



CultureNL Limited
(A company limited by guarantee)

Report and Financial Statements

For the year ending 31st March 2017

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 2017

Contents

	Pages
Welcome from the Chair	1
Introduction from CultureNL Chief Executive	2
Trustees' Report (incorporating the Trustees' Strategic Report)	3
Independent Auditor's Report	22
Consolidated Statement of Financial Activities	25
Parent Statement of Financial Activities	26
Consolidated Balance Sheet	27
Charity Balance Sheet	28
Statement of Cash Flows and Consolidated Statement of Cash Flows	29
Notes to the Financial Statements	30

I'm delighted to present the 2016/17 Report and Financial Statements for CultureNL Limited. Now completing our fourth year, 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.

The past year has seen the organisation continue to thrive, attracting millions of service users to our facilities and to participate in our activities, whilst generating significant levels of income and continuing to secure external funding from a variety of sources.

In these difficult financial times, 2016/17 saw CultureNL faced with the challenge of securing savings of over £1 million whilst also funding cost pressures of £500,000. In order to meet this significant challenge we had to make some very difficult decisions and undertake service reviews across the organisation.

Despite this financial challenge CultureNL continued to develop. We undertook refurbishment work in a number of centres to ensure they remain attractive and fit for purpose; our 2016 pantomime broke all previous box office records; we saw our catering service continue to expand and thrive; and we generated additional income through a number of new service developments. Success in generating additional income enables continuing reinvestment in the service whilst also preparing for future budget reduction.

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 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 challenging 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

2016/17 saw us continue to 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.

Whilst working within a new 3 year business plan, the past year also presented a number of challenges and unforeseen resource intensive events including a requirement to secure significant efficiency savings and fund cost pressures whilst also undertaking a full best value review of CultureNL as required by North Lanarkshire Council.

By working hard to ensure that we provided an excellent service across the organisation we achieved our substantial efficiency savings target through prudent financial management; service review and restructure; strategic use, review and rationalisation of properties; increased income generation; investment in efficient energy systems; and extension of area facility letting plans. A further savings plan is in place for 2017/18.

Pressures aside, 2016/17 saw income increase by 3.4%; sickness absence reduce by 1.31 full time equivalent days lost per employee; complaints reduce to 84 during the year; with 97.3% of business plan actions either completed or on track.

Key targets achieved during the year include:- the completion of a library review, along with the achievement of associated budget savings and the launch of a library action plan; a review of primary school letting in order to realise operational and staffing efficiency; completion of 3 year development plans relating to museums and heritage and to community arts; completion and operation of Cumbernauld Community Enterprise Centre; completion of a second staff survey; development of a CultureNL induction pack and creation of a staff development budget; creation of cross sectional programming and business development groups; and the retention of Visit Scotland 4 star status for Summerlee Museum of Scottish Industrial Life and for North Lanarkshire Heritage Centre.

Besides achieving the required efficiency savings of £1.5 million we realised over £5 million of income and also secured over £1.4 million from external sources.

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 2017

The trustees are pleased to present their Report and Financial Statements for the year ending 31st March 2017.

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 2016-2019 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 2016/17.

Meeting Our Objectives

Inspire, Experience, Live – CultureNL Business Plan

Currently we are working in accordance with our second 3 year Business Plan (2016-2019) 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. The aims and objectives for 2016/17 are set out below with 97.3% of targets being on track or completed and only one target, or 2.7%, not yet started. The objectives and indicators measuring performance for activity undertaken in 2016/17 are detailed below with level of achievement indicated.

Convene a cross sectional programming working group and develop a new programming strategy

Status – Amber, in progress. Programming group was convened and the strategy is now under development in order to create stronger links between the organisation's vision and individual service delivery.

Deliver the remainder of a 4 year programme of activity commemorating World War One

Status – Green, complete. A programme of exhibitions, workshops, activities, events and screenings took place in a variety of venues in order to raise awareness of the WW1 commemorations and also increase participation in cultural activity.

Undertake review of community arts provision

Status – Green, complete. A review, rebrand and re-launch of the community arts programme took place during Autumn/Winter 2016 in order to raise the profile further of community arts and also increase income.

Complete the review of the library service

Status – Green, complete. Structural changes complete; action plan developed and efficiency savings achieved.

Complete review of museums structure

Status – Amber, in progress. Due to the resourcing of the library review the timescale for this action slipped slightly and will now be completed in 2017/18. The review is intended to realise greater operational efficiency; determine service requirements and realise a budget saving.

Realise in full the catering action plan

Status – Green complete. Catering operation monetary success highlighted via an action plan; review of staff training needs undertaken along with review of customer offer and further development of function market is underway. Capital investment identified and new marketing strategy developed.

Continue development of Encounters Festival

Status – Green, complete. Annual festival held in October 2016, securing external funding, raising the profile of CultureNL, increasing cross sectional team work and cross selling of events and activities.

Undertake benchmarking and increase partnership working with external providers to support the development of cultural opportunities and improve participation in arts and culture from 2016 onwards

Status – Amber, in progress. Benchmarking partners are being identified in order to provide best practice/continuous improvement opportunities. CultureNL aims to actively develop new partnerships linked to business aims and objectives and customer needs.

Further develop service integration and cross service working/cross selling of services

Status – Green, complete. A number of working groups have been developed eg Encounters, business development, programming. Supplemented by regular meetings of the management team this has led to an increased awareness amongst managers particularly relating to performance management reporting and working together to achieve business aims.

Demonstrate continuous improvement and efficient and effective service delivery

Status – Green, complete. CultureNL retained or improved external accreditations from bodies such as VisitScotland, Museums Galleries Scotland etc. Dates for reassessment identified and action plans developed. Any under performance in any aspect of the organisation is addressed during the quarterly reporting process.

