



CultureNL Limited
(A company limited by guarantee)

Report and Financial Statements

For the year ending 31st March 2018

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 2018

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I'm delighted to present the 2017/18 Report and Financial Statements for CultureNL Limited. Now completing our fifth 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 a number of challenges and many successes. With a saving of £1.15 million required to be delivered through 2017/18, CultureNL achieved this via a major review of our community facilities operating model along with a review of the museums and heritage section; extension of area letting plans; increased income generation and prudent financial management. Alongside this anticipated work a major review of the operation of North Lanarkshire Council's two largest ALEOs was undertaken with significant management resource required from CultureNL.

We successfully delivered the Opening and Closing Events for 2000 people at the British Transplant Games in July 2017, and we partnered the National Theatre of Scotland in a 7 month multi arts project culminating in 4 outstanding outdoor theatrical performances in the grounds of Summerlee Museum in March 2018. Our overall attendance increased by 4.9% in 2017/18 and our income by 3.9%. We secured almost £1.6 million in external funding and we sold an incredible 99.7% of our pantomime seats for *Jack and the Beanstalk*.

The continued success, growth and development of CultureNL would not be possible without the support of the Board of Directors, each of whom gives freely of their time and energy to help shape the direction of the organisation. We have welcomed some new members during 2017/18 to ensure that the Board continues to have a broad skills base relevant to the services and interests of CultureNL and each member brings expertise and experience to the organisation.

Throughout most of 2017/18 I co-chaired the Board along with fellow director, Jim Law. Jim was a valued Board member who resigned his position towards the end of 2017/18. Another long standing and valued Director, Alison Denvir, left the Board in early 2018. I would like to personally thank both Jim and Alison for their exceptional commitment to CultureNL. It continues to be a privilege to chair the Board of CultureNL and I thank all Board members for their contribution and continued support.

Finally, I would like to thank the staff, volunteers and senior management of CultureNL for their continued hard work throughout this challenging year. All employees and volunteers are clearly fully committed to delivering a customer focused, aspirational and financially sustainable organisation focused on our local communities and beyond.

Councillor Heather McVey
Chair, CultureNL Limited

CultureNL Limited
Introduction from CultureNL Chief Executive

As mentioned in the Chair's statement, 2017/18 was an exciting year for delivery of major cultural projects, increasing attendance at shows, arts classes and museums and increasing income in our bars and catering operation, museums and heritage facilities and entertainment venues. Throughout the year we continued to work to our 3 year business plan focusing on meeting customer needs, developing the organisation and financial sustainability whilst delivering inspiring cultural experiences for all.

We successfully realised efficiency and cost pressure targets of over £1.5 million, increased our income and maintained improvement in the trading company. We undertook the lead cultural role in the British Transplant Games and started preparing to do similar for the Glasgow 2018 European Championships, as well as establishing a new, very successful partnership with National Theatre of Scotland. Other developing partnerships include those with Scottish Opera for our dementia friendly 'Memory Spinners' programme, and that with MacMillan Cancer Care, with access to staff, information and therapies available from a number of our libraries.

Whilst working on a new health and wellbeing plan we also convened a Health and Safety Working Group during 2017/18, chaired by an Independent Director and tasked with reviewing policy and procedures and ensuring consistency of approach across the organisation. We continued to engage with customers and respond to feedback and we also continued to invest in our facilities, a major addition to Motherwell Concert Hall & Theatre for example, being the installation of a new PA system to encourage greater use of the venue by top musicians and bands.

We concluded the year with 85% of our business plan targets either complete or on track, with 15% (3 targets) slightly behind schedule. This was despite the fact that significant work was undertaken throughout the year, and out with the business plan actions, on a review of the organisation undertaken by North Lanarkshire Council. The review indicates that CultureNL is a successful organisation, performing well and delivering services in line with Council requirements.

Throughout 2017/18 we continued to capitalise on earlier successes and grasp new opportunities and we continue to work to further develop CultureNL as an organisation, delivering high quality and inspiring cultural experiences and facilities for our customers and visitors. As in each year, none of the achievements and successes outlined in the annual report and financial statements could have been delivered without a dedicated team of staff and my thanks are conveyed to all.

Jillian Ferrie
Chief Executive

CultureNL Limited
Trustees' Report (incorporating the Directors Report and Strategic Report)
For the year ending 31st March 2018

The directors are pleased to present their Report and Financial Statements for the year ending 31st March 2018.

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 along with 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 2017/18.

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 2017/18 are set out below with 17, or 85%, of targets completed and 3, or 15%, of targets, being progressed but not yet completed. All are on track for completion within timescales identified. The objectives and indicators measuring performance for activity undertaken in 2017/18 are detailed below with level of achievement indicated.

It should be noted that two major projects, outwith the Business Plan actions, took place in 2017/18 – a review of CultureNL, undertaken by North Lanarkshire Council and requiring significant resource and input from CultureNL; and SHIFT, a major creative partnership project, over 7 months, with National Theatre of Scotland.

Deliver the remainder of a 4 year programme of activity commemorating WW1

Status – Green, complete. A programme of workshops, exhibitions and screenings was developed by the Museums section in order to raise awareness and increase participation

Undertake review of museums structure

Status – Amber, in progress. Now in the final stage, the review is intended to realise greater operational efficiency; determine service requirements and realise a budget saving.

Undertake review of the community facilities operating model

Status – Green, on track and within schedule. Scheduled to conclude in October 2018, a full review of the facilities operating model has been undertaken to realise a more efficient and co-ordinated service, whilst achieving a revenue saving.

Review marketing plan and develop the role of the marketing team

Status – Amber, in progress. An updated plan is being drafted to coincide with the 2016-2019 business plan. Full discussion is underway with individual managers to ascertain marketing requirements to best inform the plan.

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

Status – Green, complete. Focusing on customer engagement, consultation processes, plans and timelines we are establishing trends in customer needs and improving the visitor/customer experience in order to increase income/attendance, whilst attracting new customers across the spread of the organisation.

Undertake lead cultural role in the British Transplant Games 2017

Status – Green, complete. Games delivered in July 2017 with Opening and Closing events for 2000 guests organised and managed by CultureNL.

Undertake lead cultural role in Glasgow 2018 European Championships.

Status – Green, on track. Eight days of cultural festival programmed at Strathclyde Park and organised and managed by CultureNL. Event takes place in August 2018.

