



Culture and Leisure NL Ltd (formerly CultureNL Limited)  
(A company limited by guarantee)

Report and Financial Statements

For the year ending 31<sup>st</sup> March 2019

Company number – SC435540

Charity number – SC043891

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Report and Financial Statements**  
**For the year ending 31<sup>st</sup> March 2019**

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*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*

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**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Welcome from the Chair**

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I'm delighted to present the 2018/19 Report and Financial Statements for CultureNL Limited. Now completing our sixth year, CultureNL embraces its responsibility for the management and operation of performance venues and arts development, community facilities (including the letting of school halls and pitches), museums, local studies, archives, libraries and information, along with catering, cleaning and caretaking associated with these functions.

We all have a favourite song, book, poem, painting or performance that we reflect on for inspiration and CultureNL enables many people in North Lanarkshire to discover theirs while enabling others to explore their heritage and talents in the pursuit of creativity, learning and wellbeing. Engagement in cultural activity is both life enriching and life affirming, and can also be life transforming.

2018/19 saw CultureNL go from strength to strength with an increase in income, significant increase in people participating in community arts activities and attending performances in our entertainment venues, an impressive reduction in staff sickness absence to 1.15% across the organisation, along with 100% delivery of our 18/19 Business Plan. A number of action plans were produced across all services and work on a Culture and Wellbeing Strategy commenced.

2018/19 also presented a number of challenges including realising a saving of over £1million and the conclusion of the review of the operation of North Lanarkshire Council's two largest ALEOs, CultureNL and North Lanarkshire Leisure, which resulted in a Council decision to merge the leisure trust into CultureNL Limited and realise further savings. Such major projects require significant staff time and have the potential to adversely impact on both staff and services. In these times of uncertainty the importance of participation in, and enjoyment of, cultural activity cannot be underestimated with numerous studies having shown the invaluable contribution arts and culture make to individual health and wellbeing.

The continued success, growth and development of CultureNL would not be possible without the support of the Board of Directors, who freely give their time and energy to help shape the direction of the organisation. We have welcomed new members during 18/19 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. It is 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. Cultural and creative activity should be part of all our lives.

Chair, Culture and Leisure NL Limited

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Introduction from CultureNL Chief Executive**

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As mentioned in the Chair's statement, 2018/19 was an exciting year for delivery of cultural projects, increasing attendance at shows, arts programmes and museums and increasing income in our bars and catering operation, museums and heritage facilities, community arts and entertainment venues. We successfully realised efficiency and cost pressure targets of over £1 million while increasing both income and attendance. We undertook the lead cultural role in the Glasgow European Championships 'Go Live' cultural festival held at Strathclyde Park in August 2018, attracting over 18,000 people to the event, as well as delivering our first major performing arts partnership project, SHIFT, with the National Theatre of Scotland. From trailblazing cultural activity, to a major outdoor production over 4 nights and the publication of a book to accompany the project, one legacy of this major residency was the creation of a new community arts drama group comprising members of the cast of SHIFT, which adds to our portfolio of cultural experiences.

We continued to develop new working partnerships, saw the incredible, near sellout, success of Motherwell Theatre's pantomime – often a child's first experience of live theatre - delivered a major new community arts project within local schools providing arts activity each week of the year to the entire school community, successfully secured external funding for a number of arts and museum projects, and saw the launch of our online museum collection website. A number of community facilities were refurbished during the year with the library service attracting new audiences through delivery of a number of bespoke events, often in collaboration with other services provided by CultureNL.

Throughout the year we continued to engage with customers and respond to feedback and focused on future programming of activity with a view to producing a new Programming Strategy, supported by customer, staff and non-user research. We concluded the year with 100% of our business plan targets either complete or on track. This was despite the fact that significant work was undertaken throughout the year, and out with the business plan actions, on the Council's review of the organisation which indicated that CultureNL is a successful organisation, performing well and delivering services in line with Council requirements.

Throughout 18/19 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

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The directors are pleased to present their Report and Financial Statements for the year ending 31<sup>st</sup> March 2019.

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 2018/19.