Review marketing plan and develop the role of the marketing team

Status – Amber, in progress. Whilst a few actions from the original marketing plan remain to be completed, an updated plan is being drafted to coincide with the 2016-2019 business plan.

Establish baseline for monitoring customer satisfaction and gain better understanding of customer segmentation

Status – Amber, in progress. Focusing on customer engagement, consultation processes, plans and timelines we aim to establish trends in customer needs and improve the visitor/customer experience in order to increase income/attendance, whilst attracting new customers across the spread of the organisation.

Secure feedback from partners, stakeholders and employees following CultureNL's first 3 years in operation

Status - Green, complete. Customer surveys have been undertaken in accordance with our engagement plan; a second employee survey has been completed and feedback secured will be used to inform future developments.

Convene Business Development working group

Status – Green, complete. A cross sectional group was convened to ensure the organisation takes a co-ordinated approach to business development, achieves income targets and ensure that the business function of the organisation remains one priority.

Develop a 3 year museums and heritage action plan

Status – Green, complete. Both strategically and operationally this plan highlights priority actions for the service from 2016 to 2019.

Develop a 3 year arts action plan

Status – Green, complete. Both strategically and operationally this plan highlights priority actions for the service from 2016 to 2019.

Develop a 3 year libraries action plan

Status – Green, complete. Both strategically and operationally this plan highlights priority actions for the service from 2016 to 2019.

Develop a Culture and Wellbeing Strategy

Status – Red, behind schedule. Literature review complete however 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 2017/18.

Continue to work with the How Good is Our Culture & Sport self evaluation framework

Status – Green, on track and due to recommence August 2017. CultureNL will undertake the self evaluation process, focusing on one quality indicator every 12-18 months.

Develop and monitor maintenance plan

Status – Green, complete. Linked to individual section plans and our Property Maintenance SLA we aim to create one overarching maintenance plan for CultureNL enabling further ongoing monitoring of budget and revenue spend.

Review support services function

Status – Green, complete. Service Level Agreements reviewed annually to ensure best value and fit for purpose.

Re-appoint Board of Directors or recruit/appoint Directors in line with CultureNL recruitment/nominations guidelines

Status – Green, complete. Board recruitment was completed in November 2016 with all existing independent directors seeking renomination thus providing continuity amongst Directors.

Ensure staff are equipped to fulfil their role in the organisation

Status – Green, one action outstanding. New induction programme launched early 2017 with mandatory training for different levels of staff being developed. A draft revised PRD scheme 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.

Develop heritage centre/café within Colzium Estate, Kilsyth

Status – Green, complete. Working alongside North Lanarkshire Council's Regeneration Services the existing Clock Theatre building has been refurbished into a small heritage centre/café with public toilets.

Commence operation of Cumbernauld Community Enterprise Centre

Status – Green, complete. Commenced operation July 2016 and operating in accordance with approved business plan.

Undertake review of health and safety risk assessments and safe systems of work

Status – Amber, in progress. Working group of employees, Board member and Trade Union representative convened with rolling programme for review to be determined.

Undertake 6 monthly review of risk register

Status – Green, complete. Management team review and update the risk register every 6 months and it is then presented to the CultureNL Audit & Governance group for comment.

Realise efficiency and cost pressure savings of c£1.53 million in 2016/17

Status – Green, complete. Savings package agreed and delivered.

Increase income level secured by 3% in 2016/17

Status – Green, complete. Income secured.

Maintain improvement in the trading company (catering)

Status – Green, complete. North Lanarkshire Council contribution to trading company reduced by March 2017 and catering now at break even position (excluding the impact of Auto enrolment).

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!

£5,197,978 income generated

£1,464,634 external funding secured

312,174 visits to museums (physical and online)

23,851 people attending community arts classes and workshops

38,000 tickets sold for the 2016 Motherwell Theatre pantomime

30% of North Lanarkshire population using digital services within libraries

1,387,750 customers using public libraries

1,089,671 people using community facilities

27,994 Facebook users

10,051 followers on Twitter

Retention of Visit Scotland 4* grading at Summerlee Museum and at North Lanarkshire Heritage Centre.

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 2016 Motherwell Theatre pantomime Peter Pan which sold almost 38,000 tickets, achieved 95.8% occupancy and surpassed any previous box office record for income generation whilst receiving many positive reviews and feedback from customers.

A new box office ticketing sales system went live in May 2016, resulting in a full online service enabling the venues team to introduce purchasing interval drinks on line, cross sell functions from one show to another and utilise new tools besides selling tickets.

Throughout the year our venues hosted various high profile events attracting over 204,000 people and generating over 10% more income than in 2016/17. Areas of business development included darts exhibition matches, school leavers proms, and 'Therapy Room' comedy weekends, along with staging smaller music events in more unique locations including Summerlee Museum.

Motherwell Concert Hall and Motherwell Theatre enjoyed a major boost to the sound capabilities of both auditoria with £170,000 capital investment being made in 2 new PA systems. This investment allows both venues to be at the forefront of PA technology and be a more attractive destination for touring acts. Motherwell Theatre also benefitted from re-upholstery of theatre seating.

The Community Arts team continues to deliver quality arts activities in various locations across North Lanarkshire and had a busy year in 2016/17 with Childrens' Theatre Groups from Motherwell, Bellshill and Airdrie joining with members of our Youth Theatre groups to collectively present #ProjectMe to an appreciative audience in Motherwell Concert Hall.