Review administrative support across CultureNL

Status – Green, on track. Review of admin functions underway in order to streamline service, remove duplication of effort and create a cross sectional team whilst also achieving an efficiency saving.

Achieve average target of 95% customer satisfaction for CultureNL services

Status – Green, complete. Existing feedback is used to improve service delivery.

Further develop genuine community partnerships from 2017/18 onwards

Status – Green, complete. Linked to sectional action plans a number of new creative partnerships have developed throughout 2017/18 including the community arts project 'Memory Spinners' with Scottish Opera, Macmillan Cancer Care in libraries, and the multi-disciplinary residency project with National Theatre of Scotland, SHIFT.

Develop a Culture and Wellbeing Strategy

Status – Amber, progressing. Literature review complete and position paper produced for discussion at August Board meeting. 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, along with other examples, will be taken forward and built upon in the development of a strategy.

Continue to work within the How Good Is Our Culture and Sport self-evaluation framework

Status – Green, on track. Scheduled to commence throughout 2018, the working group will identify 3 key actions for review this year. A rolling programme of actions will be identified every 2 years.

Ensure staff are equipped to fulfil their role in the organisation

Status – Amber/Green, one action outstanding. New induction programme launched 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.

Improve employee communications

Status – Green, on track. Positive response to staff survey reported to Board of Directors with greater cross sectional interaction being encouraged. Communication takes place across the

organisation with much of the 2017/18 communications focusing on a review of NLC ALEOs, an action outwith those listed in the CultureNL Business Plan.

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

Status – Green, on track. A working group of employees, Board member and Trade Union representative was convened in early 2018 with rolling programme for review underway. Policy review along with risk assessment and safe systems of work will ensure ongoing compliance with legislation.

Develop volunteering opportunities within CultureNL

Status – Green, complete. Besides having long established volunteer groups within the museums section, 2017/18 has seen an increase in volunteering within libraries, MacMillan cancer support and community arts. A volunteer guidance note was produced to ensure consistency across the organisation with regard to the management of volunteers.

Develop the organisation to become more flexible and entrepreneurial

Status – Green, on track. The organisation is encouraging new ways of working and becoming less 'risk averse'; new developments have attracted new promoters and national performing companies to work in partnership with CultureNL.

Increase venue ticket sales income by 5% per annum

Status – Green, complete. With increased attendance, increased programme and increased ticket sales in venues this target has been successfully achieved, with the 2017 pantomime breaking all existing records.

Improve approach to IT planning

Status – Green, on track. ICT Development Officer has been appointed and an IT strategy will now be drafted. A full review of IT kit is underway and the rollout of public wifi is now complete. A new museum collections website is under development to enable greater access to the collections. This has been externally funded.

Deliver further savings package for North Lanarkshire Council

Status – Green, complete. Savings of £1,072,000 were achieved in 2017/18.

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; as part of the MacMillan Cancer Care team or within community arts.

Achievements and Performance

Results at a Glance!

£6,066,676 income generated

£1,586,806 external funding secured

248,874 visits to museums (physical and online)

24,224 people attending community arts classes and workshops

39,089 tickets sold for the 2017 Motherwell Theatre pantomime

26% of North Lanarkshire population using digital services within libraries

1,666,445 customers using public libraries

1,009,465 people using community facilities

35,048 Facebook users

11,867 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 2017 Motherwell Theatre pantomime, *Jack and the Beanstalk*, which sold in excess 39,000 tickets, achieved an incredible 99.7% occupancy, surpassing any previous box office record for attendance and income generation whilst receiving many positive reviews and feedback from customers.

Once again Motherwell Concert Hall played host to a variety of successful events throughout the year and the venues team was instrumental in the delivery of the opening and closing events held for the British Transplant Games in July 2017, converting an indoor football pitch at Ravenscraig Regional Sports Facility into a spectacular awards arena. The transformation involved arranging a floor and carpet to cover the entire pitch along with installing stage, PA and lighting systems, 2 giant LED screens along with 2000 chairs and 200 tables required to seat competitors and guests.

Another significant joint creative project was *SHIFT*, a new seven month partnership project between CultureNL and the National Theatre of Scotland. Mainly community arts based, the project also included the venues team and museums team along with support from community facilities and catering colleagues.

From October 2017 to March 2018 we engaged with hundreds of local people through dance, drama, oral history, visual art and film to create a temporary exhibition, a new oral history archive, a new drama company and a number of trailblazer events in advance of a spectacular 4 night showing of *SHIFT*, the final performance piece, within the grounds of Summerlee Museum of Scottish Industrial Life. Based on the shift of working life in Lanarkshire, over 100 participants performed to an overall audience in excess of 900. This very successful Community Arts event has resulted in a new drama company being formed by CultureNL, an increase in the number of museum oral history volunteers and stronger links with New College Lanarkshire.

Besides dedicating significant resource to the *SHIFT* project, the Community Arts team continued to deliver over 80 arts classes each week throughout 2017/18 whilst also delivering a number of bespoke events including a celebration of creative writing for International Women's Day; a family pantomime master class in conjunction with our Motherwell Theatre panto star, Ian 'Sheepie' Smith; and the launch of our second all ability drama group, NL Studio in the Muirfield Centre in Cumbernauld.

A very successful partnership project with Scottish Opera entitled 'Memory Spinners' involved local people suffering from dementia in a fantastic music project resulting in a performance entitled '*Double Booked*' in Airdrie Town Hall. The performance was inspired by the opera '*Ariadne auf Naxos*'. The success of the project has led to it being recommissioned for 2018.

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. This will be the last annual report which includes detail of Play Services as in summer 2018 the small team of 2 staff will

transfer to North Lanarkshire Council, due mainly to their strong links to the Council's Capital programme.

Highlights

During 2017/18 the Play Services team continued to develop new play facilities and secured over £1 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 2017/18 across North Lanarkshire including Queenzieburn, Bellshill, Cumbernauld and Coatbridge. The Crannog play area was completed and opened in Drumpellier Park, Coatbridge in June 2017. This incredible play area features some beautiful play equipment which can be found nowhere else in the world presently. The main Crannog structure is unique and is one of the largest single play structures in Scotland – offering many children a new play experience, fully accessible to all.