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## **Meeting Our Objectives**

### **Inspire, Experience, Live – CultureNL Business Plan**

2018/19 is the final year of 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 2018/19 are set out below with 100% of targets either completed or on track.

It should be noted that a major project, outwith the Business Plan actions, took place in 2018/19 – the conclusion of a lengthy review of CultureNL, undertaken by North Lanarkshire Council, resulting in the decision to merge CultureNL with North Lanarkshire Leisure as of 22<sup>nd</sup> June 2019. Significant extensive work was required from several members of the management team both during and following the review process.

#### **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 of the commemoration and increase participation, while promoting intergenerational and cross sectional activity.

#### **Undertake review of museums structure**

Status – Amber/Green, on track. To be concluded summer 2019, the review will realise greater operational efficiency; determine service requirements and realise a budget saving.

#### **Undertake review of the community facilities operating model**

Status – Green, complete. Concluded in October 2018, a full review of the facilities operating model was undertaken to realise a more efficient and co-ordinated service, whilst achieving a significant revenue saving.

#### **Undertake lead cultural role in Glasgow 2018 European Championships.**

Status – Green, complete. Eight days of cultural festival programme at Strathclyde Park, organised and managed by CultureNL. The event took place in August 2018.

#### **Achieve average target of 95% customer satisfaction for CultureNL services**

Status – Green, complete. Existing feedback is used to improve service delivery which leads to greater customer satisfaction.

#### **Further develop genuine community partnerships**

Status – Green, complete. Linked to sectional action plans a number of new creative partnerships have developed throughout 2018/19 including a major school wide community arts project with St Timothy's Primary School in Coatbridge, the further development of Scottish

Opera's Memory Spinners, a new arts/media project for social work experienced young people and further expansion of the MacMillan Cancer Information Service.

**Develop a Culture and Wellbeing Strategy**

Status – Amber/Green, on track to create stronger and clearer links between the CultureNL vision and individual service delivery. Now in draft format the strategy aims to highlight the significant positive health benefits participation in cultural activity brings, including building confidence and resilience and improving mental health.

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

Status – Green, complete. Throughout 2018, the working group identified 3 key actions for review with a final report to be presented to the Board. A rolling programme of actions will be identified every 2 years.

**Ensure staff are equipped to fulfil their role in the organisation**

Status – Green, complete. With a number of actions already concluded pre 2018/19 a revised PRD scheme has been developed and approved ready for roll out and implementation in summer 2019.

**Improve employee communications**

Status – Green, complete. Communication continues to take place across the organisation with much of the 2018/19 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, complete. A working group of employees, one Board member and Trade Union representative has been convened to undertake a rolling programme for review including review of main policy along with risk assessment and safe systems of work to ensure ongoing compliance with legislation.

**Develop the organisation to become more flexible and entrepreneurial**

Status – Green, complete. The organisation is encouraging new ways of working to become less 'risk averse'; new developments and investments 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 2018 pantomime breaking all existing records.

**Deliver further savings package for North Lanarkshire Council**

Status – Green, complete. Savings (plus cost pressures) of £1.1 million were achieved in 2018/19.

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### **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 2018/19**

#### **Results at a Glance!**

£6,079,660 income generated

£326,516 external funding secured

232,734 physical visits to museums

35,439 people attending community arts classes and workshops

40,449 tickets sold for the 2018 Motherwell Theatre pantomime

26.5% of North Lanarkshire population using digital services within libraries

1,658,708 visits to public libraries

880,403 people using community facilities

34,610 Facebook users

8,741 followers on Twitter

Retention of Visit Scotland 4\* grading at both Summerlee Museum of Scottish Industrial Life 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.



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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 2018 Motherwell Theatre pantomime, *Aladdin*, which sold in excess of 40,000 tickets, with near to full capacity, during the course of an incredible run of 106 shows! The pantomime surpassed all previous box office records 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 including capacity concerts by The Vaccines, The LaFontaines and The Proclaimers, along with events such as BBC's 'Question Time' and Scottish Opera's 'Bambino'.