In January 2017 our Community Arts programme was rebranded 'Arts & You' and relaunched with a new image. With marketing support the arts team reached out to a wider and larger range of participants with a new emphasis on social media marketing.

This year also saw our Visual Arts and Photomedia Officers working in conjunction with Museums Officers to support and bring to fruition the 'Caterpillar' exhibition in Bellshill Cultural Centre which told the story, and commemorated the 30th anniversary of, the iconic labour history sit in that lasted 103 days.

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 over £1.4 million in funding toward play development in North Lanarkshire, much of which was in association with community groups. The team built a variety of new play facilities including play areas, multi-use games areas and pitch upgrades.

A number of play areas opened during 2016/17 across North Lanarkshire in Bellshill, Cumbernauld, Kilsyth and Airdrie. A new play area in Mossend, Bellshill includes the first open access wheelchair swing in the authority area with a path running through the site thus making it accessible to all users. The play area developed in Muirfield, Cumbernauld supports challenging play, allowing children the opportunity to take risks while finding their own levels of courage, resourcefulness, co-operation, compromise and acceptability.

Play Services also had a successful summer Play Day at Summerlee Museum attracting thousands of participants.

Museums and Heritage

Museums and Heritage manage and run 6 fully accredited 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

In 2016/17 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 Musuem, Kilsyth Heritage Centre and Shotts Heritage Centre.

The year featured a number of exciting museum initiatives. Working with the curatorial team, two students from Glasgow University undertook a 2 month placement working with a collection of archaeological finds from the Summerlee Ironworks site. They produced an inventory of the collection, created a display of finds at Summerlee and developed a project proposal for the conservation and reconstruction of an iron worker's jacket which had been found on the site during excavations in the 1980s. The project provided evidence that will support funding bids for a future large scale project to consolidate and interpret the nationally important ironworks site.

The museum service was awarded £60,000 by Museums Galleries Scotland in 2016/17 for a digitisation project. Over a period of 18 months the curatorial team will transfer to a new collections management database, digitise key items in our nationally significant collection and create a new website for the public to explore the collection.

The museum service also received 3 key donations during 2016/17. The first was objects belonging to J Courtney, a metallurgist in the Clyde Alloy steel works. The collection includes enlarger photographs showing the structural make up of steel, steel test samples and photographs chronicling each phase of the Clyde Alloy demolition in the early 1990s.

The second donation was of objects relating to the Johnson family from Mill Road in Motherwell. Included in the donation are school jotters and certificates from the early 1900s as well as flight log books and sketches belonging to Flight Officer R Johnson, a Wellington Bomber co-pilot during WW2. This donation further enhances the collection of schooldays objects and adds unique material to the Second World War collection.

The third donation came from the Scobbie family who donated the historic 'William Scobbie Archive' to CultureNL's museums and heritage service. Compiled over half a century of dedicated service to the town of Airdrie, its library and people, the archive is a treasure trove of items including printed materials, photographs, maps, illustrations, promotional material and a host of other objects focusing on the town of Airdrie and its unique place in the national cultural landscape.

A temporary exhibition celebrating the ways in which Lanarkshire engineering shaped the modern world was on display at Summerlee Museum in late 2016. Over 120 objects from the Recognised Collection were on display, many for the first time, thereby increasing public access and engagement with the collections. Over 4,700 visitors viewed the exhibition, attracting those with a keen interest in industrial history as well as general family audiences.

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 over 80 Community Facilities, along with letting of the school estate and pitch bookings, significant improvements continued to be made to frontline service provision for customers this year resulting in increased attendance in facilities.

Highlights

A number of centres received upgrades throughout the course of the year with internal decoration and renewed flooring undertaken in facilities across the estate.

The section successfully rolled out an area letting plan across all primary schools resulting in greater efficiency of service and reduced costs – the plan enables lets to be allocated initially to high schools, then to community centres and only when those 2 facilities are full, or cannot accommodate a request, will primary schools be utilised.

Libraries and Information

Highlights

In 2016/17 the ongoing review of library services concluded. This major piece of work resulted in a strategic action plan being produced which included review of staffing structures, review of library opening hours, increasing the use of ICT, developing training opportunities for staff and reviewing the library estate in order to continue to develop a library service fit for 21st century delivery.

A significant development within libraries this year was the commencement of the MacMillan programme in Lanarkshire. With a Project Manager and a Move More Co-ordinator appointed via libraries providing an information and activity service for Lanarkshire residents affected by cancer.

Throughout the year a number of activities and themed weeks took place in our libraries including Love Life, Love Libraries; Adult Learning Week; Book Week Scotland and these activities along with use of public access computing and books, CDs and games borrowing resulted in over 1,380,000 people using library services during 2016/17.

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.

The year to 31st March 2017 was the charitable company's fourth year of activity. In the year, CultureNL reported an unrestricted surplus (including the results of the trading subsidiary) of £785,482 (31st March 2016 - deficit of £660,742).

The charitable company's wholly owned subsidiary, CultureNL trading C.I.C, achieved a break-even position for the year ended 31st March 2017. The principal activity of the trading company is the provision of catering services.

CultureNL Limited
Trustees' Report (incorporating the Trustees' Strategic Report)
For the year ending 31st March 2017

At 31st March 2017 the actuarial valuation of the pension scheme resulted in a net pension liability of £4,925,000 this being recognised in the Balance Sheet. The valuation has resulted in an actuarial loss of £4,334,000 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 fourth 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 £15,382 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
- 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 2017/18 and 2018/19 as a result of the known requirement save at least £2 million 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 £13,249,955 and CultureNL Trading C.I.C received a catering contribution of £48,914 from North Lanarkshire Council in the year ended 31st March 2017. Funds were also received from a number of funding partners during the period (see note 19).