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 2017/18 the museum service developed its first touring exhibition for hire with 'The Art of Literature' exhibition showcasing the work of the famous Glasgow Girl, Jessie M King.

Work on the museum service's Museums Galleries Scotland funded project to digitise the museum collection, and create a new website for the public to explore the collection, commenced during 2017. A Recognised Collection Project Officer was appointed and has been undertaking research into best practice, carrying out consultation to ensure that the website will meet audience needs. Photography of collection items is underway, assisted by a volunteer, and the curators have been transferring records to a new collections management system to allow for better access to collection information.

Almost 250,000 people engaged with the museums and heritage service, either in person or virtually, during 2017/18, many engaging with our online resources, researching family history, attending one of the many successful events days or generally enjoying collections, exhibitions and interpretation of industrial and social history through visiting our accredited museums at Summerlee, North Lanarkshire Heritage Centre, Cumbernauld Museum, Colzium

Museum, Kilsyth Heritage Centre and Shotts Heritage Centre. Full accreditation status was re-awarded in Summer 2017.

Over 21,000 visitors attended the 80s themed exhibition at Summerlee over the summer, whilst over 7,000 visitors were recorded for the 1950s exhibition at the Heritage Centre. Very positive feedback followed with visitors enjoying the nostalgia of both exhibitions.

The service continues to collect material culture which reflects the history of the area. Key acquisitions this year included objects from Airdrie Savings Bank following its closure, items relating to Law Hospital and militaria from a World War Two serviceman from Motherwell.

The museum service also accessioned several unique items of historic significance in early 2018. A metal detectorist unearthed a substantial medieval silver gilt finger ring in the grounds of Cambusnethan Priory in Wishaw. The ring dates from the 1500s and would have been given as a wedding or romantic gift. An interesting counterfeit coin mould was also discovered on the land of Waterside Farm in Airdrie. The lead alloy is a silver shilling of Queen Victoria from 1889. An unusual item, it represents the work of the Victorian coin forger and is evidence of the skills, tools and technology available at the time.

This year also saw the Records and Archives team completing the project to make accessible the records of Hartwood Hospital, formerly known as Lanark District Asylum. It took over 2 years to survey the records on site, transport them to the Heritage Centre and catalogue them. This project was part of the service's role as NHS Lanarkshire Archives and the records, dating from 1895 onwards, are proving very popular with visitors.

Community Facilities

Managing almost 70 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 consolidated the agreed area letting plan across all primary schools resulting in greater efficiency of service and reduced costs. Significant work was undertaken during 2017/18 to fully review the community facilities operating model in order to improve service delivery, protect frontline staff, achieve best value and realise an efficiency saving of approximately £400,000. The review will conclude in 2018/19.

Libraries and Information

Highlights

Over 1.6 million attendances were recorded at libraries across North Lanarkshire in 2017/18. February 2018 saw the very successful 'Love Life, Love Libraries' themed event take place across the library service with outreach sessions, reminiscence sessions, exercise and mindfulness workshops, Laughter Bus, caricature classes and theatrical performances programmed. Over 1,300 people attended one or more of the 100+ events that took place.

The MacMillan programme in Lanarkshire saw the Move More element receiving its highest number of referrals to date at year end. In excess of 190 people have joined the programme and the launch of 2 new Cancer Information Support Services has had a positive impact on referral numbers. Complimentary therapies for people with cancer began in Bellshill Cultural Centre in March 2018 and immediately generated 4 weeks of advance bookings.

Memory Lane events were held in a number of libraries across North Lanarkshire in Spring 2017, attracting 143 participants. Those attending were asked to drop in to the library and take a trip down memory lane – chatting about memories of their locality, looking at old photographs and domestic objects whilst sharing their own photos and memorabilia. This project brought together staff from both libraries and museums.

Book Week Scotland (27 Nov – 3 Dec) saw CultureNL offer a full and varied programme on the theme of 'Nourish'. A range of partners, internal and external, contributed to a range of events and activities within libraries. The CultureNL catering service provided a special menu with a Scottish twist, the community arts team encouraged participants of a printmaking class to create their own 'signature dish', the adult drama group explored what it means to be Scottish in '*Scottish Passport*' and numerous literary activities took place in libraries across North Lanarkshire.

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 2018 was the charitable company's fifth year of activity. In the year, CultureNL reported an unrestricted deficit (including the results of the trading subsidiary) of

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£124,744 (31st March 2017 – unrestricted surplus of £785,482). Excluding movement on the pension reserve, CultureNL reported an increase in unrestricted funds of £1,207,256.

The charitable company's wholly owned subsidiary, CultureNL trading C.I.C, achieved a break-even position for the year ended 31st March 2018. The principal activity of the trading company is the provision of catering services.

At 31st March 2018 the actuarial valuation of the pension scheme resulted in a net pension asset of £2,112,000 this being recognised in the Balance Sheet. The valuation has resulted in an actuarial gain of £8,369,000 being recognised in the Statement of Financial Activities. The balance on the pension fund will change annually according to economic conditions and the directors will keep the position under review.

The Board is pleased that this has been a successful fifth 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 £14,707 during the period.

Principal Risks and Uncertainties

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

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

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

Looking forward significant risks to the organisation include:-

- further reduction in the management fee from North Lanarkshire Council

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

CultureNL plans to mitigate these risks in accordance with its risk register. Any reduction in the management fee or increased efficiency savings target presents a need to review service delivery and generate increased income. An approved savings package has been developed for 2018/19 and 2019/20 as a result of the known requirement to 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 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 £12,718,151 and CultureNL Trading C.I.C received a contribution of £137,889 from North Lanarkshire Council in the year ended 31st March 2018. Funds were also received from a number of funding partners during the period (see note 19).