The investment in new PA systems for both Motherwell Concert Hall and Motherwell Theatre resulted in excellent media coverage and has led to further engagement with promoters looking to book largescale, high profile shows into our venues for the year ahead.

Our very successful Community Arts partnership project with Scottish Opera entitled 'Memory Spinners' continued during 2018/19, involving local people suffering from dementia in a fantastic music project resulting in a performance in Airdrie Town Hall; and this year also saw the team undertake a massive school wide, year long arts project with St Timothy's Primary School in Coatbridge. Entitled, CREATE, the arts team was engaged to bring music, drama and visual arts into the school for every class, resulting in the team working with over 400 children each week.

The Photomedia Studio saw a refresh of all kit during the year and was also successful at securing external funding to deliver a photography based project for local young people, while also delivering an animation project with another local school which was funded by Scottish Waterways to celebrate the Monkland Canal.

2018/19 also saw the delivery of our partnership project with National Theatre of Scotland, SHIFT.

### **Museums and Heritage**

Museums and Heritage staff manage and run 6 fully accredited museums venues across North Lanarkshire, manage and run the North Lanarkshire Archive and offer opportunities to engage

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in local history research. A variety of events and activities take place across the museums throughout the year.

### **Highlights**

In 2018/19 the museum service concluded its Museums Galleries Scotland funded project to digitise the museum collection, and create a new website for the public to explore the collection. Over 3,500 objects from the Recognised Collection have been digitised with accompanying captions, stories and audio visual material uploaded to a new collections management system, allowing for better access to collection information and providing an incredible resource which is accessible world wide.

Over 230,000 people engaged with the museums and heritage service in person during 2018/19, with a similar number engaging with our online resources. Visitors enjoyed researching family history, attending one of the many successful events days or generally appreciating the collections, exhibitions and interpretation of industrial and social history through visiting our accredited museums at Summerlee Museum, North Lanarkshire Heritage Centre, Cumbernauld Museum, Colzium Museum, Kilsyth Heritage Centre and Shotts Heritage Centre.

The service continues to collect material culture which reflects the history of the area. Key acquisitions this year include a piece of coal mining history, as the Stanrigg Memorial Committee donated a pocket watch and medal which were awarded to a local miner for his actions in helping fellow miners, and saving 58 lives, during the Stanrigg Colliery Disaster on 9 July 1918.

North Lanarkshire Heritage Centre visitors enjoyed a number of well received exhibitions during the year including 'Life, Land, Water: the Clyde and Avon Valley Past and Present', which attracted over 2,300 visitors; a touring exhibition of the work by New York born photographer Larry Herman entitled 'Clydeside 1974-1976' which attracted over 3,600 visitors, and the summer blockbuster 'Oh, I Do Like To Be Beside The Seaside' which attracted over 8,300 visitors to the centre.

### **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.

## **Highlights**

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

Significant work was undertaken during 2018/19 to conclude the review of the community facilities operating model, improving service delivery, protecting frontline staff, achieving best value and realising a substantial efficiency saving of approximately £400,000.

## **Libraries and Information**

### **Highlights**

Over 1.6 million visits were recorded at libraries across North Lanarkshire in 2018/19.

During February libraries celebrated health and wellbeing during the 'Love Life, Love Libraries' event with a significant number of visitors enjoying a week long series of events. Book Week Scotland saw a celebration in November with people coming together in libraries, schools, community venues and workplaces to share and enjoy books and reading. A number of new initiatives were launched in 18/19 including a Murder in the Museum event, organised by libraries in aid of MacMillan Cancer Care, which took place at Summerlee Museum with the assistance of the museum team, plus this year saw the launch of the Book Lovers Film Club at Cumbernauld Museum. Libraries Live, an event organised by Scottish Libraries Information Centre to develop libraries as live music venues, saw the first gig taking place in the library within Bellshill Cultural Centre, and our first 'Human Library' event took place in Coatbridge Library. The Human Library is a global concept where library users can borrow a human 'book' who will tell them their story. Our Human Books were local employers who were all available to be 'borrowed' as part of a job fayre for job seekers.

Besides events, the library services continues to be utilised by many active borrowers and local people accessing public access computers and we continue to provide both mobile and housebound services within the community.

