be subject to match funding through the New Arts Sponsorship Grants supported by the Scottish Government in conjunction with Arts & Business Scotland. Existing commercial sponsorship of the tramway at Summerlee Museum has now been reviewed – CultureNL will continue to work with existing sponsors during 2016 on a media partnership agreement; target on track. *Performance measure will include achieving income targets set and attracting new sponsors and funders.*

Undertake a review of facilities in order to identify properties for investment and which will provide a return on any investment made. Develop proposals and apply for funding in order to provide buildings and open spaces that are fit for purpose.

Status – In accordance with one off investment proposals to improve community access, CultureNL as of November 2015 completed all planned refurbishment works and access projects which had been previously identified with a view to increasing customer usage of all cultural and community facilities. As a result of condition survey information and to enable North Lanarkshire Council to increase its performance against statutory DDA compliance indicators, the Council earmarked £1.2m of revenue funding and this investment has contributed significantly towards improved access for a range of projects completed across 36

libraries and centres. The projects ranged from stair tread replacements and full toilet refurbishments to the installation of ramps and automatic doors; target complete.

Develop arts, retail, library, museums, events and programming strategies which link to the Cultural Strategy.

Retail and programming strategies are being developed for implementation during 2016. Section plans which deliver on specific business plan targets are being progressed; target slightly behind but will be concluded during 2016/17.

Strengthen existing partnerships and build strong, new internal and external partnerships to support the development of cultural services through eg networking, Arts & Business, Creative Scotland, local intelligence.

Status – Existing partnerships with organisations such as Scottish Book Trust and Creative Scotland are ongoing. A range of new partnerships have been developed including with MacMillan Cancer Care and North Lanarkshire Council Regeneration Services; target on track. *Performance measured by increase in number of partners with whom CultureNL engages.*

Work with NLC to provide additional new/refurbished cultural facilities and services through strategic investment by bidding into North Lanarkshire Council's capital programme.

Status – The Cumbernauld Community Enterprise Centre development is due for completion in July 2016. Progress on other projects will be made as opportunities arise; target on track.

Undertake a review of library services to identify the most efficient and effective operating model and to modernise the service by developing working practices through greater use of ICT.

Status – Library review completed and report and action plan submitted to the Board for approval; target complete. Realising a significant financial saving this review required dedicated staff engagement and time along with significant Trade Union negotiation throughout 2015/16.

Volunteers

CultureNL works with a number of volunteers mainly within the museums and heritage section where 2 constituted volunteer groups – The Friends of Summerlee and The Summerlee Transport Group – assist with the running of the tramway and maintenance and operation of Summerlee's steam fleet. The volunteers who drive the trams compliment the work undertaken by the museum visitor services team whilst the others assist Technicians to ensure that the working vehicles are fit for purpose. Both groups volunteer within the museum on a weekly basis. Other volunteers work on short term projects within the archives, curatorial and learning teams across the museums and heritage section.

Achievements and Performance

Results at a Glance!

18,760 Facebook users

6437 followers on Twitter

25,494 people attending community arts classes and workshops

£5,024,901 income generated

£597,389 external funding secured (including funding received from North Lanarkshire Council for play development)

327,018 visits to museums (physical and online)

33,000+ tickets sold for the 2015 Motherwell Theatre pantomime

25.31% of North Lanarkshire population using digital services within libraries

1,835,418 customers using public libraries

1,089,402 people using community facilities

Arts and Venues

As a cultural trust we continue to play a key role in encouraging creativity, learning and participation across a range of art forms including dance, drama, music, cinema, film, photography, pantomime, visual art, exhibitions and craft.

We manage Motherwell Concert Hall and Theatre; Airdrie Town Hall and cinema; Bellshill Cultural Centre; Pather Artworks, Wishaw Musicworks and Beetroot Recording Studio all located throughout North Lanarkshire and we manage 4 exhibition spaces within these facilities.

Highlights

We were delighted with the final sales of the 2015 Motherwell Theatre pantomime *Snow White and the Seven Dwarfs* which sold over 33,000 tickets and surpassed any previous box office record for income generation whilst receiving many positive reviews and feedback from customers. Our Christmas Party Nights held in the Concert Hall proved to be a great success with almost 1,800 revellers attending 5 events in November and December. Throughout the year our venues hosted various high profile events and the joint venues and

catering teams approach to promoting and hosting weddings at Airdrie Town Hall continued to develop with numerous bookings received for the next 3 years and excellent customer feedback already received.

The Community Arts team continues to deliver quality arts activities in various locations across North Lanarkshire and had a busy year in 2015/16 with Childrens' Theatre Groups from Motherwell, Bellshill and Airdrie collectively presenting their annual drama production in June 2015 with over 300 friends and family attending to support the 70 young actors participating.

The Arts team also offered an arts-based programme of Summer Encounters which included a range of one off workshops and a multi artform week covering animation, ceramics, visual arts, music making and performing arts.

The Photomedia Studio supported the 'Lego Let's Go!' exhibition in North Lanarkshire Heritage Centre with a series of well attended 'Awesome Animation' workshops using Lego and green screen photo booth at the venue. Community Arts offered life drawing for the first time as part of the October Encounters cultural festival, the creative writing classes held an 'open mic' night on the theme of light and our all ability drama group, NL Studio, performed their own devised piece of drama based on Macbeth – a complex piece of theatre very well received by the audience at Bellshill Cultural Centre.

In August 2015 our Musicworks facility moved to a new venue alongside Wishaw Library in a new Hub facility in Kenilworth Avenue, Wishaw. Being part of this new community facility in the town centre helps boost music participation and involvement locally.

Play Services

For Play Services it's also been a busy and productive year providing opportunities for play for children and young people which both challenge and develop.

Highlights

During 2015/16 the Play Services team continued to develop new play facilities and secured £556,655 in external grant funding toward play development in North Lanarkshire and much of this has been in association with community groups. The team built a variety of new play facilities including play areas, multi-use games areas, pitch upgrades, a parkour course and several bike tracks.

In 2015 the Coatbridge Parkour course received the Nancy Ovens Award for play in the category of 'Award for Innovative Provision in a Play Landscape for Children and Young People'.

Three new play areas opened during summer 2015 in Bargeddie, Motherwell and Airdrie. A play area was upgraded in Coatbridge and a new concrete wheeled sports facility was installed in Eastfield in Cumbernauld. A new community play area was constructed in Harthill and a dual play and wheeled sport facility was completed in Overtown Public Park in Wishaw.

Play Services also had a successful summer programme of children's play activities plus the ever popular Play Day at Summerlee Museum attracting thousands of participants.

Museums and Heritage

Museums and Heritage manage and run 6 museums venues across North Lanarkshire, manage and run the North Lanarkshire Archive and offer opportunities to engage in local history research. A variety of events and activities take place across the museums throughout the year.

Highlights

This year we were delighted to welcome over 300,000 visitors to our museums, many engaging with our online resources, researching family history, attending one of the many successful events days or generally enjoying collections, exhibitions and interpretation of industrial and social history through visiting our accredited museums at Summerlee, North Lanarkshire Heritage Centre, Cumbernauld Museum, Colzium Museum, Kilsyth Heritage Centre and Shotts Heritage Centre.