Reserves policy

The Board has accumulated an unrestricted reserves fund as at the 31st March 2018 of £3,970,550 to provide some protection and to mitigate against future economic conditions. The present value of the Designated Reserved is £3,170,550 and this has been allocated to fund the staffing and organisational costs associated with the review and restructuring required to

respond to the 2019/20 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 directors 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 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 are continually finding out more about our audiences and customers and further promoting the organisation and the services we provide. We will continue to be efficient as possible, making use of new technology and ensuring we continue to spend wisely. We are also consolidating our service – making best use of the strengths and

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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 year 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 2018/19 include:-

- a review of the Business Plan along with an assessment of progress and performance
- setting of objectives for 2020-2023
- reviewing and updating all existing action plans
- reviewing and updating existing working groups
- implementing capital funded projects
- implementing any agreed asset management plans
- maintaining improvement in the Trading Companies
- further developing volunteering opportunities within CultureNL
- finalising the CultureNL health and wellbeing strategy
- continuing to work within the How Good Is Our Culture & Sport performance framework
- continuing to improve employee communications
- realising further efficiency and cost pressure savings
- undertaking lead cultural role in European Sports Championships 2018
- continuing with customer engagement plans

With the challenge of further efficiency savings to be realised in 2018/19 our focus remains on smarter working, income generation and strong operational and financial management.

Since the period these accounts relate to, North Lanarkshire Council at the Policy and Resources Committee on the 27th September 2018 has decided to move to integrated delivery arrangement for the provision of Sports, Culture and Leisure Services within North Lanarkshire Council. To deliver this decision they instructed the Chief Executive of North Lanarkshire Council to request that CultureNL Ltd and NL Leisure Ltd work together to produce an integration plan to create a single delivery vehicle effective from April 2019.

The Committee decided to identify CultureNL as the entity which shall be retained in the integrated delivery model for Sports, Culture and Leisure Services within North Lanarkshire.

This integration will become a major focus for the Board and the Senior Management of CultureNL during 2018/19.

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 directors. Six Partner Directors are elected members of North Lanarkshire Council; five Independent Directors are appointed from the arts, business, marketing and community sectors following a recruitment process which included open advert, workshop and interview; one Trade Union Director (currently vacant) is appointed from within the 3 recognised Trade Unions and, one Employee Director is 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 Directors act in accordance with OSCR's guidance on the general duties for charitable trustees with openness, integrity and accountability being key elements required of each Director. Each Director holds office until the conclusion of the third Annual General Meeting when they will then be eligible for re-appointment.

The Board is responsible for:-

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

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- 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 Directors 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 Directors Report and Strategic Report)
For the year ending 31st March 2018

Reference and administrative details

Directors

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

Partner Directors	Appointment date	Resignation date
Heather McVey (Chair)	20 th November 2012	
Michael McPake	20 th November 2012	
Alan Stevenson	20 th November 2012	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
Trevor Douglas	30 th May 2017	
Kirsten Larson	30 th May 2017	14 th December 2017
Olivia Carson	30 th May 2017	
Cameron McManus	14 th August 2017	
Shahid Farooq	14 th December 2017	
Independent Directors		
James Law	15 th April 2013	31 st March 2018
John Lambert	15 th April 2013	
Alison Denvir	15 th April 2013	4 th March 2018
Adam Smith	15 th April 2013	
David Craig	28 th April 2015	
Karen Fleming (Trade Union Director)	12 th November 2013	13 th December 2017
Gillian Hunt (Employee Director)	23 rd February 2015	18 th September 2017
Richard Stratton (Employee Director)	24 th October 2017	
Karen Allan	21 st June 2018	
William Stewart	21 st June 2018	

Company Secretary
CultureNL Chief Executive

Fiona Ekinli
Jillian Ferrie

CultureNL Limited
Trustees' Report (incorporating the Directors Report and Strategic Report)
For the year ending 31st March 2018

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

Royal Bank of
Scotland
113 Buchanan Street
Glasgow
G1 3PL

Solicitors

Anderson Strathern
1 Rutland Court
Edinburgh
EH3 8EY

Charity registration number: SC435540

Company registration number: SC043891

Directors' Responsibility Statement

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

CultureNL Limited
Trustees' Report (incorporating the Directors Report and Strategic Report)
For the year ending 31st March 2018

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 directors 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 directors at the time the report is approved:

- So far as the director 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 director 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

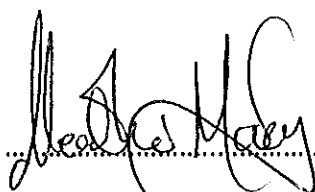
Messrs Scott-Moncrieff, Chartered Accountants, are the Auditors of the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 directors are also approving the Strategic Report in their capacity as company directors.

Approved by the Board on 1st October 2018 and signed on its behalf by:



.....

Heather McVey
Chair of the Board

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

Opinion

We have audited the financial statements of CultureNL Limited (the 'parent charitable company') and its subsidiary (the group) for the year ended 31 March 2018 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities (incorporating the Income and Expenditure Account), the Consolidated and Parent Charitable Company Balance Sheet, the Consolidated and Parent Charitable Company Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of the group's and parent charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report), which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report (incorporating the Strategic Report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 19, the directors (who are the directors for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

CultureNL Limited
Independent Auditor's Report
For the year ending 31st March 2018

In preparing the financial statements, the directors are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's directors, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

CultureNL Limited
Independent Auditor's Report
For the year ending 31st March 2018

Our audit work has been undertaken so that we might state to the parent charitable company's members, as a body, and the charitable company's directors, as a body, 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 parent charitable company, the parent charitable company's members, as a body, and the parent charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.



Nick Bennett (Senior Statutory Auditor)
For and on behalf of Scott-Moncrieff, Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date.. 1 October 2018

CultureNL Limited
Consolidated Statement of Financial Activities (incorporating the Consolidated Income and Expenditure Account)
For the year ending 31st March 2018

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
Income from:					
Charitable activities	3	16,299,363	513,734	16,813,097	16,896,434
Other trading activities	3	1,971,730		1,971,730	1,705,453
Investments	5	14,707		14,707	15,382
Total		18,285,800	513,734	18,799,534	18,617,269
Expenditure on:					
Charitable activities	6	16,409,154	512,910	16,922,064	16,094,656
Other trading activities		1,906,165		1,906,165	1,621,113
Other		95,225		95,225	52,396
Total		18,410,544	512,910	18,923,454	17,768,165
Net income/(expenditure)		(124,744)	824	(123,920)	849,104
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension scheme	11	8,369,000	0	8,369,000	(4,334,000)
Net movement in funds		8,244,256	824	8,245,080	(3,484,896)
Reconciliation of funds:					
Total funds brought forward		(2,161,706)	78,154	(2,083,552)	1,401,344
Total funds carried forward		6,082,550	78,978	6,161,528	(2,083,552)

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 31 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 2018