## **Financial Review**

The charitable company incorporated on 26<sup>th</sup> October 2012 and began trading from 1<sup>st</sup> 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.

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The year to 31<sup>st</sup> March 2019 was the charitable company's sixth year of activity. In the year, CultureNL reported an unrestricted deficit (including the results of the trading subsidiary) of £1,453,266 (31<sup>st</sup> March 2018 – unrestricted deficit of £124,744). Excluding movement on the pension reserve, CultureNL reported an increase in unrestricted funds of £657,734.

The charitable company's wholly owned subsidiary, CultureNL trading C.I.C, achieved a break-even position for the year ended 31<sup>st</sup> March 2019. The principal activity of the trading company is the provision of catering services.

At 31<sup>st</sup> March 2019 the actuarial valuation of the pension scheme resulted in a net pension deficit of £3,064,000 this being recognised in the Balance Sheet. The valuation has resulted in an actuarial loss of £3,065,000 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 sixth 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 £34,984 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.

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Looking forward significant risks to the organisation include:-

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

CultureNL plans to mitigate these risks in accordance with its risk register. Any reduction in the management fee or increased efficiency savings target presents a need to review service delivery and generate increased income. An approved savings package has been developed for 2019/20 and 2020/21 as a result of the known requirement to save at least £1.5 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 work to implement changes to its structure, staffing and offer.

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 £12,224,421 and CultureNL Trading C.I.C received a contribution of £138,398 from North Lanarkshire Council in the year ended 31<sup>st</sup> March 2019. 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 31<sup>st</sup> March 2019 of £4,628,284 to provide some protection and to mitigate against future economic conditions. The present value of the Designated Reserved is £3,657,284 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 and 2020/21 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 £971,000 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 April 2019 the Board of CultureNL approved a new Business Plan for 2019 – 2020.

Providing strategic direction for the next year 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 our business plan continue to ensure that we focus on the delivery

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of 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 as 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 experience of our employees and developing further strategies and action plans to provide a focus for all sections within the organisation.

The next year will see CultureNL merging with North Lanarkshire Leisure to further strengthen the position of both services while continuing to realise efficiencies.

Our aims for 2019/20 include:-

- realising the Business Plan with continued assessment of progress and performance
- concluding the merger with North Lanarkshire Leisure
- reviewing 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
- realising further efficiency and cost pressure savings
- continuing with customer engagement plans.

With the challenge of further efficiency savings to be realised in 2019/20 our focus remains on smarter working, income generation and strong operational and financial management.

## **DIRECTORS REPORT**

### **Structure, Governance and Management**

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

The Charity is governed by its Memorandum and Articles of Association (approved on 20<sup>th</sup> November 2012) through a Board currently comprising up to 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



- 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.

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**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:

