



Culture NL Limited  
(A company limited by guarantee)

Report and Financial Statements

For the period 26 October 2012 to 31 March 2014

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 period 26 October 2012 to 31 March 2014**

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I'm delighted to present the first Report and Financial Statements for CultureNL Limited.

2013/14 was a majorly ambitious year for CultureNL which was formally established on 26 October 2012. It began trading on 1 April 2013 when over 700 employees transferred from North Lanarkshire Council to this new and exciting organisation.

As a Company Limited by Guarantee with Charitable status, CultureNL has assumed 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. CultureNL is a wide organisation responsible for delivering a service of major importance to the communities of North Lanarkshire and beyond.

The transition from North Lanarkshire Council to CultureNL has been smooth and our first year has been both busy and successful with much hard work and dedication realised by staff and partners alike.

We began year one with a 'business as usual' approach which served our customers well and as we enter year 2 our focus will move towards our new business vision - a vision which is both needs responsive and customer focused. True to our mission statement we will be inspiring and creative in the work that we develop and deliver.

Currently working within a 3 year business plan, the Board of CultureNL is very ambitious for the new organisation. Year one realised some major achievements along with a few challenges with further detail outlined within the body of this report however, since 1 April 2013 income generation has increased compared with the previous financial year and staff sickness absence levels have reduced. We have made some much needed investment in facilities with significant further investment programmed throughout 2014/15. We have undertaken reviews of both catering and marketing with future action plans developed for both areas. We have also developed and implemented a bespoke performance reporting system.

The growth and development of year one would not have been possible without the invaluable contribution of CultureNL's Board of Directors, each of whom give 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 has been my privilege to chair the Board from the shadow stages to fruition of the Company and Charity and I thank all Board Members for their contribution and continued efforts.

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

Councillor Heather McVey  
Chair, CultureNL Limited



2013/14 was a significant year for CultureNL and our first year has been full and successful. This, our first Report and Financial Statements, provides the opportunity to highlight some of our successes and developments. As the message from the Chair mentions, we began our new venture with an initial message of 'business as usual'. This approach to not implementing widespread change allowed us to assess how the organisation operated over the year and let us consider how to ensure a consistent approach to our work, vision, attitude, customer service and approach.

CultureNL was established on 26 October 2012 as a registered Scottish charity and company limited by guarantee in order to fulfil the following objects and principal activities:-

- Provide a high quality wide range of arts, heritage, cultural services and facilities to the communities of, and visitors to, North Lanarkshire in order to support and encourage everyone to participate, learn and develop their skills in cultural pursuits regardless of skill level, physical ability or age, thereby enjoying a healthy lifestyle;
- Preserve and promote North Lanarkshire's heritage as well as provide access to the area's rich history through the provision of museums, libraries, archives and local studies services;
- Support community organisations and individuals to participate in community based/voluntary cultural and leisure activities and put in place programmes to help people and communities build their skills;
- Advance and support the delivery of cultural learning both within and out with a formal education setting in support of a Curriculum for Excellence, More Choices More Chances and other lifelong learning initiatives;
- Promote participation in outdoor activities.

Working to an ambitious 3 year business plan we set ourselves challenging and far reaching aims and objectives and I am delighted to report that our first year has realised many successes and achievements which are detailed later in the report. We have undertaken a number of new initiatives, invested in our facilities, welcomed many thousands of people through our doors and increased both external funding and income generation. We have spent a significant part of our first year focusing on our customers and visitors and have implemented the *How Good Is Our Culture and Sport?* evaluation model in order to greater understand what our service means to the people who use it.

Throughout 2013/14 it was vital that we promoted the CultureNL brand to demonstrate that we were a new organisation with our own house style and identity. Whilst word of mouth is one way to spread a message it requires to be backed up with something tangible, so over the year we began replacing staff uniforms, vehicle livery and facility signage. We created a 'brand look' for our catering outlets and we began identifying branded bespoke display spaces within our facilities, libraries, museums and venues to highlight CultureNL events and activities. It is recognised that our staff group is our greatest asset and the more information we share about our services and activities with each other and with our customers, the greater the benefit to the organisation.

One exciting brand development is our new CultureNL website - [www.culturenl.co.uk](http://www.culturenl.co.uk). This bespoke site allows us to promote all of our events, services and facilities widely with the ability to purchase tickets for shows, discover what's on and highlight specific features of our service.



The development of the brand is vital for consistent and recognised future development and one major task set in year one was an audit and review of CultureNL marketing activity. Using audit information to inform future direction is vital to us as a new organisation as it is essential that we connect with our customers and visitors – old and new, paid for, supported or free - in the most effective and cost effective way to ensure attendances remain high, income generation is maximised and services continually improved in order to develop a strong and sustainable organisation.

As would be expected with any new venture, and indeed from any public sector body, we faced challenges during our first year of operation including securing agreed, but significant, efficiency savings linked to our contract with North Lanarkshire Council. By working hard to ensure that we provide an excellent service across the organisation we will look to achieve our initial savings targets through prudent financial management, strategic use and review of properties, income generation, investment in efficient energy systems and extension of area facility letting plans.

Our staffing structure has not changed greatly in our first year. We have welcomed a number of new staff across the service and have now established our own HR and Finance teams however gaps do remain in our structure, and particularly in the management structure, as we made a conscious effort in year 1 to fill frontline posts rather than management posts. Having operated for a year we can now see which parts of the structure require support, review or restructure and this will be taken forward during year 2.

CultureNL's performance is monitored by both the CultureNL Board and North Lanarkshire Council and we strive to continuously improve performance, attendance, income and efficiency. During 2013/14 we developed a full service plan which included the key development targets from our initial 3 year business plan and we reported quarterly on these targets through North Lanarkshire Council's on line monitoring system; through Council committee reports and to our Board via quarterly performance reports. We also completed a review of our services key performance indicators in order to ensure that they are fit for purpose. During 2013/14 we consulted with staff, customers and visitors on a set of customer care standards and we implemented a new customer complaints procedure for CultureNL.

The achievements and successes outlined in this annual report and financial statement would not have been possible without the support of a dedicated and enthusiastic staff group who consistently endeavour to develop and deliver high quality and inspiring cultural experiences for all. My thanks are conveyed to all of the CultureNL staff.