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
Income from:					
Charitable activities	3	16,299,363	513,734	16,813,097	16,899,023
Other trading activities	3	122,620		122,620	129,795
Investments	5	14,707		14,707	15,382
Total		16,436,690	513,734	16,950,424	17,044,200
Expenditure on:					
Charitable activities	6	16,466,209	512,910	16,979,119	16,142,700
Other		95,225		95,225	52,396
Total		16,561,434	512,910	17,074,344	16,195,096
Net income/(expenditure)		(124,744)	824	(123,920)	849,104
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension scheme	11	8,369,000	0	8,369,000	(4,334,000)
Net movement in funds		8,244,256	824	8,245,080	(3,484,896)
Reconciliation of funds:					
Total funds brought forward		(2,161,706)	78,154	(2,083,552)	1,401,344
Total funds carried forward		6,082,550	78,978	6,161,528	(2,083,552)

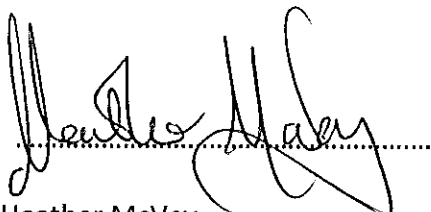
There are no other gains and losses other than those included in the Parent Statement of Financial Activities. All activities of the Charity relate to continuing operations.

The notes on pages 31 to 53 form part of these financial statements

CultureNL Limited
Consolidated Balance Sheet
As at 31st March 2018

	Notes	2018	2017
		£	£
Current assets			
Stock	13	83,306	78,693
Debtors	14	2,265,532	2,228,081
Cash at bank and in hand		6,443,541	5,222,900
		<u>8,792,379</u>	<u>7,529,674</u>
Liabilities			
Creditors: Amounts falling due within one year	15	(4,742,851)	(4,688,226)
Net current assets		<u>4,049,528</u>	<u>2,841,448</u>
Net assets/(liabilities) excluding defined benefit pension scheme asset/liability		<u>4,049,528</u>	<u>2,841,448</u>
Defined benefit pension scheme asset/liability	11	2,112,000	(4,925,000)
Total net assets/(liabilities)		<u><u>6,161,528</u></u>	<u><u>(2,083,552)</u></u>
The funds of the group:			
Unrestricted Funds	19	3,970,550	2,763,294
Pension Reserve	19	2,112,000	(4,925,000)
Restricted Funds	19	78,978	78,154
Total funds		<u><u>6,161,528</u></u>	<u><u>(2,083,552)</u></u>

The financial statements were approved and authorised for issue by the Board on 1st October 2018 and were signed on its behalf by:



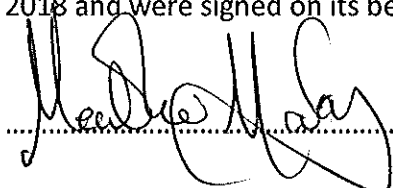
Heather McVey
Chair of the Board

The notes on pages 31 to 53 form part of these financial statements

CultureNL Limited
Charity Balance Sheet
As at 31st March 2018

	Notes	£	2018 £	2017 £
Investments	12		1	1
Current assets				
Stock	13	26,062		32,944
Debtors	14	2,014,049		2,058,246
Cash at bank and in hand		6,437,131		5,216,990
		8,477,242		7,308,180
Liabilities				
Creditors: Amounts falling due within one year	15	(4,427,715)		(4,466,732)
Net current assets			4,049,527	2,841,448
Net assets/(liabilities) excluding defined benefit pension scheme asset/liability			4,049,528	2,841,448
Defined benefit pension scheme asset/liability	11		2,112,000	(4,925,000)
Total net assets/(liabilities)			6,161,528	(2,083,552)
The funds of the charity:				
Unrestricted Funds	19		3,970,550	2,763,294
Pension Reserve	19		2,112,000	(4,925,000)
Restricted Funds	19		78,978	78,154
Total funds			6,161,528	(2,083,552)

The financial statements were approved and authorised for issue by the Board on 1st October 2018 and were signed on its behalf by:



Heather McVey
Chair of the Board

Company number – SC435540

The notes on pages 31 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 2018

	Notes	Group		Parent	
		2018	2017	2018	2017
		£	£	£	£
Cash Flows from Operating Activities					
Net cash provided by/(used in) operating activities	20	1,205,934	783,498	1,205,434	783,497
Cash Flow from Investing Activities:					
Interest received		14,707	15,382	14,707	15,382
Net cash provided by/(used in) investing activities		14,707	15,382	14,707	15,382
Change in cash and cash equivalents in the reporting period		1,220,641	798,880	1,220,141	798,880
Cash and cash equivalents at the beginning of the reporting period		5,222,900	4,424,020	5,216,990	4,418,110
Cash and cash equivalent at the end of the reporting period		6,443,541	5,222,900	6,437,131	5,216,990

The notes on pages 31 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 directors 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.

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 Limited
Notes to the Financial Statements
For the year ending 31st March 2018

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

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

Defined benefit pension and other post-employment benefits

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

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

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

3. Income

	Note	Group		Charity	
		2018	2017	2018	2017
		£	£	£	£
Charitable activities					
Management service fee		12,718,151	13,249,955	12,718,151	13,249,955
Provision of Cultural and Related activities	4	4,094,946	3,646,479	4,094,946	3,649,068
Other trading activities					
Commercial trading activities		1,849,110	1,575,658	0	0
Sales Income		122,620	129,795	122,620	129,795
Investment activities	5	14,707	15,382	14,707	15,382
Total income		18,799,534	18,617,269	16,950,424	17,044,200

Income on charitable activities for the group was £16,813,097 (2017: £16,896,434) of which £16,299,363 was unrestricted (2017: £16,738,056) and £513,734 (2017: £158,378) was restricted. All other income was unrestricted.

Income on charitable activities for the charity was £16,813,097 (2017: £16,899,023) of which £16,299,363 was unrestricted (2017: £16,740,645) and £513,734 (2017: £158,378) was restricted. All other income was unrestricted.