2015/16 saw the further development of the partnership project funded by Heritage Lottery Fund and Museums Galleries Scotland commemorating the centenary of the First World War. Our 'Lanarkshire's War' Project Co-ordinator started in post and our commemorative activities began with over 10,000 people involved in exhibitions, debates, author visits, film making and school workshops.

North Lanarkshire Archives appointed a trainee in 2015/16 as part of the Heritage Lottery Funded Opening Up Archives Programme. Our trainee is developing skills in outreach and community engagement whilst also learning about traditional archive skills.

The museums exhibition programme included Andrew Hay, 'Form and Narrative in the Age of Desire' at the Heritage Centre and 'Rediscovering Summerlee Ironworks' at Summerlee.

Along with CultureNL libraries, the museums and heritage section participated in the Lanarkshire Family History annual show in Motherwell Concert Hall and local studies staff helped over 450 customers during the event. Archives and local studies staff also participated in Adult Learners Week running 6 free taster events including 'From Family

History to Family Tree' and 'Learn How to Read Old Handwriting'. Positive feedback encouraged the team to run a successful 6 week long Family History Course in Motherwell which will be offered in other locations during 2016.

The museums visitor services and site teams continue to work successfully with a number of organisations including Cornerstone, the organisation which supports people with disabilities and mental health issues, with the result of a maintained working garden behind our miners' cottages for visitors to enjoy. Our other hard working volunteer groups include the Friends of Summerlee and the Summerlee Transport Group.

Community Facilities

Managing almost 100 Community Facilities, significant improvements continued to be made to frontline service provision for customers this year as £1.2 million was invested in many of facilities to improve public access and address DDA issues.

Highlights

General and health and safety improvements to facilities include a full internal refurbishment of Isa Money Community Centre; installation of automated doors and fully accessible toilets at a variety of centres; roofing works and main hall decoration and refurbishment at Springfield Community Centre; replacement lighting at Charlotte Toal Centre and decoration of the main hall and theatre at Shotts Community Facility.

All facilities were branded in the CultureNL housestyle, facilities staff undertook training in accordance with the principles of BICS (British Institute of Cleaning Science), specific facility guides were developed to ensure that staff can work from a variety of facilities safely and whilst attendance dropped slightly due to a number of facilities temporarily closed for refurbishment and adaptation, income generated by the section increased.

Libraries and Information

Highlights

2015 saw the launch of e-magazine, e-audio and e-book sites and apps to enhance the popular e-books already established within our library service. These new services were well received and easy to access enabling more people across North Lanarkshire to use the service 24/7. With over 37 popular magazine titles, over 700 audio titles and over 330 e-book titles to download we now provide a one stop shop!

February 2016 saw libraries run their first Health Fayre – Love Life, Love Libraries – which enabled library users to participate in a variety of taster sessions from Pilates and

Reminiscence, to singing and using digital apps to monitor your health. Information stalls were available in libraries providing help and support for people with health issues along with information on volunteering, smoking cessation, fuel advice etc. As part of this initiative Healthy Reading titles were refreshed or added to our collection. This has resulted in an increased use of this popular and helpful collection with over 1,600 issues during 2015/16 supporting people with mental health issues.

In June 2015 a collection of science fiction and space books was purchased for Airdrie Library following a donation by the family of a deceased library customer. A specially designed bookplate was inserted into each book and the collection provides a lasting legacy to the library users of Airdrie.

Between August 2015 and March 2016 LogintoLearn (Motherwell) worked in partnership with Motherwell Football Club Community Trust to deliver Computer and Online Basics training for 39 long term unemployed people who were participating in the Well2Work project. Learners were introduced to basic word processing, email and internet skills to help with creating CVs, searching for jobs online and uploading CVs. 29 learners completed the course and received their certificates from BCS: The Chartered Institute for IT.

In line with our review of library services which began in 2015 a number of libraries have taken possession of new self-service machines which have allowed staff time to take part in floorwalking and assisting customers whilst also highlighting our improved digital services. During floorwalking sessions staff members have access to a mini iPad and use it to demonstrate our e-book/e-audio and e-magazine services.

The library review has been a major piece of work undertaken during 2015/16. With a strategic action plan produced which includes reviewing staffing structures, reviewing library opening hours, increasing the use of ICT, developing training opportunities for staff and reviewing the library estate, we are continuing to develop a library service fit for 21st century delivery.

Financial Review

The charitable company incorporated on 26th October 2012 and began trading from 1st April 2013.

The group's activities in the year were split between CultureNL Limited undertaking charitable activities and CultureNL Trading C.I.C undertaking catering activities. The consolidated financial results are covered below.

CultureNL Limited
Trustees' Report (incorporating the Trustees' Strategic Report)
For the year ending 31st March 2016

The year to 31st March 2016 was the charitable company's third year of activity. In the year, CultureNL reported an unrestricted deficit (including the results of the trading subsidiary) of £660,742.

The charitable company's wholly owned subsidiary, Culture NL trading C.I.C, achieved a break-even position for the year ended 31st March 2016. The principal activity of the trading company is the provision of catering services.

At 31 March 2016 the actuarial valuation of the pension scheme resulted in a net pension liability of £771,000 this being recognised in the Balance Sheet. The valuation has resulted in an actuarial gain of £4,032,000 being recognised in the Statement of Financial Activities. The balance on the pension fund will change annually according to economic conditions and the trustees will keep the position under review.

The Board is pleased that this has been a successful third period of operation as an independent organisation from North Lanarkshire Council. Through the efforts of our staff and effective planning coupled with the successful partnership work with the Council we have achieved a positive trading position.

Investment policy

The charitable company has a high interest account with automatic transfer of funds at defined thresholds. This account has generated interest of £23,467 during the period.

Principal Risks and Uncertainties

CultureNL's risk management policy states that the Company will:

- Identify and record the risks to the achievement of the charitable objectives;
- assess the risks to determine if they are acceptable with existing controls or require additional treatment;
- respond appropriately to the risks, based on the assessment; and
- monitor and report on the current status of risks and the effectiveness of their controls.

A risk register has been established to assist in assessing the risks based on CultureNL's achievement of the charitable objectives. The resultant actions required to mitigate these risks is then considered and prioritised.

Looking forward significant risks to the organisation include:-

- further reduction in the management fee from North Lanarkshire Council

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- increased efficiency savings targets
- failure to adapt to external factors e.g. competition, economic outlook
- impact on charity should trading arm fail to thrive
- loss of key staff
- failure to adapt to digital agenda and ensure IT systems are fit for purpose
- failure of third party providers to deliver service to standard required

CultureNL plans to mitigate these risks in accordance with its risk register. Any reduction in the management fee or increased efficiency savings target presents a need to review service delivery and generate increased income. An approved savings package has been developed for 2016/17 and 2017/18 as a result of the known requirement save at least £3.1million over 2 years.

CultureNL is undertaking increased benchmarking with similar organisations and continues to be aware of competitors in order to inform future developments, pricing etc. We encourage this awareness raising and use it positively to develop the organisation.

The trading arm has continued to thrive since initially reviewed and changes to structure and offer implemented. The trading arm is also due to be boosted with the opening of the Cumbernauld Community Enterprise Centre in 2016.