Jillian Ferrie  
CultureNL Manager

**CultureNL Limited**  
**Company Information**  
**For the period 26 October 2012 to 31 March 2014**

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**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:

<b>Partner Directors</b>	<b>Appointment date</b>	<b>Resignation date</b>
Heather McVey (Chair)	18 February 2013	
Tom Curley	18 February 2013	
Harry Curran	12 August 2013	
Michael McPake	18 February 2013	
Allan Graham	18 February 2013	
Alan Stevenson	18 February 2013	
June Murray	4 February 2013	20 May 2013
Brian Wallace	18 February 2013	15 August 2013
<b>Independent Directors</b>		
James Law	15 April 2013	
John Lambert	15 April 2013	
Alison Denvir	15 April 2013	
Adam Smith	15 April 2013	
Scott Lamond	15 April 2013	
Karen Fleming (Trade Union Director)	12 November 2013	

**Secretary** June Murray

**Culture NL Manager** Jillian Ferrie

<b>Registered Office</b>	<b>Bankers</b>
Summerlee Museum of Scottish Industrial Life	Clydesdale Bank
Heritage Way	43 Hamilton Road
Coatbridge	Motherwell
Lanarkshire	ML1 3DD
ML5 1QD	

<b>Auditor</b>	<b>Solicitors</b>
Scott-Moncrieff	Anderson Strathern
Exchange Place 3	1 Rutland Court
Semple Street	Edinburgh
Edinburgh	EH3 8EY
EH3 8BL	

<b>Charity registration number:</b>	SC435540
<b>Company registration number:</b>	SC043891



**CultureNL Limited**  
**Trustees' Report**  
**For the period 26 October 2012 to 31 March 2014**

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The trustees are pleased to present their report (including their strategic report) and financial statements for the period 26 October 2012 to 31 March 2014.

**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 1 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 12 of 13 trustees (directors). Six Partner Directors are elected members of North Lanarkshire Council; 5 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, yet to be appointed, is one Employee Director.

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 Directors 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 Director 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.

The Board has undertaken specific training and legal guidance on the role and responsibilities of a Director under both charity and company law. During the induction process, the 3 year Business Plan



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and Financial Forecast was given to each Director. Further training will be made available from suitably qualified staff as required by the Board.

The Board has appointed an Audit 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 Manager reports to the Board of Trustees and is responsible for the operational management of the organisation.

### **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.

### **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) 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.

### **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.

### **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

### **Meeting Our Objectives**

*Inspire, Experience, Live* – Culture NL Business Plan

Currently we are working within a 3 year business plan which will be reviewed annually by the CultureNL Board of Directors.

In year 1 we set ourselves a very challenging range of aims and objectives, some of which have been fully realised and others completed later in 2014.

Our year 1 objectives were as follows:-

**Review the Council's Cultural Strategy and develop an action plan for implementation from 2013 onwards.**

Status – desk top review of strategy complete; action plan to be completed and issued.



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

Status – HR team recruited and staff engagement sessions commenced; one to one meetings scheduled; format for PRD to be agreed and rolled out across the service; current focus is on identifying skill gaps and training needs.

**Develop accurate and appropriate performance measures that reflect the contribution of cultural services to local and national priorities and establish a performance monitoring and review framework that meets both Board and Council requirements eg progress How Good Is Our Culture & Sport?**

Status – Working group established; key service measures reviewed and appropriate, measurable targets agreed; How Good Is Our Culture and Sport? service review undertaken; monitoring framework established.

**Establish a baseline for monitoring employee and customer satisfaction going forward by undertaking surveys annually and reporting on findings on an annual basis via staff newsletter, poster displays, staff meetings**

Status – baseline questions agreed to ensure consistency across the service and to ensure consistent approach to analysis of completed questionnaires. Staff survey issued May 2014.

**Produce a marketing and communications strategy on the range of cultural activity provided to/by residents, visitors, staff and partners and identify a marketing budget for CultureNL as an entity. Encourage greater cross sectional working and joint marketing of projects in order to increase market saturation. Monitor uptake via surveys at events and activities and on website to identify how awareness of the event/activity was made**

Status – marketing and programming working groups convened; marketing audit completed; marketing strategy and action plan drafted ready for implementation; surveys drafted to ensure consistency; review of existing programming activities ongoing and new programming opportunities identified.

**Develop service standards in response to customer feedback, through knowledge of competition and service trends to ensure community/individual needs are met. Consult on draft standards with customer base**

Status – working group convened; existing service standards reviewed and a benchmarking undertaken; standards produced, consulted upon and now ready for implementation.

**Review catering operation in accordance with customer and business need and develop operational practices in order to achieve continuous improvement**

Status – independent consultant appointed to review the catering operation and final report received; implementation on the review findings due to commence summer 2014.



**Gain a better understanding of our customer segmentation by surveying visitors and customers on a 6 monthly basis, conducting focus groups and reporting on findings on an annual basis via website, publications and poster displays in facilities. Establish trends in customer needs and improve the visitor/customer experience in order to increase attendance**

Status – surveys created and survey plan due for completion in 2014.

**Introduce new initiatives to encourage participation in cultural activity eg Culture Card Concession**

Status – working group convened and review of existing arrangements of concessionary scheme 'Passport to Leisure' underway. Further work required with IT prior to progressing.

**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 – relevant external funding applications continuously submitted as relevant throughout the course of the year.

**Establish and operate a dedicated website for CultureNL by linking existing microsites and complying with CultureNL housestyle**

Status – website completed and now under test

**Undertake a review of facilities in order to identify properties suitable 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 – initial review of properties completed and £1.2million towards the project allocated from North Lanarkshire Council for spending from 2014/15 onwards.

## STRATEGIC REPORT

### Achievements and Performance

#### Results at a Glance!

*13,000 Facebook users*

*4000 followers on Twitter*

*30,158 people attending community arts classes and workshops*

*£4,781,996 income generated*

*£149,000 external funding secured.*

*172,066 visits to museums*

*97 % occupancy at Motherwell Theatre pantomime*

*360,518 people using of public access terminals in libraries*

*2,494,567 total transactions made to library customers*

*32,705 lets booked at community facilities*

*4 star visitor attraction status retained at both Summerlee Museum of Scottish Industrial Life and North Lanarkshire Heritage Centre*

#### Arts and Venues

As a cultural trust we have continued to play a key role in encouraging creativity, learning and participation across a range of artforms including dance, drama, music, cinema, 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

Whilst for some ticket sales may have struggled recently due to the financial climate we were delighted with the final sales of the 2013 Motherwell Theatre pantomime *The Wizard of Oz*. All of our previous box office records were exceeded, with over 5000 more people attending compared to the previous year, a 4 star review in the press and over £360,000 worth of income generated via ticket sales – hopefully a sign of things to come!