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

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

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Unrestricted funds				
Libraries	192,706	216,414	192,706	216,414
Museums	145,680	86,601	145,680	86,601
Creative Services	1,359,477	1,306,193	1,359,477	1,308,782
Community Facilities	1,841,450	1,866,011	1,841,450	1,866,011
Support Services	41,899	12,882	41,899	12,882
Restricted funds	513,734	158,378	513,734	158,378
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total income from the provision of cultural and related activities	4,094,946	3,646,479	4,094,946	3,649,068
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. Investment Income

	2018	2017
	£	£
Group and Charity		
Bank and other interest	14,707	15,382
	<u> </u>	<u> </u>
Total investment income	14,707	15,382
	<u> </u>	<u> </u>

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

6. Analysis of expenditure on charitable activities

Group	Creative Community					Total	Total
	Libraries	Museums	Services	Facilities	Restricted	2018	2017
	£	£	£	£	£	£	£
Employee costs	3,538,271	1,248,902	1,463,798	2,789,191	172,223	9,212,385	9,151,663
Property costs	507,997	222,885	587,314	1,249,011	4,438	2,571,645	2,199,649
Supplies & services	1,055,624	144,715	737,133	209,496	158,390	2,305,358	912,225
Transport & plant	99,520	16,941	37,036	11,180	4,007	168,684	208,389
Admin	56,083	36,522	138,043	25,692	173,246	429,586	1,836,880
Pay to agencies	9,508	2,615	1,942	996	606	15,667	17,070
Other costs	0	0	0	0	0	0	9,961
Support services	823,521	261,515	463,634	670,069	0	2,218,739	1,758,819
Charitable activities	6,090,524	1,934,094	3,428,900	4,955,635	512,910	16,922,064	16,094,656
2017	6,109,892	2,081,490	2,699,547	5,108,971	94,756	16,094,656	

Charity	Creative Community					Total	Total
	Libraries	Museums	Services	Facilities	Restricted	2018	2017
	£	£	£	£	£	£	£
Employee costs	3,538,271	1,248,902	1,463,798	2,789,191	172,223	9,212,385	9,151,663
Property costs	507,997	222,885	587,314	1,249,011	4,438	2,571,645	2,199,649
Supplies & services	1,055,624	144,715	737,133	209,496	158,390	2,305,358	912,225
Transport & plant	99,520	16,941	37,036	11,180	4,007	168,684	208,389
Admin	56,083	36,522	138,043	25,692	173,246	429,586	1,836,880
Pay to agencies	9,508	2,615	1,942	996	606	15,667	17,070
Other costs	0	0	0	0	0	0	9,961
Support services	844,698	268,241	475,556	687,299	0	2,275,794	1,806,863
Charitable activities	6,111,701	1,940,821	3,440,822	4,972,865	512,910	16,979,119	16,142,700
2017	6,128,239	2,087,740	2,707,653	5,124,312	94,756	16,142,700	

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

Expenditure on charitable activities for the group was £16,922,065 (2017: £16,094,656) of which £16,409,155 was unrestricted (2017: £15,999,900) and £512,910 (2017: £94,756) was restricted. All other expenditure was unrestricted.

Expenditure on charitable activities for the parent was £16,979,119 (2017: £16,142,700) of which £16,466,209 was unrestricted (2017: £16,047,944) and £512,910 (2017: £94,756) was restricted. All other expenditure was unrestricted.

7. Analysis of support costs

Group	General Support	Governance	2018	2017
	£	£	£	£
Employee costs	2,007,541	0	2,007,541	1,178,752
Property costs	4,836	0	4,836	7,452
Supplies & services	20,279	0	20,279	14,421
Transport & plant	3,202	107	3,309	3,775
Admin	37,557	32,446	70,003	448,195
Pay to agencies	27,469	0	27,469	24,880
Other costs	85,302	0	85,302	81,344
	2,186,187	32,553	2,218,739	1,758,819

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

Charity	General Support	Governance	2018	2017
	£	£	£	£
Employee costs	2,007,540	0	2,007,540	1,178,751
Property costs	4,836	0	4,836	7,452
Supplies & services	77,334	0	77,334	14,421
Transport & plant	3,202	107	3,309	3,775
Admin	45,473	24,531	70,004	496,240
Pay to agencies	27,469	0	27,469	24,880
Other costs	85,302	0	85,302	81,344
	2,251,156	24,638	2,275,794	1,806,863

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

8. Analysis of governance costs

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
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	0	1,400	0	1,400
Legal fees	7,022	0	0	0
Director expenses	107	38	107	38
Director training	0	0	0	0
	32,553	26,862	24,638	25,969

Governance Costs are allocated on the basis of gross expenditure.

9. Net income/(expenditure) for the year

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
This is stated after charging/(crediting)				
Auditors' remuneration for audit	12,757	12,757	11,864	11,864
for other services	0	1,400	0	1,400
Internal audit	12,667	12,667	12,667	12,667
Operating lease rentals	14,603	13,192	14,603	13,192

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

10. Staff Costs and Numbers

The remuneration and associated staff costs were as follows:

	Group	
	2018	2017
	£	£
Wages and salaries	8,688,394	8,800,936
Social security costs	640,567	658,949
Other pension costs	2,890,497	1,035,355
Redundancy Costs	42,107	727,137
	<u>12,261,565</u>	<u>11,222,377</u>

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

	Group	
	2018	2017
	£	£
£60,000-£69,999	1	1
	<u>1</u>	<u>1</u>

Employee benefits paid to key management personnel totalled £86,506 for 2018 (2017: £81,552). This consists of salary costs of £63,964 and National Insurance, Employer's Local Government Pension contribution and expenses of £22,812. This is in relation to one employee who has delegated authority to act on behalf of the board of directors.

No member of the Board received remuneration from CultureNL Ltd (2017: nil) other than Directors Indemnity insurance and travel expenses of £107 (2017: £38). No member of the board received payment for professional or other services supplied to the charity (2017: nil).

Redundancy Costs paid relate to 3 employees (2017: 35 employees) who volunteered to take early retirement at 31st March 2018. The one off costs associated with this were £9,873 (2017: £327,859) relating to an adjustment to the Strain on the pension fund provision and £43,542 (2017: £385,622) relating to compensation payments for early retiral and early release.

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

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

	Group 2018 Number	Group 2017 Number	Charity 2018 Number	Charity 2017 Number
Full-time	197	207	190	199
Part-time	553	539	457	443
	750	746	647	642

The above number of employees relates to 338 Full Time Equivalents for the group (2017: 334).