<b>Partner Directors</b>	<b>Appointment date</b>	<b>Resignation date</b>
Heather McVey (Chair)	20 <sup>th</sup> November 2012	22 <sup>nd</sup> June 2019
Michael McPake	20 <sup>th</sup> November 2012	22 <sup>nd</sup> June 2019
Olivia Carson	30 <sup>th</sup> May 2017	22 <sup>nd</sup> June 2019
Cameron McManus	14 <sup>th</sup> August 2017	22 <sup>nd</sup> June 2019
Shahid Farooq	14 <sup>th</sup> December 2017	8 <sup>th</sup> January 2019
Thomas Johnston	8 <sup>th</sup> January 2019	22 <sup>nd</sup> June 2019
Trevor Douglas	30 <sup>th</sup> May 2017	13 <sup>th</sup> November 2019
Frank McNally	22 <sup>nd</sup> June 2019	13 <sup>th</sup> November 2019
Louise Roarty	22 <sup>nd</sup> June 2019	14 <sup>th</sup> November 2019
Jordan Linden	22 <sup>nd</sup> June 2019	15 <sup>th</sup> November 2019
Fiona Fotheringham	22 <sup>nd</sup> June 2019	15 <sup>th</sup> November 2019
Robert Burgess	22 <sup>nd</sup> June 2019	13 <sup>th</sup> November 2019
Alan Beveridge	22 <sup>nd</sup> June 2019	13 <sup>th</sup> November 2019
Andrew Thomas McPherson	5 <sup>th</sup> December 2019	
Nicole Paterson	5 <sup>th</sup> December 2019	
Stephen Penman	5 <sup>th</sup> December 2019	
Rose Anne Munro	5 <sup>th</sup> December 2019	
<b>Independent Directors</b>		
John Lambert	15 <sup>th</sup> April 2013	22 <sup>nd</sup> June 2019
Adam Smith	15 <sup>th</sup> April 2013	22 <sup>nd</sup> June 2019
David Craig	28 <sup>th</sup> April 2015	14 <sup>th</sup> November 2019
Richard Stratton (Employee Director)	24 <sup>th</sup> October 2017	22 <sup>nd</sup> June 2019
Karen Allan	21 <sup>st</sup> June 2018	1 <sup>st</sup> October 2018
Derek Gamble (Chair)	6 <sup>th</sup> June 2019	14 <sup>th</sup> November 2019
Kathleen McLoughlin	22 <sup>nd</sup> June 2019	14 <sup>th</sup> November 2019
Gregor McKenzie	22 <sup>nd</sup> June 2019	14 <sup>th</sup> November 2019
Robert McCallum	22 <sup>nd</sup> June 2019	14 <sup>th</sup> November 2019
William Stewart	21 <sup>st</sup> June 2018	
Willie Shearer (Trade Union Director)	9 <sup>th</sup> July 2019	
James Sweeney	5 <sup>th</sup> December 2019	
William Thomson Craik	5 <sup>th</sup> December 2019	

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Trustees' Report (incorporating the Directors Report and Strategic Report)**  
**For the year ending 31<sup>st</sup> March 2019**

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**Company Secretary**

**CultureNL Chief Executive**

Fiona Ekinli

Jillian Ferrie

**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 judgements 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.

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Trustees' Report (incorporating the Directors Report and Strategic Report)**  
**For the year ending 31<sup>st</sup> March 2019**

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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) 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**

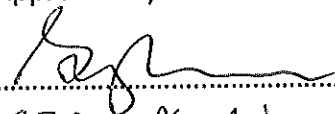
Messers Scott-Moncrieff, Chartered Accountants are the Auditors of the company for the accounting period to 31st March 2019.

Messers RSM, Chartered Accountants have been appointed as the Auditors for the accounting period to 31st March 2020.

**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 17th December 2019 and signed on its behalf by:

  
.....  
STEPHEN PENMAN  
Chair of the Board

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Independent Auditor's Report**  
**For the year ending 31<sup>st</sup> March 2019**

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**Independent Auditor's Report to the Members and Directors of Culture and Leisure NL Ltd  
(formerly CultureNL Limited)**

**Opinion**

We have audited the financial statements of Culture and Leisure NL Ltd (formerly CultureNL Limited) (the 'parent charitable company') and its subsidiary (the group) for the year ended 31<sup>st</sup> March 2019 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<sup>st</sup> March 2019 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 17, 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.

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Independent Auditor's Report**  
**For the year ending 31<sup>st</sup> March 2019**

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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](http://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).



**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Independent Auditor's Report**  
**For the year ending 31<sup>st</sup> March 2019**

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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 *17 December 2019* .....

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Consolidated Statement of Financial Activities (incorporating the Consolidated Income and Expenditure Account)**  
**For the year ending 31<sup>st</sup> March 2019**