We were pleased to bring back to Motherwell Concert Hall the Annual Beer Festival after a 6 year absence and we intend to further develop this event to increase the customer offer with links in future to cinema and sporting events.

The Community Arts team continues to deliver quality arts activities in various localities across North Lanarkshire. Our weekly class programme and other activities and events have engaged with more than 30,000 local people in the last year. Holiday programmes remain popular with our young participants and over the year we have seen children and young people engage in visual arts, crafts, music, theatre schools and film making.

In 2013 North Lanarkshire Youth Theatre participated in the prestigious 'Connections' programme run by the National Theatre of England which celebrates new plays performed by young people. Our youth theatre took their work to the Lyceum Theatre, Edinburgh in June where they showcased 'Ailie and the Alien' after previously performing it in Motherwell Theatre. All cast members agreed that it had been a tremendous experience, lots of hard work, but well worth the effort. The Community Arts team works hard to offer similar creative experiences to arts class participants whether it be through working with a professional artist or photographer on a weekend 'master class' for adults or joining in an Encounters Festival workshop during the month of October when our annual cultural festival takes place.

2013 was the year of 'Celebrating Lanarkshire' and having secured funding from Creative Scotland the arts and venues teams produced a fashion show featuring hundreds garments specially created by arts students from over 20 North Lanarkshire high schools. As part of the same celebratory project we ran a Lanarkshire Music Festival and arranged a 6 month artist in residence scheme, with accompanying exhibition, based at Summerlee Museum.

### **Play Services**

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

### **Highlights**

During 2013/14 the Play Services team secured £354,000 in external grant funding to develop play facilities in North Lanarkshire and much of this has been in association with community groups. This funding was given to NLC. They built 8 new play facilities totalling £1,035,224, including play areas, multi use games areas and bike tracks and the team is currently working on a further 20 play facility projects for the future including parkour courses and kickabout areas.

Play Services had a successful summer programme of children's play activities. Play Day 2013 at Summerlee Museum had the best attendance ever for this event with 4700 people attending. This linked into a celebration which marked the one year countdown to the 2014 Commonwealth Games as well as celebrating the child's right to play. A further 3639 children and adults participated in 5 fundays and 10 'pop put to play' locations which formed the Play Services summer programme.



## **Museums and Heritage**

Our flagship museum is the 4 star visitor attraction, Summerlee Museum of Scottish Industrial Life in Coatbridge. With over £10 million invested in 2008/9 and subsequent external funding secured to further develop aspects of the site, we welcome over 150,000 visitors per year. Summerlee provides a home for permanent displays of social and industrial history, industrial machinery, trams, a coal mine and miners row, touring exhibitions, our own curated exhibitions and a Photomedia Studio.

A number of small museums are located within library buildings or community facilities in Cumbernauld, Kilsyth, and Shotts, and our other major facility is North Lanarkshire Heritage Centre in Motherwell – a gallery, learning resource and display area which also houses the North Lanarkshire archives along with local studies. A regular programme of talks and special events runs at a number of museum sites.

Three staff teams operate within the museum and heritage section – curatorial, visitor services and learning and access.

## **Highlights**

In 2013/14 the curatorial team delivered a temporary exhibition programme within Summerlee Museum, North Lanarkshire Heritage Centre and Airdrie Town Hall with the museum collections used to explore a wide range of topics from beauty, celebrations, cinemas and railways, to alcohol culture and aging.

Over the past year Summerlee has been home to 2 successful artists in residence programmes. Bellshill born artist Ally Wallace set up his studio in the exhibition hall to produce a series of works in response to the museum environment, while littlewhitehead produced a fascinating piece in the canal – a building partially submerged in the water! Ally's work was funded by Creative Scotland as part of the Celebrating Lanarkshire 2013 project whilst littlewhitehead's work was part of the Iconic Artists project funded by Museums Galleries Scotland and Creative Scotland. Both Museums and Creative Services staff worked with littlewhitehead to deliver a temporary exhibition which also featured a thought provoking film of Motherwell's Glencairn Tower work by award winning film maker Chris Leslie.

The team also worked on the redevelopment of permanent exhibition spaces in both Cumbernauld Museum and North Lanarkshire Heritage Centre. Cumbernauld Museum, situated within Cumbernauld Library, was recently completely refurbished with new objects and interpretation now on display. The redevelopment has been a major success with 12,000 people visiting since its reopening in August 2013. Work is now underway on the creation of a new exhibition space in the Viewing Tower of North Lanarkshire Heritage Centre. The Museums service was awarded £40,000 from Museums Galleries Scotland to engage with local communities to create new displays to tell the story of the history of the area from Roman times to the present day.

Curators and documentation staff have also been working to preserve, catalogue and increase public access to the museum collections. The Social History store at Summerlee Museum is undergoing a

major reorganisation as a result of securing funding from Museums Galleries Scotland for new storage systems. This will increase access to the collections and greatly improve the standards of collections care. The curatorial team also delivered a series of successful public tours of the Industrial History store, with more to come in 2014.

The Learning and Access team contributed to the Museums exhibitions programme with a number of community exhibitions including Airdrie Embroiderers Guild and Lanarkshire Family History Society and both societies also provided demonstrations and talks.

The museums outreach programme included a joint project with NHS Lanarkshire for reminiscence resources plus a project with CultureNL's Community Arts team working with residents of the Muir Street towers in Motherwell. As part of the annual Encounters festival the outreach team provided a number of events and activities including a new singing musical reminiscence session called 'In the Mood' which has proved popular with day centres and care homes as part of the team's ongoing work with older people in the community. Overall, the outreach programme in 2013 saw over 3500 users in a variety of settings.

Throughout North Lanarkshire the museum learning and access team was out and about delivering a range of fun summer activities. Making use of museums in Coatbridge, Motherwell, Shotts, Cumbernauld and Colzium over 2000 children took part in special themed activities learning about the Romans, canals, science, art and knights and castles.