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 2017 and following this valuation employer's contributions decreased from 22.2% for the year ended 31st March 2018 to 20.7% for the years ended 31st March 2019, 2020 and 2021 respectively.

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

	31st March 2018 £'000	31st March 2017 £'000
Opening defined benefit obligation	52,523	37,951
Current service cost	2,790	1,642
Past service cost (including curtailments)	13	126
Interest cost	1,395	1,352
Contributions by members	412	366
Actuarial losses/(gains)	(7,466)	11,796
Benefits paid	(845)	(710)
Closing defined benefit obligation	48,822	52,523

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

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

	31 st March 2018	31 st March 2017
	£'000	£'000
Opening fair value of plan assets	47,598	37,180
Interest income on plan assets	1,252	1,329
Contributions by members	412	366
Contributions by the employer	1,614	1,971
Actuarial (losses)/gains	903	7,462
Benefits paid	(845)	(710)
	<u> </u>	<u> </u>
Closing fair value of plan assets	50,934	47,598
	<u> </u>	<u> </u>

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

	31 st March 2018	31 st March 2017
	£'000	£'000
Current service cost	(2,790)	(1,642)
Past Service Cost (including curtailment)	(13)	(126)
	<u> </u>	<u> </u>
Total service cost	(2,803)	(1,768)
Net interest		
Interest income on plan assets	1,252	1,329
Interest cost on defined benefit obligation	(1,395)	(1,352)
	<u> </u>	<u> </u>
Total net interest	(143)	(23)
Total defined benefit cost recognised in net income/expenditure per the SOFA	(2,946)	(1,791)
	<u> </u>	<u> </u>

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

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

	31st March 2018	31st March 2017
	%	%
Equities	62	71
Bonds	23	12
Property	11	11
Cash	4	6

The estimated employer contributions for the year to 31st March 2018 are £1,614,000.

The principal actuarial assumptions used in the calculations are:

	31st March 2018	31st March 2017
	% per annum	% per annum
Pension Increase Rate	2.4	2.4
Salary Increase Rate	3.6	4.4
Discount Rate	2.7	2.6

Mortality

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

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

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

12. Investments

	2018	2017
	£	£
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	
	2018	2017	2018	2017
	£	£	£	£
Consumable Stock	83,306	78,693	26,062	32,944
	<u>83,306</u>	<u>78,693</u>	<u>26,062</u>	<u>32,944</u>
	<u><u>83,306</u></u>	<u><u>78,693</u></u>	<u><u>26,062</u></u>	<u><u>32,944</u></u>

14. Debtors

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	2,265,532	2,228,081	2,014,049	2,058,246
	<u>2,265,532</u>	<u>2,228,081</u>	<u>2,014,049</u>	<u>2,058,246</u>
	<u><u>2,265,532</u></u>	<u><u>2,228,081</u></u>	<u><u>2,014,049</u></u>	<u><u>2,058,246</u></u>

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

15. Creditors:

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	331,037	1,190,595	297,275	1,130,454
Accruals and deferred income	4,273,577	3,358,872	4,003,976	3,207,504
Taxation and Social Security	138,237	138,759	126,464	128,774
	<u>4,742,851</u>	<u>4,688,226</u>	<u>4,427,715</u>	<u>4,466,732</u>

16. Deferred Income

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

	2018	2017
	£	£
Balance as at 1 st April	216,198	127,018
Amounts released to income during the year	(214,598)	(127,018)
Amounts deferred in year	306,738	216,198
Balance as at 31st March	<u>308,338</u>	<u>216,198</u>

17. Financial assets and liabilities

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Financial assets at amortised cost	8,661,622	7,450,981	8,403,729	7,275,236
Financial liabilities at amortised cost	(3,706,189)	(4,333,269)	(3,402,825)	(4,121,760)
	<u>4,955,433</u>	<u>3,117,712</u>	<u>5,000,904</u>	<u>3,153,476</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 2018

19. Reserves

Funds (Group)	Designated £	General £	Restricted £	Pension £	Total £
Balance at 31st March 2018					
Represented by:					
Net current assets	3,170,550	800,000	78,978	0	4,049,528
Retirement benefit scheme	0	0	0	2,112,000	2,112,000
	<u>3,170,550</u>	<u>800,000</u>	<u>78,978</u>	<u>2,112,000</u>	<u>6,161,528</u>

Funds (Charity)	Designated £	General £	Restricted £	Pension £	Total £
Balance at 31st March 2018					
Represented by:					
Net current assets	3,170,550	800,000	78,978	0	4,049,528
Retirement benefit scheme	0	0	0	2,112,000	2,112,000
	<u>3,170,550</u>	<u>800,000</u>	<u>78,978</u>	<u>2,112,000</u>	<u>6,161,528</u>

Unrestricted Fund	Opening Balance £	Incoming £	Outgoing £	Transfers £	Actuarial Loss £	Closing Balance £
Unrestricted fund	800,000	18,285,800	(17,078,544)	(1,207,256)	0	800,000
Designated fund	1,963,294	0	0	1,207,256	0	3,170,550
Pension reserve	(4,925,000)	0	(1,332,000)	0	8,369,000	2,112,000
	<u>(2,161,706)</u>	<u>18,285,800</u>	<u>(18,410,544)</u>	<u>0</u>	<u>8,369,000</u>	<u>6,082,550</u>

Designated funds

The present value of the Designated Reserve is £3,170,550. 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 and the costs associated with implementing future savings and the replacement of IT systems and equipment.