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
<b>Income from:</b>					
Charitable activities	3	16,162,152	326,516	16,488,668	16,813,097
Other trading activities	3	2,106,944		2,106,944	1,971,730
Investments	5	34,984		34,984	14,707
<b>Total</b>		<b>18,304,080</b>	<b>326,516</b>	<b>18,630,596</b>	<b>18,799,534</b>
<b>Expenditure on:</b>					
Charitable activities	6	17,679,011	362,849	18,041,860	16,922,064
Other trading activities		2,019,037		2,019,037	1,906,165
Other		59,298		59,298	95,225
<b>Total</b>		<b>19,757,346</b>	<b>362,849</b>	<b>20,120,195</b>	<b>18,923,454</b>
<b>Net income/(expenditure)</b>		<b>(1,453,266)</b>	<b>(36,333)</b>	<b>(1,489,599)</b>	<b>(123,920)</b>
<b>Other recognised gains/(losses):</b>					
Actuarial gains/(losses) on defined benefit pension scheme	11	(3,065,000)		(3,065,000)	8,369,000
<b>Net movement in funds</b>		<b>(4,518,266)</b>	<b>(36,333)</b>	<b>(4,554,599)</b>	<b>8,245,080</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		6,082,550	78,978	6,161,528	(2,083,552)
<b>Total funds carried forward</b>		<b>1,564,284</b>	<b>42,645</b>	<b>1,606,929</b>	<b>6,161,528</b>

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 29 to 55 form part of these financial statements.

Culture and Leisure NL Ltd (formerly CultureNL Limited)  
Parent Statement of Financial Activities (incorporating the Income and Expenditure Account)  
For the year ending 31<sup>st</sup> March 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
<b>Income from:</b>					
Charitable activities	3	16,162,152	326,516	16,488,668	16,813,097
Other trading activities	3	140,435		140,435	122,620
Investments	5	34,984		34,984	14,707
<b>Total</b>		<b>16,337,571</b>	<b>326,516</b>	<b>16,664,087</b>	<b>16,950,424</b>
<b>Expenditure on:</b>					
Charitable activities	6	17,731,539	362,849	18,094,388	16,979,119
Other		59,298		59,298	95,225
<b>Total</b>		<b>17,790,837</b>	<b>362,849</b>	<b>18,153,686</b>	<b>17,074,344</b>
<b>Net income/(expenditure)</b>		<b>(1,453,266)</b>	<b>(36,333)</b>	<b>(1,489,599)</b>	<b>(123,920)</b>
<b>Other recognised gains/(losses):</b>					
Actuarial gains/(losses) on defined benefit pension scheme	11	(3,065,000)		(3,065,000)	8,369,000
<b>Net movement in funds</b>		<b>(4,518,266)</b>	<b>(36,333)</b>	<b>(4,554,599)</b>	<b>8,245,080</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		6,082,550	78,978	6,161,528	(2,083,552)
<b>Total funds carried forward</b>		<b>1,564,284</b>	<b>42,645</b>	<b>1,606,929</b>	<b>6,161,528</b>

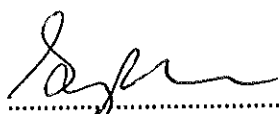
There are no other gains and losses other than those included in the Parent Statement of Financial Activities. All activities of the Charity relate to continuing operations.

The notes on pages 29 to 55 form part of these financial statements

Culture and Leisure NL Ltd (formerly CultureNL Limited)  
Consolidated Balance Sheet  
As at 31<sup>st</sup> March 2019

	Notes	2019	2018
		£	£
<b>Current assets</b>			
Stock	13	73,059	83,306
Debtors	14	2,534,416	2,265,532
Cash at bank and in hand		7,208,591	6,443,541
		<u>9,816,066</u>	<u>8,792,379</u>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	15	(5,145,137)	(4,742,851)
		<u>4,670,929</u>	<u>4,049,528</u>
<b>Net current assets</b>		<b>4,670,929</b>	<b>4,049,528</b>
<b>Net assets/(liabilities) excluding defined benefit pension scheme asset/(liability)</b>		<b>4,670,929</b>	<b>4,049,528</b>
Defined benefit pension scheme asset/(liability)	11	(3,064,000)	2,112,000
		<u>1,606,929</u>	<u>6,161,528</u>
<b>Total net assets/(liabilities)</b>		<b>1,606,929</b>	<b>6,161,528</b>
<b>The funds of the group:</b>			
Unrestricted Funds	19	4,628,284	3,970,550
Pension Reserve	19	(3,064,000)	2,112,000
Restricted Funds	19	42,645	78,978
		<u>1,606,929</u>	<u>6,161,528</u>
<b>Total funds</b>		<b>1,606,929</b>	<b>6,161,528</b>