The schools programme saw new workshops developed with December being a particularly busy month thanks to Mrs Claus and Mr Christmas workshops! Kids Take Over Day on 28 November at Summerlee saw over 100 pupils from a local primary school put on exhibitions as well as show and talk about their work to visitors. Pupils from 3 other local primary schools also participated in creative projects as part of the Vulcan boat refurbishment.

Both Summerlee and North Lanarkshire Heritage Centre retained their '4 star visitor attraction' status following assessment by VisitScotland. At Summerlee 2013/14 saw extensive work undertaken on the Steam fleet with our Firequeen steam boat having her hull restored and a new engine manufactured, which will lead in due course to a launch on the Monkland Canal. Our Fowler steam roller has also undergone some major work and we hope to see her return to 'active duty' on site during 2014.

Throughout the latter part of 2013/14 extensive refurbishment work took place on the Vulcan, a replica of the first iron barge manufactured in Scotland. Working with Scottish Canals on their Monkland Canal development, the Vulcan is now fully refurbished and has returned to sit on the canal within the museum grounds. It is now in the process of being fitted out ready to welcome both school visitors and the general public.

The museums visitor services and site teams have developed a successful partnership 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, there have been significant improvements made to frontline service provision for customers since 1 April 2013 within this section with many of the changes made as a direct result of staff and customer feedback.

### **Highlights**

Some examples of improvements to facilities include an internal and external refurbishment of Jim Foley Community Centre and Auchinloch Hall along with an internal refurbishment of Cleland Senior Citizens Centre, whilst Old Monkland Community Centre saw roofing works and toilet refurbishment taking place.

In addition to these capital works, improvements funded by NLC to the value of £150,000 have been carried out across the estate with work ranging from replacing floors to improving safety, security and access.

The facilities team is delighted that with the creation of CultureNL our caretakers, centre supervisors and cleaning staff within community centres have now merged with the facility management team. The merging of facilities and staffing functions has brought many benefits and streamlined the way in which the section operates.

Ninety facilities staff attended meetings in November 2013 which gave front line staff an opportunity to meet the new management team for Facilities and raise any issues or make suggestions for service improvement. As a direct result of these meetings staff training on intruder panels and fire panels was rolled out from December onwards and to date approximately 85% of caretakers and centre supervisors have received refresher training. Further refresher training for fire awareness and safe manual handling has also been programmed.

## **Libraries and Information**

CultureNL has continued to modernise, digitise and promote library services relevant to 21<sup>st</sup> century living. We manage 24 public libraries as well as a mobile service, homebound services, T space for teens and a logintolearn service. Libraries lend books, console games, DVDs and CDs as well as offer public access computing and the opportunity to attend book groups, BookBug sessions, author visits, storytelling and special events.

### **Highlights**

In 2013 Libraries were successful in a bid to host a Reader in Residence post funded by Book Trust and Scottish Libraries and Information Council. As the holder of one of only 3 such posts in Scotland, Jane Graham worked with libraries over the year to develop reading related activities including developing a monthly e-mail newsletter for young people; a drowned villages poetry writing competition to celebrate Bothwellhaugh and its link to the Commonwealth Games in Strathclyde Park; Romans in Cumbernauld and Kilsyth; and the Airdrie Observatory.



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Successful bids were also submitted to secure author visits from Australia based Graeme Simsion of 'The Rosie Project' and Damian Barr of 'Maggie and Me' fame, all of which comes hard on the heels of a highly successful Book Week Scotland in November/December 2013 which saw 115 events take place in CultureNL libraries.

A successful funding bid to Reshaping Care for Older People saw the establishment of a programme of events in Kilsyth Library. A CultureNL team effort, library staff liaised with colleagues in both museums and heritage and community arts to plan a programme incorporating internet taster and e-book sessions, family history and local studies, digital photography, creative writing and storytelling and meet the author sessions.

Libraries secured a one year contract to supply European Computer Driving Licence training and certification to all North Lanarkshire Council skillseekers and modern apprentices, thereby securing a steady income stream for CultureNL. The IT Digital Connections project secured £11,943 from the Scottish Government's Public Library Improvement Funding for Community Engagement. This project delivers drop in surgeries and courses in libraries on how to get the best from new technologies such as smartphones, e-readers, android tablets and iPads.

CultureNL secured funding from North Lanarkshire Council to replace aged public access computers in libraries and museums and to fund a new Windows 7 compliant build for all public access computers. This upgrade will enhance the customer experience and address the continuing demand for access to digital services from North Lanarkshire residents.

Within the Children's Library Service the Bookbug programme goes from strength to strength with 41 groups meeting weekly and over 500 children attending and last summer saw a successful reading programme delivered across North Lanarkshire when over 2500 children and young people signed up for the challenge. The Primary Reading Quiz has also gone from strength to strength with 34 schools from across the authority taking part this year whilst the children's programme for the annual Encounters cultural festival now hosts a wide range of events with over 1400 children attending in October 2013.

#### **Plans for Future Periods**

Our first year as Culture NL has been very productive and both the arts and venues teams look forward to continued creativity in North Lanarkshire as we further develop the organisation. In 2014 we are actively involved in the Glasgow 2014 Commonwealth Games – providing events and celebrations for the Queen's Baton Relay and providing community cultural activity at the Triathlon and Cycling Time Trial events which are being held in North Lanarkshire. We are due to launch a full cinema programme at Airdrie Town Hall and develop our wedding and function markets within our major venues.

In 2014/15 a Play Services strategic plan will be developed in order to inform future spend, investment and prioritise workload. A conditions survey of all play areas, multi use game areas, bike tracks and parkour courses will be undertaken and the information obtained will inform the development of the strategy.

**CultureNL Limited**  
**Trustees' Report**  
**For the period 26 October 2012 to 31 March 2014**

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Within museums we have made several steps towards improving our visitor experience eg by purchasing electronic visitor counters at Summerlee, the development of interactive visitor survey systems for all our museums and our venture into social media. We are also in the process of improving our signposting and information provision with additions to existing brown tourist signs and improved promotional leaflets for distribution.