Reserves policy

The Board has accumulated a reserves fund as at the 31st March 2017 of £2,763,294 to provide some protection and to mitigate against future economic conditions. The present value of the Designated Reserved is £1,963,294 and this has been allocated to fund the staffing and organisational costs associated with the review and restructuring required to respond to the 2017/18 savings, cost associated with future savings and the replacement of IT systems and equipment. 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 charitable 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.

The next 2 years will see CultureNL further strengthen its position – ensuring financial sustainability, continuously improving our operation and offering greater staff development opportunities, despite a variety of external challenges.

Our aims for 2017/18 include:-

- develop volunteering opportunities within CultureNL
- increase overall number of attendances within the organisation per 1000 population
- develop the organisation to become more flexible and entrepreneurial
- review current use of existing intranet or consider a suitable alternate model which meets the needs of CultureNL
- develop a CultureNL health and wellbeing strategy
- continue to work within the How Good Is Our Culture & Sport performance framework
- improve employee communications
- develop an asset management plan for Play Services
- increase venues ticket sales income by 5%
- improve approach to ICT planning
- realise further efficiency and cost pressure savings
- undertake lead cultural role in European Sports Championships 2018
- continue with customer engagement plans
- consider facility/venue development in line with capital funds available

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

DIRECTORS REPORT

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 20th November 2012) through a Board currently comprising 13 of 13 trustees (directors). Six Partner Directors are elected members of North Lanarkshire Council; five 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 position;
- 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. 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)
For the year ending 31st March 2017

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	25 th May 2017
Paul Kelly	15 th March 2016	25 th May 2017
Charles Cefferty	8 th April 2016	25 th May 2017
Robert Burrows	29 th April 2016	25 th May 2017
Harry Curran	12 th August 2013	23 rd May 2016
Trevor Douglas	30 th May 2017	
Kirsten Larson	30 th May 2017	
Olivia Carson	30 th May 2017	
Cameron McManus	14 th August 2017	
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
CultureNL Chief Executive

Fiona Ekinli
 Jillian Ferrie

CultureNL Limited
Trustees' Report (incorporating the Trustees' Strategic Report)
For the year ending 31st March 2017

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)

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

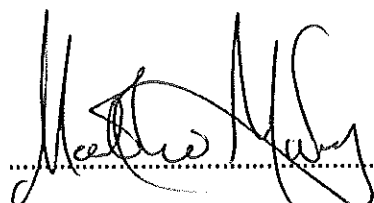
Messrs Scott-Moncrieff, Chartered Accountants, are the Auditors of the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 18th September 2017 and signed on its behalf by:



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 2017 which comprise the Consolidated Statement of Financial Activities (incorporating the Income and Expenditure Account), Parent Statement of Financial Activities (incorporating the Income and Expenditure Account), 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 2017 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, based on the work undertaken in the course of the audit:

- The information given in the Trustees' Annual Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (incorporating the Strategic Report).

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

CultureNL Limited
Independent Auditor's Report
For the year ending 31st March 2017

- 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

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

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date *18 September 2017*

CultureNL Limited
Consolidated Statement of Financial Activities (incorporating the Consolidated Income
and Expenditure Account)
For the year ending 31st March 2017

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Income from:					
Charitable activities	3	16,738,056	158,378	16,896,434	17,507,687
Other trading activities	3	1,705,453		1,705,453	1,667,552
Investments	5	15,382		15,382	23,467
Total		18,458,891	158,378	18,617,269	19,198,706
Expenditure on:					
Charitable activities	6	15,999,900	94,756	16,094,656	18,236,165
Other trading activities		1,621,113		1,621,113	1,583,900
Other		52,396		52,396	51,874
Total		17,673,409	94,756	17,768,165	19,871,939
Net income/(expenditure)		785,482	63,622	849,104	(673,233)
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension scheme	11	(4,334,000)	0	(4,334,000)	4,032,000
Net movement in funds		(3,548,518)	63,622	(3,484,896)	3,358,767
Reconciliation of funds:					
Total funds brought forward		1,386,812	14,532	1,401,344	(1,957,423)
Total funds carried forward		(2,161,706)	78,154	(2,083,552)	1,401,344

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 30 to 53 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 2017

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Income from:					
Charitable activities	3	16,740,645	158,378	16,899,023	17,507,687
Other trading activities	3	129,795		129,795	131,690
Investments		15,382		15,382	23,467
Total		16,885,822	158,378	17,044,200	17,662,844
Expenditure on:					
Charitable activities	6	16,047,944	94,756	16,142,700	18,284,203
Other		52,396		52,396	51,874
Total		16,100,340	94,756	16,195,096	18,336,077
Net income/(expenditure)		785,482	63,622	849,104	(673,233)
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension scheme	11	(4,334,000)	0	(4,334,000)	4,032,000
Net movement in funds		(3,548,518)	63,622	(3,484,896)	3,358,767
Reconciliation of funds:					
Total funds brought forward		1,386,812	14,532	1,401,344	(1,957,423)
Total funds carried forward		(2,161,706)	78,154	(2,083,552)	1,401,344

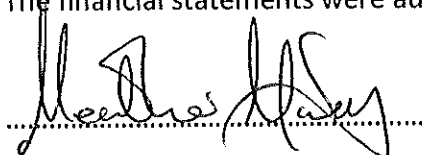
There are no other gains and losses other than those included in the Parent Statement of Financial Activities. All activities of the Charity relate to continuing operations.