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

Externally Funded Projects	Opening Balance	Incoming Resources	Resources Expended	Closing Balance
	£	£	£	£
Get Connected (SLIC)	16,977	(12,499)	4,478	0
Peoples Story of WWI (Heritage Lottery Fund)	0	8,426	8,426	0
Peoples Story of WWI (Museum Galleries Scotland)	0	5,161	5,161	0
Reigart (Reigart Contractors Ltd)	15,395	6,000	4,000	17,395
MacMillian (MacMillan Cancer Research)	6,226	202,234	208,460	0
Reminiscence (NHS)	6,495	0	(184)	6,679
Exploring the Somme (Museum Galleries Scotland)	0	2,523	2,523	0
Film Education in Scotland (SLIC)	2,061	1,012	594	2,479
Creating Virtual Access (Museum Galleries Scotland)	15,000	11,104	26,104	0
Bags for Life (Tesco)	6,000	4,000	10,000	0
Transplant Games	10,000	78,600	88,600	0
New Tricks (NHS)	0	501	501	0
Book Week (SLIC)	0	750	750	0
Shift (NTS/NLC)	0	154,215	142,294	11,921
Celebrating Cumbernauld & Kilsyth (Museum Galleries Scotland)	0	347	347	0
Complimentary Therapy Sessions (NHS)	0	3,227	1,300	1,927
Monklands Heavy Metal Heroes (The Royal Society)	0	2,700	500	2,200
WWI Then & now (Heritage Lottery Fund)	0	5,200	24	5,176
European Championships 2018	0	24,491	0	24,491
Upgrading Storage of Large Objects in the Recognised Collection (Museum Galleries Scotland)	0	6,710	0	6,710
Healthy Reading Refresh (NHS)	0	5,512	5,512	0
Steel Works flag (Museum Galleries Scotland)	0	3,520	3,520	0
Totals	78,154	513,734	512,910	78,978

Get Connected is for public Wi-Fi in Coatbridge, Airdrie, Bellshill, and Kilsyth libraries.

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

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

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

Macmillan is to provide education and comfort to sufferers and their families and friends.

Reminiscence is to provide learning resources for the community.

Exploring the Somme is to provide a range of projects looking at the Somme through various lenses including film and drama.

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

Creating Virtual Access is to create a unique and engaging on-line resource for the public to explore the Recognised Collection.

Bags for Life is for work with a community group to create a sustainable garden.

The Transplant Games were held in North Lanarkshire in July 2017

New Tricks a reminiscence project for elderly.

Book Week is to support the national celebration of books and reading.

Shift was a dramatic, large scale, site specific, outdoor, theatrical event featuring original music and words from punters, poets, playwrights and pen-smiths from across North Lanarkshire.

Celebrating Cumbernauld & Kilsyth provided events in Cumbernauld Museum and Colzium Museum, Kilsyth. These venues are part of our network of community museums and 2017 saw the 60th anniversary of the inauguration of Cumbernauld New Town and the opening of new visitor facilities in Colzium Estate.

Complimentary Therapy Sessions provision for people affected by cancer in Bellshill locality.

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Notes to the Financial Statements
For the year ending 31st March 2018

Monklands Heavy Metal Heroes tells the story of iron production in the area and celebrate the local pioneers of the industrial age and share the areas rich scientific history with schools across the region

WWI Then & now is to develop a workshop and digital teaching materials exploring the life of John Stewart and the wider WWI context.

European Championships 2018 to be held in North Lanarkshire in July 2018.

Upgrading Storage of Large Objects in the Recognised Collection is to expand the capacity of the Industrial History Store at Summerlee Museum to enable us to store more of our large objects indoors.

Healthy Reading Refresh is the provision of healthy reading books.

Steel Works flag is to conserve and mount the Lanarkshire Steel Company flag.

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

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Net income/(expenditure) for the reporting period (as per the SOFA)	(123,920)	849,104	(123,920)	849,104
Adjustments for:				
Interest received	(14,707)	(15,382)	(14,707)	(15,382)
Net cost in respect of pensions	1,332,000	(180,000)	1,332,000	(180,000)
(Increase)/decrease in stock	(4,613)	5,987	6,882	5,462
(Increase)/decrease in debtors	(37,451)	(330,000)	44,197	(213,557)
Increase/(decrease) in creditors	54,625	453,789	(39,018)	337,870
Net cash provided by (used in) operating activities	1,205,934	783,498	1,205,434	783,498

CultureNL Limited
Notes to the Financial Statements
For the year ending 31st March 2018

21. Analysis of cash and cash equivalents

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Cash in hand	6,443,541	5,222,900	6,437,131	5,216,990
Total cash and cash equivalents	6,443,541	5,222,900	6,437,131	5,216,990

22. Related parties

North Lanarkshire Council (NLC), the sole member of CultureNL, made a contribution in line with the Services Agreement of £12,718,151 (2017: £13,249,955). North Lanarkshire Council also paid CultureNL £1,119,852 (2017: £870,201) for the provision of additional services including specific project contributions, hall hire and catering. Facilities were leased to CultureNL for a peppercorn rent. North Lanarkshire Council provided various support functions including Legal, Finance, IT and fleet support for which the charitable company was charged £1,150,858 (2017: £1,045,495). In addition they also provided office accommodation and a central property repairs/maintenance function for which they charged £1,755,558 (2017: £1,835,450). At 31 March 2018 CultureNL owed North Lanarkshire Council £1,747,702 (2017: £1,725,634) and the Council owed CultureNL £1,282,766 (2017: £1,834,039). Six Directors of CultureNL were elected members of North Lanarkshire Council during the period ended 31st March 2018.

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.

	2018	2017
	£	£
Operating Leases which expire:		
Not later than one year	1,525	1,425
Later than one year and not later than five years	20,690	25,703
Later than five years	-	-
	22,215	27,128

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Notes to the Financial Statements
For the year ending 31st March 2018

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 2018 are shown below. Audited accounts are filed with Companies House.

	2018	2017
	£	£
Turnover	1,906,165	1,621,114
Cost of Sales	(1,876,699)	(1,591,283)
	<hr/>	<hr/>
Gross Profit/(Loss)	29,466	29,831
Administrative expenses	(29,466)	(29,831)
	<hr/>	<hr/>
Profit/(loss) for the year	0	0
	<hr/> <hr/>	<hr/> <hr/>

CultureNL Trading C.I.C reported £1 net assets as at 31 March 2018 (2017: £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.

26. Post Balance Sheet Events

Since the period these accounts relate to, North Lanarkshire Council at the Policy and Resources Committee on the 27th September 2018 has decided to move to integrated delivery arrangement for the provision of Sports, Culture and Leisure Services within North Lanarkshire Council. To deliver this decision they instructed the Chief Executive of North Lanarkshire Council to request that CultureNL Ltd and NL Leisure Ltd work together to produce an integration plan to create a single delivery vehicle effective from April 2019.

The Committee decided to identify CultureNL as the entity which shall be retained in the integrated delivery model for Sports, Culture and Leisure Services within North Lanarkshire.

This integration will become a major focus for the Board and the Senior Management of CultureNL during 2018/19.