The Vulcan will officially reopen in late Summer 2014 and this period will also see the launch of the newly restored Compton Cinema Organ. With a new exhibition on the history of cycling scheduled to open at Summerlee in July to coincide with the Commonwealth Games, a full programme of activity proposed to commemorate the centenary of World War One, and a number of external funding bids submitted in order to further develop the service we will continue to look after North Lanarkshire's past and future.

In 2014/15 £1.2 million will be invested in many of our community facilities to improve public access and address DDA issues. Many of our facilities require investment and improvement and working with North Lanarkshire Council this major investment is vital to increasing income generation and benefiting the communities we serve.

The library service will be reviewed in 2014 in line with our business plan objectives. The aim of the review is to ensure we provide a fit for purpose library service which suits customer needs and continues to recognise the increasing importance of the digital agenda. E books will be further developed and wi fi installed in a number of our larger libraries. The library section is heavily involved in the Encounters Cultural Festival and is leading on a combined funding bid to support the World War One commemorative events scheduled from 2014-2018. Two new, branded mobile libraries will shortly be in service and like community facilities, libraries across North Lanarkshire will benefit from future capital investment. Currently partnership developments with North Lanarkshire Council Housing and Social Work and with NHS Lanarkshire are underway with new libraries due for completion in both Cleland and Wishaw.

**Other Significant Developments within CultureNL**

Further developments achieved from 1 April 2013 include:- a new digital cinema opened at Airdrie Town Hall; the Library and Information Service was inspected under the Public Library Quality Improvement Matrix inspection model and two areas of the service were inspected – 'meeting readers needs' and 'learning experiences' – and the service was awarded level 5 (very good) for both areas; external funding bids were secured for developments in the Encounters Cultural Festival, North Lanarkshire Heritage Centre, the Library Service and Summerlee Museum; the CultureNL Encounters Team won 'Team of the Year' at North Lanarkshire Council's Corporate Awards 2013; Motherwell Concert Hall and Theatre won runner up for best local Scottish theatre on the Netmums website; and Motherwell Concert Hall and Theatre hosted the homecoming event for X Factor finalist Nicky MacDonald in December with footage aired on ITV during the X Factor final.



## **Looking Forward**

Looking ahead our next year will see the further development of a number of plans and strategies within CultureNL including arts, funding, retail, libraries, museums, events and programming, and health and wellbeing strategies. Following significant investment in our facilities, 2014 will see a full monitored maintenance plan produced for the full CultureNL estate and a review of all health and safety policies and procedures will take place to ensure consistency and safety across the organisation.

2014 brings CultureNL to the heart of the Glasgow 2014 Commonwealth Games, providing cultural activity at the Queen's Baton Relay, the Triathlon events in Strathclyde Park and at the Cycling Time Trial event in Auchinloch, Stepps, Moodiesburn and Chryston.

## **Disabled Employees**

Culture NL is committed to adhering to the provisions relating to Disabled employees under the Equalities Act. Any application meeting the minimum requirements of the post will be interviewed and given full consideration.

For existing employees who become disabled Culture NL will provide additional training and make all reasonable adjustments to enable the employee to continue in their role in Accordance with the provisions of The Equalities Act 2010.

## **Employee Information**

Employees are updated regularly by management on all areas of performance of Culture NL through regular meetings and ongoing discussions. An employee survey was established during 2013 and each employee received a newsletter from the Culture NL manager on the first year of operation. A new dedicated website will enable staff to be kept aware of a wide variety of information.

## **Financial Review**

The company incorporated on 26 October 2012 and began trading from 1 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 and retail activity. The consolidated financial results are covered below.

The period to 31 March 2014 was the charitable company's first year of activity. In the period, CultureNL reported an unrestricted surplus (including the results of the trading subsidiary) of £1,061,384.

The trusts wholly owned subsidiary, Culture NL trading c.i.c, achieved a break-even position for the period to 31 March 2014. The principal activity of the trading company is the provision of catering and retail services.

At 31 March 2014 the FRS 17 pension valuation of the pension scheme resulted in a net pension liability of £228,000 this being recognised in the Balance Sheet. The valuation has resulted in an actuarial loss of

**CultureNL Limited**  
**Trustees' Report**  
**For the period 26 October 2012 to 31 March 2014**

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£947,000 being recognised in the Statement of Financial Activities in the period. 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 first period and the first 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.

**Principal funding sources**

CultureNL received a management fee of £14,554,800 from North Lanarkshire Council in the period ended 31 March 2014. Funds were also received from a number of funding partners during the period (see note 12 on page 36).

**Investment policy**

The charitable company has a high interest account with automatic transfer of funds at defined thresholds. This account has generated interest of £29,067 during the period.

**Reserves policy**

It is the intention of the Board to accumulate a reserves fund to provide some protection and mitigate against future economic conditions. During the period the Board agreed that an unrestricted reserve of £800,000 of operational income be built up over the coming years. The policy will be 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 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 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.

**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;



**CultureNL Limited**  
**Trustees' Report**  
**For the period 26 October 2012 to 31 March 2014**

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- 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
- increased efficiency savings targets
- failure to adapt to external factors eg 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

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 8<sup>th</sup> July 2014 and signed on its behalf by:



Heather McVey  
Chair of the Board

**CultureNL Limited**  
**Independent Auditor's Report**  
**For the period 26 October 2012 to 31 March 2014**

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

We have audited the group and parent company financial statements (the "financial statements") of CultureNL Limited for the period ended 31 March 2014 which comprise the Group Statement of Financial Activities (incorporating the Income and Expenditure Accounts), the Group and Company Balance Sheets, the Group Cash Flow Statement 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).

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 Trustees' Responsibilities Statement set out on page 6, 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.uk/apb/scope/private.cfm](http://www.frc.uk/apb/scope/private.cfm).

**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 2014 and of the group's and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;



**CultureNL Limited**  
**Independent Auditor's Report**  
**For the period 26 October 2012 to 31 March 2014**

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- 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 and Strategic 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  
*Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*  
ExchangePlace 3  
Semple Street  
Edinburgh  
EH3 8BL

Date.....*8 July 2014*.....