The notes on pages 30 to 53 form part of these financial statements

CultureNL Limited
Consolidated Balance Sheet
As at 31st March 2017

	Notes	2017	2016
		£	£
Current assets			
Stock	13	78,693	84,680
Debtors	14	2,228,081	1,898,081
Cash at bank and in hand		5,222,900	4,424,020
		<u>7,529,674</u>	<u>6,406,781</u>
Liabilities			
Creditors: Amounts falling due within one year	15	(4,688,226)	(4,234,437)
Net current assets		<u>2,841,448</u>	<u>2,172,344</u>
Net assets/(liabilities) excluding defined benefit pension scheme liability		<u>2,841,448</u>	<u>2,172,344</u>
Defined benefit pension scheme liability	11	(4,925,000)	(771,000)
Total net assets/(liabilities)		<u><u>(2,083,552)</u></u>	<u><u>1,401,344</u></u>
The funds of the group:			
Unrestricted Funds	19	2,763,294	2,157,812
Pension Reserve		(4,925,000)	(771,000)
Restricted Funds	20	78,154	14,532
Total funds		<u><u>(2,083,552)</u></u>	<u><u>1,401,344</u></u>

The financial statements were authorised for issue by the Board on 18th September 2017 by



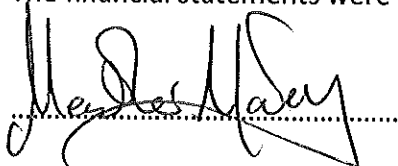
Heather McVey
Chair of the Board

The notes on pages 30 to 53 form part of these financial statements

CultureNL Limited
Charity Balance Sheet
As at 31st March 2017

	Notes	2017	2016
		£	£
Investments	12	1	1
Current assets			
Stock	13	32,944	38,407
Debtors	14	2,058,246	1,844,689
Cash at bank and in hand		5,216,990	4,418,110
		<u>7,308,180</u>	<u>6,301,206</u>
Liabilities			
Creditors: Amounts falling due within one year	15	(4,466,732)	(4,128,862)
Net current assets		<u>2,841,448</u>	<u>2,172,344</u>
Net assets/(liabilities) excluding defined benefit pension scheme liability		<u>2,841,448</u>	<u>2,172,344</u>
Defined benefit pension scheme liability	11	(4,925,000)	(771,000)
Total net assets/(liabilities)		<u><u>(2,083,552)</u></u>	<u><u>(1,401,344)</u></u>
The funds of the charity:			
Unrestricted Funds	19	2,763,294	2,157,812
Pension Reserve	19	(4,925,000)	(771,000)
Restricted Funds	19	78,154	14,532
Total funds		<u><u>(2,083,552)</u></u>	<u><u>1,401,344</u></u>

The financial statements were authorised for issue by the Board on 18 September 2017 by



Heather McVey
Chair of the Board

Company number – SC435540

The notes on pages 30 to 53 form part of these financial statements

CultureNL Limited
Statement of Cash Flows and Consolidated Statement of Cash Flows
For the year ending 31st March 2017

	Notes	Group		Parent	
		2017	2016	2017	2016
		£	£	£	£
Cash Flows from Operating Activities					
Net cash provided by/(used in) operating activities	20	783,496	957,697	783,497	955,347
Cash Flow from Investing Activities:					
Interest received		15,382	23,467	15,382	23,467
Net cash provided by/(used in) investing activities		15,382	23,467	15,382	23,467
Change in cash and cash equivalents in the reporting period		798,880	981,164	798,880	978,814
Cash and cash equivalents at the beginning of the reporting period		4,424,020	3,442,856	4,418,110	3,439,296
Cash and cash equivalent at the end of the reporting period		5,222,900	4,424,020	5,216,990	4,418,110

The notes on pages 30 to 53 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 2.

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

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. 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

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

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.

3. Income

	Note	Group		Charity	
		2017 £	2016 £	2017 £	2016 £
Charitable activities					
Management service fee		13,249,955	14,214,305	13,249,955	14,214,305
Provision of Cultural and Related activities	4	3,646,479	3,293,382	3,649,068	3,293,382
Other trading activities					
Commercial trading activities		1,575,658	1,535,862	0	0
Sales Income		129,795	131,690	129,795	131,690
Investment activities	5	15,382	23,467	15,382	23,467
Total income		18,617,269	19,198,706	17,044,200	17,662,845

Income on charitable activities for the group was £16,896,434 (2016: £17,507,687) of which £16,738,056 was unrestricted (2016: £17,466,953) and £158,378 (2016: £40,734) was restricted. All other income was unrestricted.

Income on charitable activities for the charity was £16,899,023 (2016: £17,507,687) of which £16,740,645 was unrestricted (2016: £17,466,953) and £158,378 (2016: £40,734) was restricted. All other income was unrestricted.

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

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

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Unrestricted funds				
Libraries	216,414	252,945	216,414	252,945
Museums	86,601	132,881	86,601	132,881
Creative Services	1,306,193	1,117,690	1,308,782	1,117,690
Community Facilities	1,866,011	1,747,944	1,866,011	1,747,944
Support Services	12,882	1,188	12,882	1,188
Restricted funds	158,378	40,734	158,378	40,734
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total income from the provision of cultural and related activities	3,646,479	3,293,382	3,649,068	3,293,382
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. Investment Income

	2017	2016
	£	£
Group and Charity		
Bank and other interest	15,382	23,467
	<u> </u>	<u> </u>
Total investment income	15,382	23,467
	<u> </u>	<u> </u>