The impact of the loss of key or specialist staff is lessened by implementing succession planning where feasible and controlling vacancies.

With a number of Service Level Agreements in place with North Lanarkshire Council (including for provision of IT) regular monitoring meetings take place along with annual review in order to ensure appropriate and affordable service delivery is in place.

Principal funding sources

CultureNL received a management fee of £14,214,305 and a catering contribution of £70,036 from North Lanarkshire Council in the year ended 31st March 2016. Funds were also received from a number of funding partners during the period (see note 20).

Reserves policy

The Board has accumulated a reserves fund as at the 31st March 2016 of £2,172,344 to provide some protection and to mitigate against future economic conditions. This balance includes restricted funding of £14,532. The present value of the Designated Reserved is

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£1,357,813 and this has been allocated to fund the staffing and organisational costs associated with the review and restructuring required to respond to the 2016/17 and 2017/18 savings. The Board has agreed a policy of keeping a maximum unrestricted reserve of £800,000 of operational income. The policy is reviewed annually and it is intended to link the level of reserves with the financial risk to which the company is exposed.

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charitable company which have not been designated for any other purpose.

Designated funds are unrestricted funds that have been set aside for a specific purpose, which will be utilised during the next and future accounting periods against specific expenditure for asset improvement.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim of each restricted fund is set out in the notes to the financial statements.

Plans for future periods

In March 2016 the Board of CultureNL approved a new Business Plan for 2016 – 2019.

Providing strategic direction for the next 3 years the aims and objectives within the plan both build on and consolidate those outlined in the previous Business Plan.

CultureNL is committed to the continued development of cultural activity and is responsible for delivering a service of major importance to the communities of North Lanarkshire and beyond. We aim to further develop our programmes of activity in order to enable as many people as possible, regardless of age or ability, to engage with CultureNL. We aim to build on the good work already undertaken whilst continuously improving our organisation and we aim to be the very best we can be whilst taking cognisance of the pressures and challenges we face, mainly from budget reduction which translates into an overall reduction of resource be it funding or people.

The ambitious new priorities in the 2016-19 business plan will ensure that we are focusing on the need to deliver cultural and community services which people wish to use; ensure we are delivering the services required, meeting needs and making a difference to the lives of those who enjoy our services. We will be finding out more about our audiences and customers and further promoting the organisation and the services we provide. We will remain as efficient as possible, making use of new technology and ensuring we continue to

spend wisely. We will also be consolidating our service – making best use of the strengths and experience of our employees and developing further strategies and action plans to provide a focus for all sections within the organisation and contribute to a revised cultural strategy.

Still a relatively young organisation we intend to use the next 3 years to further strengthen our position – to ensure financial sustainability, continuously improve our operation and offer greater staff development opportunities, despite a variety of external challenges.

Our aims for 2016/17 include:-

- convene a cross sectional programming working group and develop a new programming strategy
- deliver the remainder of a 4 year programme of activity commemorating WW1
- review community arts provision
- review the museums staffing model
- review the community facilities operating model
- undertake benchmarking and increase partnership working with external providers
- further develop service integration and cross service working
- establish a baseline for monitoring customer satisfaction and gain better understanding of customer segmentation
- convene a business development working group
- develop 3 year action plans for museums, arts and retail
- develop a CultureNL health and wellbeing strategy
- continue to work within the How Good Is Our Culture & Sport performance framework
- review support services performance
- improve employee communications
- realise efficiency and cost pressure savings

With the challenge of efficiency savings to be realised in 2016/17 and 2017/18 our focus remains on smarter working, income generation and strong operational and financial management.

Structure, Governance and Management

CultureNL is a registered Scottish charity and Company Limited by Guarantee. North Lanarkshire Council is the sole member of the Company. The Charity commenced trading on 1st April 2013 and any surpluses generated are reinvested to improve the facilities and services we provide to the communities of North Lanarkshire and beyond.

The Charity is governed by its Memorandum and Articles of Association (approved on 20 November 2012) through a Board currently comprising 13 of 13 trustees (directors). Six Partner Directors are elected members of North Lanarkshire Council; 6 Independent Directors were appointed from the arts, business, marketing and community sectors following a recruitment process which included open advert, workshop and interview; one Trade Union Director was appointed from within the 3 recognised Trade Unions and, one Employee Director was appointed after an employee ballot.

The Chair of the Board is appointed from the Partner Directors. A Nominations Committee of Partner Directors appointed the Independent Directors and each Independent Director was chosen for their individual suitability and skills.

The Board is supported by a Company Secretary and a Financial Advisor – both appointed by North Lanarkshire Council. Monitoring of CultureNL is undertaken by North Lanarkshire Council.

The Trustees act in accordance with OSCR's guidance on the general duties for charitable trustees with openness, integrity and accountability being key elements required of each Trustee. Each Trustee holds office until the conclusion of the third Annual General Meeting when they will then be eligible for re-appointment.

The Board is responsible for:-

- Ensuring the organisation complies with the requirements of the funding agreement between North Lanarkshire Council and CultureNL;
- Developing and approving the annual business plan prior to its submission to North Lanarkshire Council;
- Ensuring external funding opportunities are maximised;
- Ensuring a Human Resources/Employee strategy is developed and implemented;
- Monitoring financial management;
- Accepting and acting in accordance with company director responsibilities to ensure compliance with appropriate legislation; and
- Driving the direction of the organisation to ensure all agreed outcomes are achieved as planned.

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Trustees' Report (incorporating the Trustees' Strategic Report)
For the year ending 31st March 2016

The Board has undertaken specific training and legal guidance on the role and responsibilities of a Director under both charity and company law. Further training will be provided from suitably qualified staff as required by the Board.

The Board has appointed an Audit and Governance Committee to assist with regard to fulfilling its responsibilities relating to the organisation's financial statements and auditing, accounting and financial reporting processes, and the organisation's systems of internal control regarding finances, accounting and financial reporting.

The CultureNL Chief Executive reports to the Board of Trustees and is responsible for the day to day operational management of the organisation. The pay setting for all staff within CultureNL is in accordance with the COSLA approved single status job evaluation scheme.

Group Structure

The charitable company, CultureNL, owns 100% of the share capital of CultureNL Trading C.I.C. The subsidiary undertaking's principal activity is the provision of catering facilities. These financial statements are prepared on a consolidated basis to include both entities.