**CultureNL Limited**  
**Group Statement of Financial Activities (incorporating the Income and Expenditure Statement)**  
**For the period 26 October 2012 to 31 March 2014**

	Notes	Operating Fund 2014	Restricted Funds 2014	2014
		£	£	£
<b>Incoming resources</b>				
Incoming resources from generated funds:				
- Commercial trading activities		1,357,364	-	1,357,364
- Investment income	2	29,067	-	29,067
- Sales income	2	112,226	-	112,226
		<u>1,498,657</u>	<u>-</u>	<u>1,498,657</u>
Incoming resources from charitable activities:				
- Management service fee		14,554,800	-	14,554,800
- Provision of Cultural and Related activities		3,133,754	149,585	3,283,339
- Other finance income	7	221,000	-	221,000
		<u>17,909,554</u>	<u>149,585</u>	<u>18,059,139</u>
<b>Total incoming resources</b>		<b>19,408,211</b>	<b>149,585</b>	<b>19,557,796</b>
<b>Resources expended</b>				
Provision of Cultural and Related activities	3	16,809,415	93,404	16,902,819
Governance costs	4	27,438	-	27,438
Commercial trading activities		1,377,728	-	1,377,728
Other resources expended		132,246	-	132,246
		<u>18,346,827</u>	<u>93,404</u>	<u>18,440,231</u>
<b>Total resources expended</b>		<b>18,346,827</b>	<b>93,404</b>	<b>18,440,231</b>
<b>Net movement in funds</b>		<b>1,061,384</b>	<b>56,181</b>	<b>1,117,565</b>
Actuarial gain/(loss) on retirement scheme		(947,000)	-	(947,000)
Opening balance (net pension liability)		831,000	-	831,000
		<u>-</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds after retirement benefit scheme (loss)</b>		<b>945,384</b>	<b>56,181</b>	<b>1,001,565</b>
<b>Fund balances at 31 March 2014</b>		<b>945,384</b>	<b>56,181</b>	<b>1,001,565</b>

None of the charitable company's activities were acquired or discontinued during the above period.

The notes on pages 26 to 40 form part of these financial statements.



**CultureNL Limited**  
**Group Balance Sheet**  
**As at 31 March 2014**

	Notes	2014 £
<b>Current assets</b>		
Stock	8	82,320
Debtors	9	1,400,377
Cash at bank and in hand		4,360,530
		<u>5,843,227</u>
<b>Creditors: Amounts falling due within one year</b>	10	(4,553,662)
		<u>1,289,565</u>
<b>Net current assets</b>		<u>1,289,565</u>
<b>Total assets less current liabilities excluding retirement benefit scheme</b>		<u>1,289,565</u>
<b>Retirement benefit scheme deficit</b>	7	(288,000)
<b>Net assets including retirement benefit scheme deficit</b>		<u><u>1,001,565</u></u>
<b>Funds – Unrestricted</b>	12	945,384
<b>Funds - Restricted</b>	12	56,181
<b>Funds</b>		<u><u>1,001,565</u></u>

The financial statements were authorised for issue by the Board on 8<sup>th</sup> July 2014



Heather McVey  
Chair of the Board

The notes on pages 26 to 40 form part of these financial statements

**CultureNL Limited**  
**Charity Balance Sheet**  
**As at 31 March 2014**

	Notes	2014
		£
Investments	17	1
<b>Current assets</b>		
Stock	8	42,886
Debtors	9	1,330,248
Cash at bank and in hand		4,356,970
		<u>5,730,104</u>
<b>Creditors: Amounts falling due within one year</b>	10	(4,440,539)
		<u>1,289,565</u>
<b>Net current assets</b>		<u>1,289,565</u>
<b>Total assets less current liabilities excluding retirement benefit scheme</b>		<u>1,289,566</u>
<b>Retirement benefit scheme deficit</b>	7	(288,000)
<b>Net assets including retirement benefit scheme deficit</b>		<u><u>1,001,566</u></u>
<b>Funds – Unrestricted</b>	12	945,385
<b>Funds - Restricted</b>	12	56,181
<b>Funds</b>		<u><u>1,001,566</u></u>

The financial statements were authorised for issue by the Board on 8<sup>th</sup> July 2014 by



Heather McVey  
Chair of the Board

Company number – SC435540

The notes on pages 26 to 40 form part of these financial statements



CultureNL Limited  
Cash Flow Statement  
For the period 26 October 2012 to 31 March 2014

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	Notes	2014 £
Cash Flow Statement		
Net cash inflow (outflow) from operating activities	13	4,331,463
Returns on investment and servicing of finance		29,067
		<hr/>
Management of liquid resources		4,360,530
		0
		<hr/>
(Decrease) / Increase in cash		<u><u>4,360,530</u></u>

## **1. Accounting Policies**

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and Statement of Recommended Practice –Accounting and Reporting by Charities (SORP 2005).

### **Income and expenditure**

Owing to the special nature of the business of the 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 – Accounting and Reporting by Charities (SORP 2005).

### **Basis of consolidation**

The group financial statements consolidate the charity and subsidiary undertaking for the financial year. The subsidiary has been restated for consolidation purposes in accordance with Financial Reporting Standard 2: Accounting for Subsidiary Undertakings in order to make the accounting policies applied uniform. No individual statement of financial activities is presented for Culture NL Limited, as permitted by section 408 of the Companies Act 2006.

### **Incoming resources**

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 certainty. 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.

### **Tangible Fixed Assets and Depreciation**

It is the policy of the charity to capitalise expenditure of a capital nature in excess of £6,000. Assets donated to the charity 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



### **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.

### **Pensions**

The charitable company operates a defined benefit scheme in respect of its employees. The assets of the scheme are held in external funds managed by professional investment managers.

In accordance with 'FRS 17 – Retirement Benefits', the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Income and Expenditure Account and Statement of Financial Activities. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between the actual and expected returns on assets during the period and changes in the actuarial assumptions are also recognised in the Statement of Financial Activities.

### **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.

### **Investments**

The investment in the subsidiary is held at cost.

### **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.

**CultureNL Limited**  
**Notes to the Financial Statements**  
**For the period 26 October 2012 to 31 March 2014**

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**Expenditure Recognition and Allocation**

Expenditure is recognised when a liability is incurred.

Where possible, expenditure has been charged direct to charitable expenditure or governance cost. Where this is not possible the expenditure has been allocated on the basis of time spent by staff 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.

**Taxation**

The company has charitable status and is therefore exempt from taxation under Section 505 of the Corporation Taxes Act 1968.