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

6. Analysis of expenditure on charitable activities

Group	Libraries £	Museums £	Creative Community		Restricted £	Total 2017 £	Total 2016 £
			Services £	Facilities £			
Employee costs	3,628,483	1,318,837	1,341,440	2,832,823	30,080	9,151,663	10,191,675
Property costs	333,682	239,236	170,075	1,456,656	0	2,199,649	2,298,867
Supplies & services	574,558	146,118	83,799	69,783	37,967	912,225	998,651
Transport & plant	139,000	22,330	34,529	12,081	449	208,389	211,060
Admin	756,502	122,863	765,652	165,680	26,183	1,836,880	1,888,306
Pay to agencies	6,026	3,294	5,866	1,807	77	17,070	5,418
Other costs	0	0	1,433	8,528		9,961	8,473
Support services	671,641	228,812	296,753	561,613		1,758,819	2,633,715
Charitable activities	6,109,892	2,081,490	2,699,547	5,108,971	94,756	16,094,656	18,236,165
2016	7,671,636	2,084,759	2,799,142	5,627,403	53,225	18,236,165	

Charity	Libraries £	Museums £	Creative Community		Restricted £	Total 2017 £	Total 2016 £
			Services £	Facilities £			
Employee costs	3,628,483	1,318,837	1,341,440	2,832,823	30,080	9,151,663	10,191,675
Property costs	333,682	239,236	170,075	1,456,656	0	2,199,649	2,298,867
Supplies & services	574,558	146,118	83,799	69,783	37,967	912,225	998,785
Transport & plant	139,000	22,330	34,529	12,081	449	208,389	211,060
Admin	756,502	122,863	765,652	165,680	26,183	1,836,880	1,936,310
Pay to agencies	6,026	3,294	5,866	1,807	77	17,070	5,418
Other costs	0	0	1,433	8,528		9,961	8,473
Support services	689,988	235,062	304,859	576,954		1,806,863	2,633,615
Charitable activities	6,128,239	2,087,740	2,707,653	5,124,312	94,756	16,142,700	18,284,203
2016	7,672,472	2,086,505	2,844,598	5,627,403	53,225	18,284,203	

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

Expenditure on charitable activities for the group was £16,094,656 (2016: £18,236,165) of which £15,999,900 was unrestricted (2016: £18,182,940) and £94,756 (2016: £53,225) was restricted. All other expenditure was unrestricted.

Expenditure on charitable activities for the parent was £16,142,700 (2016: £18,284,203) of which £16,047,944 was unrestricted (2016: £18,230,978) and £94,756 (2016: £53,225) was restricted. All other expenditure was unrestricted.

7. Analysis of support costs

Group	General Support	Governance	2017 £	2016 £
Employee costs	1,178,752		1,178,752	2,244,225
Property costs	7,452		7,452	(42,361)
Supplies & services	14,421		14,421	14,883
Transport & plant	3,737	38	3,775	3,662
Admin	421,371	26,824	448,195	349,311
Pay to agencies	24,880		24,880	23,075
Other costs	81,344		81,344	40,920
	1,731,957	26,862	1,758,819	2,633,715

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

Charity	General Support	Governance	2016 £	2016 £
Employee costs	1,178,751		1,178,751	2,244,225
Property costs	7,452		7,452	(42,361)
Supplies & services	14,421		14,421	14,883
Transport & plant	3,737	38	3,775	3,662
Admin	470,309	25,931	496,240	349,211
Pay to agencies	24,880		24,880	23,075
Other costs	81,344		81,344	40,920
	1,780,894	25,969	1,806,863	2,633,615

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

8. Analysis of governance costs

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
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	1,400	1,000	1,400	1,000
Legal fees	0	2,500	0	2,500
Trustee expenses	38	82	38	82
Trustee training	0	1,500	0	1,500
	26,862	30,506	25,969	29,613

Governance Costs are allocated on the basis of gross expenditure.

9. Net income/(expenditure) for the year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
This is stated after charging/(crediting)				
Auditors' remuneration for audit	12,757	12,757	11,864	11,864
for other services	1,400	2,500	1,400	2,500
Internal audit	12,667	12,667	12,667	12,667
Operating lease rentals	13,192	13,019	13,192	13,019

10. Staff Costs and Numbers

The remuneration and associated staff costs were as follows:

	Group	
	2017	2016
	£	£
Wages and salaries	8,800,936	10,310,628
Social security costs	658,949	542,670
Other pension costs	1,035,355	1,366,295
Redundancy Costs	727,137	927,629
	<u>11,222,377</u>	<u>13,147,222</u>

Employees receiving salaries, including benefits in kind, of more than £60,000 were in the following band (excluding employer pension costs):

	Group	
	2017	2016
	£	£
£60,000-£69,999	1	1
	<u>1</u>	<u>1</u>

Employee benefits paid to key management personnel totalled £81,552 for 2017 (2016: £75,838). This consists of salary costs of £61,836 and National Insurance and Employer's Local Government Pension contribution of £19,716. This is in relation to one employee who has delegated authority to act on behalf of the board of trustees.

No member of the Board received remuneration from CultureNL Ltd (2016: nil) other than Directors Indemnity insurance and travel expenses of £38 (2016: £82). No member of the board received payment for professional or other services supplied to the charity (2016: nil).

Redundancy Costs paid relate to 35 employees (2016: 27 employees) who volunteered to take early retirement at 31st March 2017. The one off costs associated with this were £327,859 (2016: £512,519) relating to Strain on the pension fund and £385,622 (2016: £415,109) relating to compensation payments for early retiral and early release.

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

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

	Group 2017 Number	Group 2016 Number	Charity 2017 Number	Charity 2016 Number
Full-time	207	229	199	222
Part-time	539	510	443	406
	<u>746</u>	<u>739</u>	<u>642</u>	<u>628</u>

The above number of employees relates to 395 Full Time Equivalents for the group (2016: 446).