CultureNL Limited
Trustees' Report (incorporating the Trustees' Strategic Report)
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Reference and administrative details

Trustees

The trustees of the charity (who are also the directors of the charity for the purposes of company law) who held office during the period and to date are as follows:

Partner Directors	Appointment date	Resignation date
Heather McVey (Chair)	18 th February 2013	
Michael McPake	18 th February 2013	
Alan Stevenson	18 th February 2013	
Paul Kelly	15 th March 2016	
Charles Cefferty	8 th April 2016	
Robert Burrows	29 th April 2016	
Tom Curley	18 th February 2013	1 st March 2016
Harry Curran	12 th August 2013	23 rd May 2016
Allan Graham	18 th February 2013	15 th March 2016
Independent Directors		
James Law	15 th April 2013	
John Lambert	15 th April 2013	
Alison Denvir	15 th April 2013	
Adam Smith	15 th April 2013	
David Craig	28 th April 2015	
Karen Fleming (Trade Union Director)	12 th November 2013	
Gillian Hunt (Employee Director)	23 rd February 2015	
Company Secretary		Fiona Ekinli
Culture NL Chief Executive		Jillian Ferrie

CultureNL Limited
Trustees' Report (incorporating the Trustees' Strategic Report)
For the year ending 31st March 2016

Registered Office

Summerlee Museum of Scottish Industrial Life
Heritage Way
Coatbridge
Lanarkshire
ML5 1QD

Auditor

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers

Clydesdale Bank
43 Hamilton Road
Motherwell
ML1 3DD

Solicitors

Anderson Strathern
1 Rutland Court
Edinburgh
EH3 8EY

Charity registration number: SC435540

Company registration number: SC043891

Statement of Trustees' Responsibilities

The trustees (who are the directors of the charity for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that 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;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland)

CultureNL Limited
Trustees' Report (incorporating the Trustees' Strategic Report)
For the year ending 31st March 2016

Regulations 2006 (as amended). 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 Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

To the knowledge and belief of each of the persons who are trustees at the time the report is approved:

- So far as the trustee is aware, there is no relevant information of which the company's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information, and to establish that the company's auditor is aware of the information.

Auditor

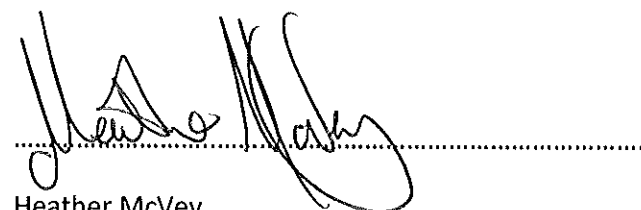
Messrs Scott-Moncrieff, Chartered Accountants, are the Auditors of the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Following a competitive tendering process the audit was awarded to Scott-Moncrieff for a term of up to 3 years with the option to extend.

Approval of the Trustees' Annual Report

In approving the Trustees' Annual Report, the trustees are also approving the Strategic Report in their capacity as company directors.

Approved by the Board on 19 September 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Heather McVey', is written over a horizontal dotted line.

Heather McVey
Chair of the Board

Independent Auditor's Report to the Trustees and Members of CultureNL Limited

We have audited the financial statements of CultureNL Limited for the year ended 31 March 2016 which comprise the Consolidated Statement of Financial Activities (incorporating the Income and Expenditure Account), Parent Statement of Financial Activities, Consolidated Balance Sheet, Charity Balance Sheet, Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)'.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed 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 regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and parent 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the parent charitable company has not kept proper and adequate accounting records 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 or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Nick Bennett (Senior Statutory Auditor)
For and on behalf of Scott-Moncrieff, Statutory Auditor

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date 20 September 2016

CultureNL Limited

Consolidated Statement of Financial Activities (incorporating the Consolidated Income and Expenditure Account)

For the year ending 31st March 2016

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Income from:					
Charitable activities	4	17,466,953	40,734	17,507,687	17,300,609
Other trading activities	4	1,667,552	-	1,667,552	1,623,245
Investments	6	23,467	-	23,467	14,364
Total		19,157,972	40,734	19,198,706	18,938,218
Expenditure on:					
Charitable activities	7	18,182,940	53,225	18,236,165	17,242,505
Other trading activities		1,583,900	-	1,583,900	1,548,490
Other		51,874	-	51,874	74,452
Total		19,818,714	53,225	19,871,939	18,865,447
Net income/(expenditure)		(660,742)	(12,491)	(673,233)	72,771
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension scheme	12	4,032,000	-	4,032,000	(2,832,000)
Net movement in funds		3,371,258	(12,491)	3,358,767	(2,759,229)
Reconciliation of funds:					
Total funds brought forward		(1,984,446)	27,023	(1,957,423)	801,806
Total funds carried forward		1,386,812	14,532	1,401,344	(1,957,423)

There are no other gains and losses other than those included in the Consolidated Statement of Financial Activities. All activities of the Group relate to continuing operations.

The notes on pages 28 to 51 form part of these financial statements.

CultureNL Limited
Parent Statement of Financial Activities (incorporating the Income and Expenditure Account)
For the year ending 31st March 2016

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Income from:					
Charitable activities	4	17,466,953	40,734	17,507,687	17,300,609
Other trading activities	4	131,690	-	131,690	116,728
Investments		23,467	-	23,467	14,364
Total		17,622,110	40,734	17,662,844	17,431,701
Expenditure on:					
Charitable activities	7	18,230,978	53,225	18,284,203	17,284,478
Other		51,874	-	51,874	74,452
Total		18,282,852	53,225	18,336,077	17,358,930
Net income/(expenditure)		(660,742)	(12,491)	(673,233)	72,771
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension scheme	12	4,032,000	-	4,032,000	(2,832,000)
Net movement in funds		3,371,258	(12,491)	3,358,767	(2,759,229)
Reconciliation of funds:					
Total funds brought forward		(1,984,446)	27,023	(1,957,423)	801,806
Total funds carried forward		1,386,812	14,532	1,401,344	(1,957,423)

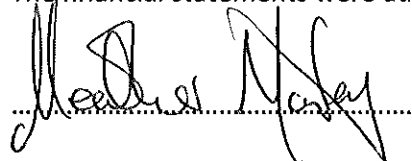
There are no other gains and losses other than those included in the Parent Statement of Financial Activities. All activities of the Charity relate to continuing operations.

The notes on pages 28 to 51 form part of these financial statements

CultureNL Limited
Consolidated Balance Sheet
As at 31st March 2016

	Notes	2016	2015
		£	£
Current assets			
Stock	14	84,680	84,647
Debtors	15	1,898,081	1,849,350
Cash at bank and in hand		4,424,020	3,442,856
		<u>6,406,781</u>	<u>5,376,853</u>
Liabilities			
Creditors: Amounts falling due within one year	16	(4,234,437)	(3,659,276)
		<u>2,172,344</u>	<u>1,717,577</u>
Net current assets		<u>2,172,344</u>	<u>1,717,577</u>
Net assets/(liabilities) excluding defined benefit pension scheme liability		<u>2,172,344</u>	<u>1,717,577</u>
Defined benefit pension scheme liability	12	(771,000)	(3,675,000)
		<u>1,401,344</u>	<u>(1,957,423)</u>
Total net assets/(liabilities)		<u>1,401,344</u>	<u>(1,957,423)</u>
The funds of the group:			
Unrestricted Funds	20	2,157,812	1,690,554
Pension Reserve		(771,000)	(3,675,000)
Restricted Funds	20	14,532	27,023
		<u>1,401,344</u>	<u>(1,957,423)</u>
Total funds		<u>1,401,344</u>	<u>(1,957,423)</u>

The financial statements were authorised for issue by the Board on 19th September 2016 by