**Going concern**

The financial statements have been prepared on the basis of accounting policies that are consistent with the treatment of the charitable company as a going concern.

**2. Income**

	<b>Group</b> <b>For the period</b> <b>26 October 2012</b> <b>to 31 March</b> <b>2014</b> <b>£</b>
Bank and other interest	29,067
Sales income	112,226
Income from operating activities	3,133,754
Income from North Lanarkshire Council	14,554,800
Grant Income (note 12)	149,585
<b>Total Income (excluding other finance income, note 7)</b>	<hr/> <b>17,979,432</b> <hr/>



CultureNL Limited  
Notes to the Financial Statements  
For the period 26 October 2012 to 31 March 2014

3. Charitable expenditure

	Group For the period 26 October 2012 to 31 March 2014
Provision of Cultural and Related Activities	16,902,819

Analysis of resources expended and incoming resources

	Employee costs £	Property Costs £	Supplies & services £	Transport & Plant £	Admin £	P to A & OB £	Other costs £	Income £	(Surplus)/ Deficit £
Libraries	4,315,505	393,696	700,098	169,056	695,828	210	0	6,049,934	224,459
Museums	1,295,854	150,414	77,865	22,978	134,328	4,533	0	1,527,360	158,612
Creative Services	1,375,547	142,063	80,361	35,668	638,842	109	29,786	2,173,897	128,479
Community Facilities	3,095,600	2,118,627	138,361	19,382	198,066	0	27,495	5,824,311	(226,780)
Shops	0	0	16,848	0	0	0	0	80,147	(63,299)
Catering	772,865	9,613	531,792	28,030	35,681	640	0	1,357,365	21,256
External Funded Projects	0	0	12,927	0	80,317	0	0	93,404	(160)
Support Services	469,375	19,773	30,480	2,509	502,488	20,308	46,312	2,451,378	(1,360,133)
	<u>11,324,747</u>	<u>2,834,186</u>	<u>1,588,732</u>	<u>277,623</u>	<u>2,285,550</u>	<u>25,800</u>	<u>103,593</u>	<u>19,557,796</u>	<u>(1,117,565)</u>

#### 4. Governance Costs

	Group For the period 26 October 2012 to 31 March 2014
Audit and other accountancy fees	25,424
Legal Fees	1,888
Trustee expenses	126
	<hr/>
	27,438
	<hr/> <hr/>

#### 5. Staff Costs and Numbers

The remuneration and associated staff costs were as follows:

	Group For the period 26 October 2012 to 31 March 2014
Wages and salaries	9,210,999
Social security costs	533,547
Other pension costs	1,580,201
	<hr/>
	11,324,747
	<hr/> <hr/>

No employees of CultureNL received emoluments above £60,000.



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

	Charity For the period 26 October 2012 to 31 March 2014 Number	Group For the period 26 October 2012 to 31 March 2014 Number
Full-time	236	246
Part-time	470	535
	<u>706</u>	<u>781</u>

The above number of employees relates to 469 Full Time Equivalents for the group.

No member of the Board received remuneration from Culture NL Ltd other than Directors Indemnity insurance and travel expenses of £126.

## 6. Operating Surplus

	Group For the period 26 October 2012 to 31 March 2014 £
The operating surplus is stated after charging/(crediting)	1,117,565
Auditors' remuneration (including expenses) for audit	25,424
for other services	1,888

## 7. Pension Costs

CultureNL Limited is an admitted body of the Strathclyde Pension Fund. The Superannuation Fund is a defined benefit scheme into which employee' 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 31 March 2014 and following this valuation employer's contributions increased to 19.9% for the years ended 31 March

**CultureNL Limited**  
**Notes to the Financial Statements**  
**For the period 26 October 2012 to 31 March 2014**

2015 and 2016 respectively. Employer's contributions for the period 31 March 2014 amounted to £1,134,828 and was based on a 19.3% contribution.

In accordance with FRS 17 – Retirement Benefits – a valuation of the fund was carried out at 31 March 2014, by Hymans Robertson, independent actuaries. Hymans Robertson calculated the pension assets and liabilities as at 31 March 2014 by rolling forward its full actuarial valuation, allowing for the changes in financial assumptions as prescribed under FRS 17.

The main assumptions used in the calculations are:

	<b>1 April 2013</b> <b>% per annum</b>	<b>31 March 2014</b> <b>% per annum</b>
Inflation / Pension Increase Rate	2.8	2.8
Salary Increase Rate	5.1	5.1
Expected Return on Assets	5.2	6
Discount Rate	4.5	4.3

**Mortality**

Life expectancy is based on the Fund's VitaCurves with improvements in line with 80% of the Medium Cohort lagged for 10 years and a 1% p.a. underpin for males and a 0.75% p.a. underpin for females from 2011. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current Pensioners	21 years	23.4 years
Future Pensioners	23.3 years	25.3 years

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

	<b>1 April 2013</b> <b>%</b>	<b>31 March 2014</b> <b>%</b>
Equities	76	76
Bonds	14	12
Property	7	7
Cash	3	5

The estimated employer contributions for the year to 31 March 2015 are £1,220,000.



**CultureNL Limited**  
**Notes to the Financial Statements**  
**For the period 26 October 2012 to 31 March 2014**

The amounts recognised in the balance sheet are as follows:

	1 April 2013 £000s	31 March 2014 £000s
Present value of funded liabilities	(26,071)	(30,588)
Fair value of plan assets	26,902	30,300
<b>Net (under)/overfunding in funded plans</b>	<b>831</b>	<b>(288)</b>
Present value of unfunded obligations	0	0
Unrecognised past service cost	0	0
<b>Surplus/(Deficit)</b>	<b>831</b>	<b>(288)</b>
<b>Amount in balance sheet</b>		
Liabilities	0	(288)
Assets	831	0
<b>Net liability</b>	<b>831</b>	<b>(288)</b>

Analysis of the amount charged to net incoming resources:

	31 March 2014 £'000
Current service cost of the defined benefit scheme	1,574
Past Service Cost	0
Losses on curtailments and settlements	0
<b>Total</b>	<b>1,574</b>

Analysis of amount credited to incoming resources:

	31 March 2014 £'000
Expected return on employer assets	(1,433)
Interest on pension scheme liabilities	1,212
<b>Net return</b>	<b>(221)</b>

The actual return on plan assets was £1,861,000.