11. 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 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 2017 £'000	31 st March 2016 £'000
Opening defined benefit obligation	37,951	38,985
Current service cost	1,642	2,064
Past service cost (including curtailments)	126	307
Interest cost	1,352	1,278
Contributions by members	366	398
Actuarial losses/(gains)	11,796	(4,246)
Benefits paid	(710)	(835)
Closing defined benefit obligation	<u>52,523</u>	<u>37,951</u>

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

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

	31 st March 2017	31 st March 2016
	£'000	£'000
Opening fair value of plan assets	37,180	35,310
Interest income on plan assets	1,329	1,145
Contributions by members	366	398
Contributions by the employer	1,971	1,376
Actuarial (losses)/gains	7,462	(214)
Benefits paid	(710)	(835)
	<hr/>	<hr/>
Closing fair value of plan assets	47,598	37,180
	<hr/> <hr/>	<hr/> <hr/>

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

	31 st March 2017	31 st March 2016
	£'000	£'000
Current service cost	(1,642)	(2,064)
Past Service Cost (including curtailment)	(126)	(307)
	<hr/>	<hr/>
Total service cost	(1,768)	(2,371)
Net interest		
Interest income on plan assets	1,329	1,145
Interest cost on defined benefit obligation	(1,352)	(1,278)
	<hr/>	<hr/>
Total net interest	(23)	(133)
Total defined benefit cost recognised in net income/expenditure per the SOFA	(1,786)	(2,504)
	<hr/> <hr/>	<hr/> <hr/>

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

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

	31 st March 2017	31 st March 2016
	%	%
Equities	71	72
Bonds	12	16
Property	11	12
Cash	6	0

The estimated employer contributions for the year to 31st March 2018 are £1,257,000.

The principal actuarial assumptions used in the calculations are:

	31 st March 2017	31 st March 2016
	% per annum	% per annum
Pension Increase Rate	2.4	2.2
Salary Increase Rate	4.4	4.2
Discount Rate	2.6	3.5

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 2017

12. Investments

	2017	2016
	£	£
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 CultureNL 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.

13. Stock

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Consumable Stock	78,693	84,680	32,944	38,407
	<u>78,693</u>	<u>84,680</u>	<u>32,944</u>	<u>38,407</u>
	<u><u>78,693</u></u>	<u><u>84,680</u></u>	<u><u>32,944</u></u>	<u><u>38,407</u></u>

14. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	2,228,081	1,898,081	2,058,246	1,844,689
	<u>2,228,081</u>	<u>1,898,081</u>	<u>2,058,246</u>	<u>1,844,689</u>
	<u><u>2,228,081</u></u>	<u><u>1,898,081</u></u>	<u><u>2,058,246</u></u>	<u><u>1,844,689</u></u>

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

15. Creditors:

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	1,190,595	332,399	1,130,454	301,582
Accruals and deferred income	3,358,872	3,760,976	3,207,504	3,695,792
Taxation and Social Security	138,759	141,062	128,774	131,488
	<u>4,688,226</u>	<u>4,234,437</u>	<u>4,466,732</u>	<u>4,128,862</u>

16. Deferred Income

Deferred income comprises advanced ticket sales, wedding bookings and externally funded project income.

	2017	2016
	£	£
Balance as at 1 st April	127,018	106,224
Amounts released to income during the year	(127,018)	(106,224)
Amounts deferred in year	216,198	127,018
Balance as at 31 st March	<u>216,198</u>	<u>127,018</u>

17. Financial assets and liabilities

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Financial assets at amortised cost	7,450,981	6,322,101	7,275,236	6,262,799
Financial liabilities at amortised cost	(4,333,269)	(3,966,357)	(4,121,760)	(3,870,356)
	<u>3,117,712</u>	<u>2,355,744</u>	<u>3,153,476</u>	<u>2,392,443</u>

Financial assets comprise trade debtors and cash and bank balances.

Financial liabilities comprise trade creditors and accruals.

18. 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 2017

19. Reserves

Funds (Group)	Designated £	General £	Restricted £	Pension £	Total £
Balance at 31st March 2017					
Represented by:					
Net current assets	1,963,294	800,000	-	-	2,763,294
Retirement benefit scheme	-	-	-	(4,925,000)	(4,925,000)
	<u>1,963,294</u>	<u>800,000</u>	<u>-</u>	<u>(4,925,000)</u>	<u>(2,161,706)</u>

Funds (Charity)	Designated £	General £	Restricted £	Pension £	Total £
Balance at 31st March 2017					
Represented by:					
Net current assets	1,963,294	800,000	-	-	2,763,294
Retirement benefit scheme	-	-	-	(4,925,000)	(4,925,000)
	<u>1,963,294</u>	<u>800,000</u>	<u>-</u>	<u>(4,925,000)</u>	<u>(2,161,706)</u>

Unrestricted Fund	Opening Balance £	Incoming £	Outgoing £	Transfers £	Actuarial Loss £	Closing Balance £
Unrestricted fund	800,000	18,458,891	(17,853,409)	(605,482)		800,000
Designated fund	1,357,812	0	0	605,482	0	1,963,294
Pension reserve	(771,000)	0	180,000		(4,334,000)	(4,925,000)
	<u>1,386,812</u>	<u>18,458,891</u>	<u>(17,673,409)</u>	<u>0</u>	<u>(4,334,000)</u>	<u>(2,161,706)</u>

Designated funds

The present value of the Designated Reserve is £1,963,294. This has been allocated to fund the staffing and organisational costs associated with the review and restructuring required to

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

respond to the 2016/17 savings and the costs associated with implementing future savings and the replacement of IT systems and equipment.