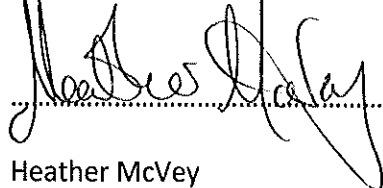
Heather McVey
Chair of the Board

The notes on pages 28 to 51 form part of these financial statements

CultureNL Limited
Charity Balance Sheet
As at 31st March 2016

	Notes	2016	2015
		£	£
Investments	13	1	1
Current assets			
Stock	14	38,407	40,675
Debtors	15	1,844,689	1,609,068
Cash at bank and in hand		4,418,110	3,439,296
		<u>6,301,206</u>	<u>5,089,040</u>
Liabilities			
Creditors: Amounts falling due within one year	16	(4,128,862)	(3,371,463)
Net current assets		<u>2,172,344</u>	<u>1,717,577</u>
Net assets/(liabilities) excluding defined benefit pension scheme liability		<u>2,172,344</u>	<u>1,717,577</u>
Defined benefit pension scheme liability	12	(771,000)	(3,675,000)
Total net assets/(liabilities)		<u><u>1,401,344</u></u>	<u><u>(1,957,423)</u></u>
The funds of the charity:			
Unrestricted Funds	20	2,157,812	1,690,554
Pension Reserve		(771,000)	(3,675,000)
Restricted Funds	20	14,532	27,023
Total funds		<u><u>1,401,344</u></u>	<u><u>(1,957,423)</u></u>

The financial statements were authorised for issue by the Board on 19th September by



Heather McVey
Chair of the Board

Company number – SC435540

The notes on pages 28 to 51 form part of these financial statements

CultureNL Limited
Statement of Cash Flows and Consolidated Statement of Cash Flows
For the year ending 31st March 2016

	Notes	Group		Parent	
		2016	2015	2016	2015
		£	£	£	£
Cash Flows from Operating Activities					
Net cash provided by/(used in) operating activities	21	957,697	(932,038)	955,347	(932,038)
Cash Flow from Investing Activities:					
Interest received		23,467	14,364	23,467	14,364
Net cash provided by/(used in) investing activities		23,467	14,364	23,467	14,364
Change in cash and cash equivalents in the reporting period		981,164	(917,674)	978,814	(917,674)
Cash and cash equivalents at the beginning of the reporting period		3,442,856	4,360,530	3,439,296	4,356,970
Cash and cash equivalent at the end of the reporting period		4,424,020	3,442,856	4,418,110	3,439,296

The notes on pages 28 to 51 form part of these financial statements

1. Accounting Policies

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

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended).

CultureNL (the charitable company) meets the definition of a public benefit entity under FRS 102 and has taken advantage of paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Company's activities.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charitable company's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Before 2016 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006, and referred to as "previous UK GAAP". The financial effects of the transition to FRS 102 are set out in note 2.

The financial statements consolidate the results of the company and its wholly owned subsidiary Culture NL Trading C.I.C (Company Number SC 441869) on a line by line basis. The charitable company together with Culture NL Trading C.I.C. comprises the Group.

Income and expenditure statement

Owing to the special nature of the business of the charitable company and in the interests of presenting the results clearly to the members, it is considered inappropriate to adhere to the income and expenditure format described under section 400 of the Companies Act 2006. A statement of financial activities has been prepared in a form which is considered to give the members a true and fair view of the results for the period and which also complies with the requirements of Section 400 of the Act and Statement of Recommended Practice applicable to charities (Charities SORP (FRS 102)).

Going Concern

The directors are of the opinion that the Group can continue to meet its obligations as they fall due for the foreseeable future based on the current level of net assets combined with the projected cash flow and continued support of North Lanarkshire Council through its Management Fee. As a consequence the directors have prepared the financial statements on a going concern basis.

Income

Income from cultural and related activity is recognised in the period in which the charitable company is entitled to receipt and the amount can be measured with reasonable probability. Income is deferred only when the charitable company has to fulfil conditions before becoming entitled to it.

Revenue grants, including those from government, are recognised in the Statement of Financial Activities (SoFA) in the period in which the charitable company is entitled to receipt and the amount can be measured with reasonable certainty. Such income is deferred when the charitable company has to fulfil conditions before becoming entitled to it.

Management fees and other incoming resources are recognised in the period to which they relate.

Investment income is recognised in the period in which it is receivable.

Expenditure

Expenditure is recognised when a liability is incurred.

Where possible, expenditure has been charged direct to charitable activities. Where this is not possible the expenditure has been allocated on the basis of gross expenditure incurred on each activity.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management and set-up of the charity.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charitable company. These costs have been allocated between Libraries, Museums, Creative Services and Community Facilities on the basis of gross expenditure as set out in note 8.

Unrestricted funds

Surplus revenue funds held within unrestricted funds are carried forward to meet the cost of future activities mainly of a revenue nature.

Commitments for specific activities and needs in the future are dealt with by making allocations to designated funds.

Restricted funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the appropriate fund, together with a fair allocation of management support costs where this is considered appropriate.

Tangible Fixed Assets and Depreciation

It is the policy of the charitable company to capitalise expenditure of a capital nature in excess of £6,000. Assets donated to the charitable company are included in the Balance Sheet and Statement of Financial Activities at cost.

Depreciation is charged to write off the cost less the estimated residual value of fixed assets by equal instalments over their estimated useful lives as follows:

Furniture and equipment: 5 years.

Investments

The investment in the subsidiary is held at cost.

Stock

Stocks are valued at the lower of cost and net realisable value in the ordinary course of activities.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Debtors

Trade debtors are amounts due from customers for services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at fair value.

Financial assets and financial liabilities

Financial instruments are recognised in the Statement of Financial Activities when the charitable company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method, All financial instruments not classified as basic are

measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from asset to expire, or when the charitable company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Pensions

CultureNL participates in Strathclyde Pension Fund, a Local Government Pension Scheme, which is a defined benefit pension scheme. The Fund is administered by Glasgow City Council in accordance with the Local Government Scheme (Scotland) Regulations 1998 as amended. All existing and new employees have the option of joining the Fund. The assets and liabilities of the scheme are held separately from those of the charitable company in an independently administered fund.

The pension costs charged in the period are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service life of employees in the scheme, so as to ensure that the regular pension costs represent a substantially level percentage of the current and expected future pensionable payroll. Variations from regular costs are spread over the remaining service lives of current employees in the scheme.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in the Statement of Financial Activities. All costs related to the defined benefit scheme are recognised in the Statement of Financial Activities.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised in the Statement of Financial Activities when it is demonstrably committed to either (i) terminating the employment of current

employees according to a detailed formal plan without possibility of withdrawal, or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

VAT

The charitable company is partially exempt from VAT. Irrecoverable VAT is charged to the Statement of Financial Activities as an expense. CultureNL Limited and CultureNL Trading C.I.C are registered for VAT as a VAT group. Due to the nature of the activities being undertaken, it is not possible to reclaim the total amount of VAT expended. Expenditure therefore includes VAT where appropriate.

Taxation

The parent has charitable status and is therefore exempt from taxation under sections 466 to 493 of the Corporation Tax Act 2012 (CTA 2010).

2. Transition to FRS 102

These financial statements for the year ended 31st March 2016 are the charitable company's first financial statements that comply with the FRS 102. The charitable company's date of transition to FRS 102 is 1st April 2014. The charitable company's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31st March 2015.