CultureNL Limited  
Notes to the Financial Statements  
For the period 26 October 2012 to 31 March 2014

## 11. Share Capital

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

## 12. Reserves

Funds (Company)	Designated £	General £	Restricted £	Pension £	Total £
Balance at 31 March 2014					
Represented by:					
Net current assets	565,000	668,385	56,181	-	1,289,566
Retirement benefit scheme				(288,000)	(288,000)
	<u>565,000</u>	<u>668,385</u>	<u>56,181</u>	<u>(288,000)</u>	<u>1,001,566</u>

Funds (Group)	Designated £	General £	Restricted £	Pension £	Total £
Balance at 31 March 2014					
Represented by:					
Net current assets	565,000	668,384	56,181	-	1,289,565
Retirement benefit scheme				(288,000)	(288,000)
	<u>565,000</u>	<u>668,384</u>	<u>56,181</u>	<u>(288,000)</u>	<u>1,001,565</u>

Unrestricted Fund	Opening Balance £	Incoming £	Outgoing £	Transfers £	Actuarial Loss £	Closing Balance £
Unrestricted fund	0	19,187,211	17,953,827	(565,000)	0	668,384
Designated fund	0	0	0	565,000	0	565,000
Pension reserve	831,000	221,000	393,000	0	(947,000)	(288,000)
	<u>831,000</u>	<u>19,408,211</u>	<u>18,346,827</u>	<u>0</u>	<u>(947,000)</u>	<u>945,384</u>



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<b>Restricted Funds</b>	<b>Opening Balance £</b>	<b>Incoming Resources £</b>	<b>Resources Expended £</b>	<b>Closing Balance £</b>
Encounters Festival (Funder Creative Scotland)	0	20,193	20,193	0
Creative Learning Network (Funder Scottish Government)		538	538	0
	0			
Celebrating Lanarkshire (Funder Creative Scotland)	0	52,674	52,674	0
Iconic Artist Iconic Places (Funder Museum Galleries Scotland)	0	8,937	8,937	0
Digital Connections (Funder SLIC)	0	11,943	7,547	4,396
Museum Improvement Care & Access (Funder Museum Galleries Scotland)	0	6,500	3,515	2,985
NHS Towers Project (Funder NHS Lanarkshire)	0	13,800	0	13,800
Commonwealth Games (Funder North Lanarkshire)	0	35,000	0	35,000
<b>Totals</b>	<b>0</b>	<b>149,585</b>	<b>93,404</b>	<b>56,181</b>

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.

Creative Learning Network Funding to develop 'Creative Learning Networks' across schools and the wider community. CultureNL worked with education to create arts and cultural initiatives that could deliver on the Curriculum for Excellence. The idea was that projects and initiatives were blogged about and shared so that the work became embedded in schools [and wider] and arts and culture was the vehicle through which this was done.

Celebrating Lanarkshire Funding to provide a year long series of events and activity, will build on existing cultural and other activity to highlight Lanarkshire in the most positive way.

Iconic Artist Iconic Places Funding to enable artist residences in museums and galleries. It gave artists unprecedented access to collections and they were asked to respond to the collections artistically and creatively, the resulting work was presented as an exhibition.

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.

Museum Improvement Care & Access Funding for new storage systems to increase access to the collections and greatly improve the standards of collections care.

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NHS Towers Project Funding to create/develop a community based project that will produce a DVD of the community's opinions of living in the Muirhouse Tower Blocks.

Commonwealth Games Funding: contribution to the Queens Baton Relay event and the associated Cultural Programme.

**13. Notes to the cash flow statement**

	£
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>	
Net incoming / (outgoing) resources	1,117,565
Interest received	(29,067)
FRS 17 costs	172,000
Increase in stock	(82,320)
Decrease in debtors	(1,400,377)
Increase in creditors	4,553,662
	<u>4,331,463</u>
<b>Net cash inflow from operating activities</b>	<b>4,331,463</b>

**Analysis of changes in net debt**

	At £	Cash Flows £	At £
Cash at bank and in hand	0	4,360,530	4,360,530
	<u>0</u>	<u>4,360,530</u>	<u>4,360,530</u>

**Reconciliation of net cash flow to movement in debt**

	2014
Net (decrease)/increase in cash	4,360,530
Net funds at 26 October 2012	0
	<u>0</u>
Net funds	<u>4,360,530</u>

**14. Related parties**

North Lanarkshire Council, the sole member of Culture NL, made a contribution in line with the Services Agreement of £14,554,800. 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 company was charged £1,445,204. In addition to this they also carried out a central property repairs and management function which we were charged £849,028. At 31 March 2014 Culture NL owed North Lanarkshire Council £3,451,856 and NLC owed CNL £535,738. Six Directors of Culture NL were elected members of North Lanarkshire Council during the period ended 31 March 2014.

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Exemption has been undertaken under Financial Reporting Standard 8, from disclosing related party transactions in the company's financial statements as they are presented with the group's consolidated financial statements.

**15. 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.

	Other £	2014 Total £
<b>Annual commitments under non-cancellable operating leases are as follows:-</b>		
<b>Operating Leases which expire:</b>		
In the first year	0	0
In the years second to fifth	7,856	7,856
	<u>7,856</u>	<u>7,856</u>

**16. Parent charitable company results**

Included below are details of the results of the parent company for the period to 31 March 2014:

	For the period 26 October 2012 to 31 March 2014 £
Incoming resources	(18,199,859)
Outgoing resources	17,082,294
Net movement in funds	(1,117,565)
Net movement in funds (after retirement benefits scheme and transfers between funds)	(1,001,565)



**CultureNL Limited**  
**Notes to the Financial Statements**  
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**17. 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 period 4 February 2013 to 31 March 2014 (before eliminating intercompany trading) are shown below. Audited accounts are filed with Companies House.

**For the period 4 February 2013 to 31  
March 2014**

	£
<b>Turnover</b>	<b>1,377,523</b>
Cost of Sales	(1,340,120)
Gross Profit/(Loss)	37,403
Administrative expenses	(37,403)
Profit/(loss) for the year	0

CultureNL Trading C.I.C reported £1 net assets as at 31 March 2014.

**18. Non-Audit Services**

In common with many other companies and charities of a similar size, the company's auditor assists with the preparation and submission of returns to tax authorities.