Externally Funded Projects	Opening Balance £	Incoming Resources £	Resources Expended £	Closing Balance £
Encounters Festival (Funder Creative Scotland)	-	16,678	(16,678)	0
Music Therapy Course (Funder Royal Conservatoire of Scotland)	-	1,200	(1,200)	0
Get Connected (Funder SLIC)	0	30,000	(13,023)	16,977
Peoples Story of WWI (Funder Heritage Lottery Fund)	-	9,174	(9,174)	0
Scotland's Cinema Heritage (Funder Museum Galleries Scotland)	-	3,618	(3,618)	0
Reigart (Funder Reigart Contractors Ltd)	14,532	6,000	(5,137)	15,395
MacMillian Funded Libraries Project	0	40,000	(33,774)	6,226
NHS Funded Reminiscence	0	13,838	7,343	6,495
NHS Funded Woolpack Knitting Club	0	475	(475)	0
NHS Funded Blether & Friendship Club	0	920	(920)	0
Right Up Your Street (Funder Museum Galleries Scotland)	0	615	(615)	0
de Rosa (Funder Museum Galleries Scotland)	0	1,500	(1,500)	0
Exploring the Somme (Funder Museum Galleries Scotland)	0	1,000	(1,000)	0
Film Education in Scotland (Funded by SLIC)	0	2,360	(300)	2,060
Creating Virtual Access (Funded by Museum Galleries Scotland)	0	15,000	0	15,000
Tesco Bags for Life	0	6,000	0	6,000
Transplant Games	0	10,000	0	10,000
Totals	14,532	158,378	(94,756)	78,154

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.

Music Therapy funded by the YMI to enable CultureNL staff to attend a Nordoff Robbins training course.

Get Connected funded by Scottish Libraries & Information Council (SLIC) is funding for public Wi-Fi in Coatbridge, Airdrie, Bellshill, and Kilsyth libraries.

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.

Scotland's Cinema Heritage is 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.

Libraries Macmillan project funded by MacMillan Cancer Research via North Lanarkshire Council to provide education and comfort to sufferers and their families and friends.

Reminiscence Project funded by NHS to provide learning resources for the community.

Woolpack Knitting Club funded by NHS to provide materials to initiate a community knitting group

Blether & Friendship Club funded by NHS to pay for room hire and set up a contact group for older people.

Right Up Your Street funded by Museums Galleries Scotland to create a vintage shop and activities for the festival of museums

De Rosa funded by Museums Galleries Scotland to develop a new audience with songs inspired by Summerlee.

Exploring the Somme funded by Museums Galleries Scotland to provide a range of projects looking at the Somme through various lenses including film and drama.

Film Education in Scotland funded by SLIC is a project aimed at children under five-years-old, encouraging them to learn more about sound, image and acting out their own stories.

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

Creating Virtual Access funded by Museums Galleries Scotland to create a unique and engaging on-line resource for the public to explore the Recognised Collection.

Tesco Bags of help funded by Tesco funds work with a community group to create a sustainable garden.

The Transplant Games being held in North Lanarkshire in July 2017, funding has been received from North Lanarkshire Council.

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

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Net income/(expenditure) for the reporting period (as per the SOFA)	849,104	(673,233)	849,104	(673,233)
Adjustments for:				
Interest received	(15,382)	(23,467)	(15,382)	(23,467)
Net cost in respect of pensions	(180,000)	1,128,000	(180,000)	1,128,000
(Increase)/decrease in stock	5,987	(33)	5,463	2,268
(Increase)/decrease in debtors	(330,000)	(48,731)	(213,557)	(235,621)
Increase/(decrease) in creditors	453,789	575,161	337,870	757,400
Net cash provided by (used in) operating activities	783,498	957,697	783,498	955,347

21. Analysis of cash and cash equivalents

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Cash in hand	5,222,900	4,424,020	5,216,990	4,418,110
Total cash and cash equivalents	5,222,900	4,424,020	5,216,990	4,418,110

22. Related parties

North Lanarkshire Council (NLC), the sole member of CultureNL, made a contribution in line with the Services Agreement of £13,249,955 (2016: £14,214,305). Facilities were leased to CultureNL for a peppercorn rent. North Lanarkshire Council also provided various support functions including Legal, Finance and IT for which the charitable company was charged

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2017

£1,480,309 (2016: £1,447,872). In addition to this they also carried out a central property repairs and management function which we were charged £445,182 (2016: £571,708). At 31 March 2017 CultureNL owed North Lanarkshire Council £1,834,039 (2016: £1,446,385) and the Council owed CultureNL £1,725,634 (2016: £1,388,634). Six Directors of CultureNL were elected members of North Lanarkshire Council during the period ended 31st March 2017.

23. 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.

	2017	2016
	£	£
Operating Leases which expire:		
Not later than one year	1,425	942
Later than one year and not later than five years	25,703	34,141
Later than five years	-	-
	<u>27,128</u>	<u>35,083</u>

24. 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 2017 are shown below. Audited accounts are filed with Companies House.

	2017	2016
	£	£
Turnover	1,621,114	1,585,482
Cost of Sales	(1,591,283)	(1,549,463)
	<u>29,831</u>	<u>36,019</u>
Gross Profit/(Loss)	29,831	36,019
Administrative expenses	(29,831)	(36,019)
	<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 2017 (2016: £1).

25. Ultimate Holding Organisation

The ultimate holding organisation of the Group is North Lanarkshire Council. The financial statements of North Lanarkshire Council, which consolidate the results of CultureNL, are available from North Lanarkshire Council, Civic Centre, Windmillhill Street, Motherwell, ML1 1AB.