The transition to FRS 102 has resulted in a number of changes in the charitable company's accounting policies compared to those used when applying previous UK GAAP.

The following explanatory notes to the financial statements describe the differences between the funds and income and expenditure presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended 31st March 2015 (i.e. comparative information), as well as the funds presented in the opening statement of the balance sheet (i.e. at 1st April 2014). It also describes the changes in accounting policies made on first-time adoption of FRS 102.

In the table below, funds determined in accordance with FRS 102 are reconciled to funds determined in accordance with previous UK GAAP at both 1st April 2014 (the date of transition to FRS 102) and 31st March 2015.

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2016

	At 1 st April 2014			At 31 st March 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Current assets:						
Stocks	82,320	-	82,320	84,647	-	84,647
Debtors	1,400,377	-	1,400,377	1,849,350	-	1,849,350
Cash at bank and in hand	4,360,530	-	4,360,530	3,442,856	-	3,442,856
Liabilities:						
Creditors: Amounts falling due within one year	(4,553,662)	(199,759)	(4,753,421)	(3,459,517)	(199,759)	(3,659,276)
Net current assets	1,289,565	(199,759)	1,089,806	1,917,336	(199,759)	1,717,577
Total assets less current liabilities	1,289,565	(199,759)	1,089,806	1,917,336	(199,759)	1,717,577
Pension fund liability	(288,000)	-	(288,000)	(3,675,000)	-	(3,675,000)
Total net assets /(liabilities)	1,001,565	(199,759)	801,806	(1,757,664)	(199,759)	(1,957,423)
The funds of the charity:						
Unrestricted funds	668,384	-	668,384	800,000	-	800,000
Designated funds	565,000	(199,759)	365,241	1,090,313	(199,759)	890,554
Pension reserve	(288,000)	-	(288,000)	(3,675,000)	-	(3,675,000)
Restricted funds	56,181	-	56,181	27,023	-	27,023
Total charity funds	1,001,565	(199,759)	801,806	(1,757,664)	(199,759)	(1,957,423)

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2016

Reconciliation of net movement in funds for the year ended 31st March 2015

	Notes	Previous UK GAAP £	Effect of transition £	FRS 102 £
Income from:				
Charitable activities		17,300,609	-	17,300,609
Other trading activities		1,623,245	-	1,623,245
Investments		515,364	(501,000)	14,364
Total		19,439,218	(501,000)	18,938,218
Expenditure on:				
Charitable activities	(a),(b)	(17,218,505)	(24,000)	(17,242,505)
Other trading activities		(1,548,490)		(1,548,490)
Other		(74,452)		(74,452)
Total		(18,841,447)	(24,000)	(18,865,447)
Net income/(expenditure)		597,771	(525,000)	72,771
Other recognised gains/(losses):				
Actuarial gains/losses on defined benefit pension scheme		(3,357,000)	525,000	(2,832,000)
Net movement in funds		(2,759,229)	-	(2,759,229)

(a) In accordance with FRS 102, a provision for paid annual leave has been recognised at the date of transition, 1st April 2014. The movement in the provision for the year ended 31st March 2015 has also been recognised as an effect of transition (nil movement).

(b) Recognition of the adjustments to the defined benefit pension scheme have been restated under FRS 102.

3. Critical judgements and estimates

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Defined benefit pension and other post employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

4. Income

		Group		Charity	
	Note	2016 £	2015 £	2016 £	2015 £
Charitable activities					
Management service fee		14,214,305	13,845,667	14,214,305	13,845,667
Provision of Cultural and Related activities	5	3,293,382	3,454,942	3,293,382	3,454,942
Other trading activities					
Commercial trading activities		1,535,862	1,506,516	-	-
Sales Income		131,690	116,728	131,690	116,728
Investment activities	6	23,467	14,364	23,467	14,364
Total income		19,198,706	18,938,218	17,662,845	17,431,701

Income on charitable activities for the group (and the charity) was £17,507,687 (2015: £17,300,609) of which £17,466,953 was unrestricted (2015: £17,217,982) and £40,734 (2015: £82,627) was restricted. All other income was unrestricted.

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2016

5. Income from provision of cultural activities is as follows:

Group and Charity	2016 £	2015 £
Unrestricted funds		
Libraries	252,945	266,489
Museums	132,881	1,361
Creative services	1,117,690	1,094,551
Community Facilities	1,747,944	1,869,386
Shops	0	78,375
Projects	0	56,308
Support Services	1,188	5,845
Restricted funds	40,735	82,627
Total income from the provision of cultural and related activities	3,293,383	3,454,942

6. Investment Income

Group and Charity	2016 £	2015 £
Bank and other interest	23,467	14,364
Total investment income	23,467	14,364

7. Analysis of expenditure on charitable activities

Group	Libraries	Museums	Creative Services	Community Facilities	Restricted	Total 2016	Total 2015
	£	£	£	£	£	£	£
Employee costs	4,549,180	1,318,988	1,423,601	2,890,085	9,821	10,191,675	10,307,929
Property costs	346,152	158,636	129,815	1,664,264	-	2,298,867	2,563,468
Supplies & services	638,331	161,673	98,478	78,591	21,578	998,651	930,726
Transport & plant	153,262	10,890	34,871	12,037	-	211,060	233,972
Admin	870,465	132,396	703,371	160,248	21,826	1,888,306	1,795,830
Pay to agencies	2,603	247	1,341	1,227	-	5,418	12,712
Other costs	0	49	2,340	6,084	-	8,473	15,498
Support services	1,111,643	301,880	405,325	814,867	-	2,633,715	1,382,370
Charitable activities	7,671,636	2,084,759	2,799,142	5,627,403	53,225	18,236,165	17,242,505

Charity	Libraries	Museums	Creative Services	Community Facilities	Restricted	Total 2016	Total 2015
	£	£	£	£	£	£	£
Employee costs	4,549,180	1,318,988	1,423,601	2,890,085	9,821	10,191,675	10,307,929
Property costs	346,152	158,636	129,815	1,664,264	-	2,298,867	2,563,468
Supplies & services	638,386	161,673	98,557	78,591	21,578	998,785	930,726
Transport & plant	153,262	10,890	34,871	12,037	-	211,060	233,972
Admin	871,346	134,142	748,748	160,248	21,826	1,936,310	1,838,696
Pay to agencies	2,603	247	1,341	1,227	-	5,418	12,712
Other costs	0	49	2,340	6,084	-	8,473	15,498
Support services	1,111,543	301,880	405,325	814,867	-	2,633,615	1,381,477
Charitable activities	7,672,472	2,086,505	2,844,598	5,627,403	53,225	18,284,203	17,284,478

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Notes to the Financial Statements
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Expenditure on charitable activities for the group was £18,236,165 (2015: £17,242,505) of which £18,182,940 was unrestricted (2015 £17,130,720) and £53,225 (2015: £111,785) was restricted. All other expenditure was unrestricted.

Expenditure on charitable activities for the parent was £18,284,203 (2015: £17,284,478) of which £18,230,978 was unrestricted (2015 £17,172,693) and £53,225 (2015: £111,785) was restricted. All other expenditure was unrestricted.

8. Analysis of support costs

Group	General Support	Governance	2016 £	2015 £
Employee costs	2,244,225	-	2,244,225	672,699
Property costs	(42,361)	-	(42,361)	-
Supplies & services	14,883	-	14,883	12,413
Transport & plant	3,580	82	3,662	2,936
Admin	320,387	28,924	349,311	492,492
Pay to agencies	21,575	1,500	23,075	(1,836)
Other costs	40,920	-	40,920	203,666
	2,603,209	30,506	2,633,715	1,382,370

Support Costs (including Governance Costs) are allocated on the basis of gross expenditure.

Charity	General Support	Governance	2016 £	2015 £
Employee costs	2,244,225	-	2,244,225	672,699
Property costs	(42,361)	-	(42,361)	-
Supplies & services	14,883	-	14,883	12,413
Transport & plant	3,580	82	3,662	2,936
Admin	321,180	28,031	349,211	491,599
Pay to agencies	21,575	1,500	23,075	(1,836)
Other costs	40,920	-	40,920	203,666
	2,604,002	29,613	2,633,615	1,381,477

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Notes to the Financial Statements
For the year ending 31st March 2016

9. Analysis of governance costs

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
External audit fees	12,757	12,757	11,864	11,864
Internal audit fees	12,667	12,667	12,667	12,667
Fees for taxation services	1,000	415	1,000	415
Legal fees	2,500	875	2,500	875
Trustee expenses	82	126	82	
Trustee training	1,500	-	1,500	
	<u>30,506</u>	<u>26,840</u>	<u>29,613</u>	<u>25,821</u>

Governance Costs are allocated on the basis of gross expenditure.

10. Net income/(expenditure) for the year

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
This is stated after charging/(crediting)				
Auditors' remuneration (including expenses)				
for audit	12,757	12,757	11,864	11,864
for other services	2,500	415	2,500	415
for internal audit	12,667	12,667	12,667	12,667
Operating lease rentals	13,019	9,535	13,019	9,535

11. Staff Costs and Numbers

The remuneration and associated staff costs were as follows:

	Group	
	2016	2015
	£	£
Wages and salaries	10,310,628	10,066,554
Social security costs	542,670	537,956
Other pension costs	1,366,295	1,262,151
Redundancy Costs	927,629	-
	<u>13,147,222</u>	<u>11,866,661</u>

One employee of CultureNL received emoluments above £60,000 (2015: nil).

Employee benefits paid to key management personnel totalled £75,838 for 2016. This is in relation to one employee who has delegated authority to act on behalf of the board of trustees.

Redundancy Costs paid relate to 27 employees who volunteered to take early retirement at 31st March 2016. The one off costs associated with this were £512,519 relating to Strain on the pension fund and £415,109 relating to compensation payments for early retiral.

The average weekly number of employees during the period was made up as follows:

	Group 2016 Number	Group 2015 Number	Charity 2016 Number	Charity 2015 Number
Full-time	229	237	222	229
Part-time	510	447	406	380
	<u>739</u>	<u>684</u>	<u>628</u>	<u>609</u>

The above number of employees relates to 446 Full Time Equivalents for the group (2015: 483).

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2016

No member of the Board received remuneration from Culture NL Ltd (2015: nil) other than Directors Indemnity insurance and travel expenses of £82 (2015: £126). No member of the board received payment for professional or other services supplied to the charity (2015: nil).

12. Pension Costs

CultureNL Limited is an admitted body of the Strathclyde Pension Fund. The Superannuation Fund is a defined benefit scheme into which employee's and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Employees' contributions are tiered and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as Projected Unit Credit Method. The last actuarial valuation was at 31st March 2014 and following this valuation employer's contributions increased to 19.9% for the year ended 31st March 2015 and 22.2% for the years ended 31st March 2016, 2017 and 2018 respectively.

The movement in the defined benefit obligation over the year is as follows:

	31 st March 2016	31 st March 2015
	£'000	£'000
Opening defined benefit obligation	38,985	30,588
Current service cost	2,064	1,788
Past service cost (including curtailments)	307	-
Interest cost	1,278	1,353
Contributions by members	398	369
Actuarial losses/(gains)	(4,246)	5,237
Benefits paid	(835)	(350)
Closing defined benefit obligation	<u>37,951</u>	<u>38,985</u>

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2016

The movement in the fair value of plan assets in the year is as follows:

	31 st March 2016 £'000	31 st March 2015 £'000
Opening fair value of plan assets	35,310	30,300
Interest income on plan assets	1,145	1,329
Contributions by members	398	369
Contributions by the employer	1,376	1,257
Actuarial (losses)/gains	(214)	2,405
Benefits paid	(835)	(350)
Closing fair value of plan assets	37,180	35,310

Amounts recognised in net income/expenditure (per SOFA):

	31 st March 2016 £'000	31 st March 2015 £'000
Current service cost	(2,064)	(1,788)
Past Service Cost (including curtailment)	(307)	0
Total service cost	(2,371)	(1,788)
Net interest		
Interest income on plan assets	1,145	1,329
Interest cost on defined benefit obligation	(1,278)	(1,353)
Total net interest	(133)	(24)
Total defined benefit cost recognised in net income/expenditure per the SOFA	(2,504)	(1,812)

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2016

The major categories of plan assets as a % of the total plan assets are as follows:

	31st March 2016	31st March 2015
	%	%
Equities	72	75
Bonds	16	13
Property	12	11
Cash	0	1

The estimated employer contributions for the year to 31st March 2017 are £1,376,000.

The principal actuarial assumptions used in the calculations are:

	31st March 2016	31st March 2015
	% per annum	% per annum
Pension Increase Rate	2.2	2.4
Salary Increase Rate	4.2	4.3
Discount Rate	3.5	3.2

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2016

13. Investments

	2016	2015
	£	£
Investment in subsidiary company	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

The investment in subsidiary represents 100% of the issued share capital of Culture NL Trading C.I.C. The company is a trading company registered in Scotland, the registered address is Summerlee Museum of Scottish Industrial Life, Heritage Way, Coatbridge, Lanarkshire, ML5 1QD.

14. Stock

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Consumable Stock	84,680	84,647	38,407	40,675
	<u>84,680</u>	<u>84,647</u>	<u>38,407</u>	<u>40,675</u>

15. Debtors

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	1,898,081	1,849,350	1,844,689	1,609,068
	<u>1,898,081</u>	<u>1,849,350</u>	<u>1,844,689</u>	<u>1,609,068</u>
	<u><u>1,898,081</u></u>	<u><u>1,849,350</u></u>	<u><u>1,844,689</u></u>	<u><u>1,609,068</u></u>

CultureNL Limited
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For the year ending 31st March 2016

16. Creditors:

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	332,399	987,866	301,582	939,731
Accruals and deferred income	3,760,976	2,527,129	3,695,792	2,296,168
Taxation and Social Security	141,062	144,281	131,488	135,564
	<u>4,234,437</u>	<u>3,659,276</u>	<u>4,128,862</u>	<u>3,371,463</u>

17. Deferred Income

Deferred income comprises advanced ticket sales and wedding bookings.

	2016	2015
	£	£
Balance as at 1 st April	106,224	-
Amounts released to income during the year	(106,224)	-
Amounts deferred in year	127,018	106,224
Balance as at 31st March	<u>127,018</u>	<u>106,224</u>

18. Financial assets and liabilities

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Financial assets at amortised cost	6,322,101	5,292,206	6,262,799	5,048,364
Financial liabilities at amortised cost	(3,966,357)	(3,408,771)	(3,870,356)	(3,129,675)
	<u>2,355,744</u>	<u>1,883,435</u>	<u>2,392,443</u>	<u>1,918,689</u>

Financial assets comprise trade debtors and cash and bank balances.

Financial liabilities comprise trade creditors and accruals.

19. Share Capital

The charitable company is limited by guarantee of £1 per member and has no share capital.

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2016

20. Reserves

Funds (Group)	Designated £	General £	Restricted £	Pension £	Total £
Balance at 31 st March 2016					
Represented by:					
Net current assets	1,357,812	800,000	14,532	-	2,172,344
Retirement benefit scheme	-	-	-	(771,000)	(771,000)
	<u>1,357,812</u>	<u>800,000</u>	<u>14,532</u>	<u>(771,000)</u>	<u>1,401,344</u>

Funds (Charity)	Designated £	General £	Restricted £	Pension £	Total £
Balance at 31 st March 2016					
Represented by:					
Net current assets	1,357,812	800,000	14,532	-	2,172,344
Retirement benefit scheme	-	-	-	(771,000)	(771,000)
	<u>1,357,812</u>	<u>800,000</u>	<u>14,532</u>	<u>(771,000)</u>	<u>1,401,344</u>

Unrestricted Fund	Opening Balance £	Incoming £	Outgoing £	Transfers £	Actuarial Loss £	Closing Balance £
Unrestricted fund	800,000	19,157,972	(18,690,714)	(467,258)	-	800,000
Designated fund	890,554	-		467,258	-	1,357,812
Pension reserve	(3,675,000)	-	(1,128,000)		4,032,000	(771,000)
	<u>(1,984,446)</u>	<u>19,157,972</u>	<u>(19,818,714)</u>	<u>-</u>	<u>4,032,000</u>	<u>1,386,812</u>

CultureNL Limited
Notes to the Financial Statements
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Designated funds

The present value of the Designated Reserve is £1,357,812. This has been allocated to fund the staffing and organisational costs associated with the review and restructuring required to respond to the 2016/17 and 2017/18 savings.

Restricted Funds	Opening Balance £	Incoming Resources £	Resources Expended £	Closing Balance £
Encounters Festival (Funder Creative Scotland)	-	19,216	(19,216)	-
Digital Connections (Funder SLIC)	1,036	-	(1,036)	-
Museums General (Funder Museums Galleries Scotland)	-	15,518	(15,518)	-
Celebrate (Funder Big Lottery Fund)	481	-	(481)	-
Peoples Story of WWI (Funder Heritage Lottery Fund)	13,508	-	(13,508)	-
Scotland's Cinema Heritage (Funder Museum Galleries Scotland)	406	-	(406)	-
Reigart (Funder Reigart Contractors Ltd)	11,592	6,000	(3,060)	14,532
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	27,023	40,734	(53,225)	14,532
	<hr/>	<hr/>	<hr/>	<hr/>

Encounters Festival Funding to provide a rich, diverse and innovative programme of cultural events, bringing authors, story tellers and performers to the heart of our communities in an inspiring celebration of the imagination and the arts.

Digital Connections Funding to purchase nonstandard hardware and software and to train staff in its use. Thus enabling them to provide support and assistance to the public.

Museums General Funding to encourage people to visit museums. This grant enabled us to run events in North Lanarkshire Heritage Centre, Summerlee Museum and Cumbernauld Museum.

Celebrate Funding to celebrate the heritage of Strathclyde Park by focusing on the community memory of the lost village of Bothwellhaugh and the wider story of Strathclyde Park as a venue for various Commonwealth Games disciplines.

HLF Peoples Story of WWI Funding a wide ranging First World War engagement project working in partnership with other organisations and a wide range of audiences.

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Scotland's Cinema Heritage Funding to help preserve the cinema collection held at Summerlee and to create more opportunities for people, communities and other museums to engage both with our own collection and Scotland's national cinema heritage.

Reigart Funding to contribute to care and maintenance of the Reigart Suite and support educational activities.

21. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Net income/(expenditure) for the reporting period (as per the SOFA)	(673,233)	72,771	(673,233)	72,771
Adjustments for:				
Interest received	(23,467)	(14,364)	(23,467)	(14,364)
Net cost in respect of pensions	1,128,000	555,000	1,128,000	555,000
(Increase)/decrease in stock	(33)	(2,327)	2,268	2,211
(Increase)/decrease in debtors	(48,731)	(448,973)	(235,621)	(278,820)
Increase/(decrease) in creditors	575,161	(1,094,145)	757,400	(1,268,836)
Net cash provided by (used in) operating activities	957,697	(932,038)	955,347	(932,038)

22. Analysis of cash and cash equivalents

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Cash in hand	4,424,020	3,442,856	4,418,110	3,439,296
Total cash and cash equivalents	4,424,020	3,442,856	4,418,110	3,439,296

23. Related parties

North Lanarkshire Council (NLC), the sole member of Culture NL, made a contribution in line with the Services Agreement of £14,283,652 (2015: £14,066,406). Facilities were leased to Culture NL for a peppercorn rent. North Lanarkshire Council also provided various support functions including Legal, Finance and IT for which the charitable company was charged £1,447,872 (2015: £1,445,203). In addition to this they also carried out a central property

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repairs and management function which we were charged £571,708 (2015: £626,107). At 31 March 2016 Culture NL owed North Lanarkshire Council £1,446,384.85 (2015: £1,682,137) and the Council owed Culture NL £1,388,634.33 (2015: £1,375,085). Six Directors of Culture NL were elected members of North Lanarkshire Council during the period ended 31st March 2016.

24. Operating lease commitments

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

	2016	2015
	£	£
Operating Leases which expire:		
Not later than one year	942	-
Later than one year and not later than five years	34,141	32,571
Later than five years	-	-
	<u>35,083</u>	<u>32,571</u>

25. Subsidiary undertakings

CultureNL Limited, owns 100% of the issued share capital of CultureNL Trading C.I.C. These financial statements are prepared on a consolidated basis to include this entity. The subsidiary undertaking's principal activity is the provision of catering facilities. The results of CultureNL C.I.C for the year ended 31st March 2016 are shown below. Audited accounts are filed with Companies House.

	2016	2015
	£	£
Turnover	1,585,482	1,549,383
Cost of Sales	(1,549,463)	(1,503,659)
	<u>36,019</u>	<u>45,724</u>
Gross Profit/(Loss)	36,019	45,724
Administrative expenses	(36,019)	(45,724)
	<u>0</u>	<u>0</u>
Profit/(loss) for the year	0	0

CultureNL Trading C.I.C reported £1 net assets as at 31 March 2016 (2015: £1).

26. Subsequent events

A wide range of options have been approved by the trustees to ensure the delivery of almost £3million of savings over the next 2 financial years.

The closure of 5 community facilities during September 2016 will help in the delivery of these savings.

Culture NL began the operation of a new community facility and business centre at Muirfield during August 2016.