The financial statements were approved and authorised for issue by the Board on 17 December 2019 and were signed on its behalf by:

  
.....  
STEPHEN PAUSMAN

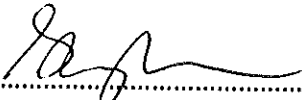
Chair of the Board

The notes on pages 29 to 55 form part of these financial statements

Culture and Leisure NL Ltd (formerly CultureNL Limited)  
Charity Balance Sheet  
As at 31<sup>st</sup> March 2019

	Notes		2019	2018
		£	£	£
Investments	12		1	1
<b>Current assets</b>				
Stock	13	28,796		26,062
Debtors	14	2,180,430		2,014,049
Cash at bank and in hand		7,202,680		6,437,131
		<u>9,411,906</u>		<u>8,477,242</u>
<b>Liabilities</b>				
Creditors: Amounts falling due within one year	15	(4,740,978)		(4,427,715)
<b>Net current assets</b>			<u>4,670,928</u>	<u>4,049,527</u>
<b>Net assets/(liabilities) excluding defined benefit pension scheme asset/(liability)</b>			<u>4,670,929</u>	<u>4,049,528</u>
Defined benefit pension scheme asset/(liability)	11		(3,064,000)	2,112,000
<b>Total net assets/(liabilities)</b>			<u><u>1,606,929</u></u>	<u><u>6,161,528</u></u>
<b>The funds of the charity:</b>				
Unrestricted Funds	19		4,628,284	3,970,550
Pension Reserve	19		(3,064,000)	2,112,000
Restricted Funds	19		42,645	78,978
<b>Total funds</b>			<u><u>1,606,929</u></u>	<u><u>6,161,528</u></u>

The financial statements were approved and authorised for issue by the Board on 17th December 2019 and were signed on its behalf by:

  
.....  
STEPHEN PANNAN

Chair of the Board

Company number – SC435540

The notes on pages 29 to 55 form part of these financial statements

Culture and Leisure NL Ltd (formerly CultureNL Limited)  
Statement of Cash Flows and Consolidated Statement of Cash Flows  
For the year ending 31<sup>st</sup> March 2019

	Notes	Group		Parent	
		2019	2018	2019	2018
		£	£	£	£
<b>Cash Flows from Operating Activities</b>					
Net cash provided by/(used in) operating activities	20	730,066	1,205,934	730,565	1,205,434
<b>Cash Flow from Investing Activities:</b>					
Interest received		34,984	14,707	34,984	14,707
Net cash provided by/(used in) investing activities		34,984	14,707	34,984	14,707
Change in cash and cash equivalents in the reporting period		765,050	1,220,641	765,549	1,220,141
Cash and cash equivalents at the beginning of the reporting period		6,443,541	5,222,900	6,437,131	5,216,990
Cash and cash equivalent at the end of the reporting period		7,208,591	6,443,541	7,202,680	6,437,131

The notes on pages 29 to 55 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).

Culture and Leisure NL Ltd (formerly CultureNL Limited) (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, it is probable that the income will be received and the amount can be measured reliably. 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.

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Notes to the Financial Statements**  
**For the year ending 31<sup>st</sup> March 2019**

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**Creditors**

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

**Cash and cash equivalents**

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

**Financial assets and financial liabilities**

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

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

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

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

**Pensions**

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

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Notes to the Financial Statements**  
**For the year ending 31<sup>st</sup> March 2019**

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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.

In January 2018, the UK Government published its response to the indexation and equalisation of Guaranteed Minimum Pension (GMP) in public sector pension schemes. The UK Government has concluded that there should be an extension to the current interim solution so that it applies to those who reach State Pension age on or before 5 April 2021. There remains uncertainty around the long term solution, and in the event that any additional liability arises in due course, it would be expected that this will be treated as a past service cost and included in the actuarial assessment of the pension scheme liabilities.

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On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgement (McCloud judgement) that the transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination. Specifically, the Supreme Court found that those too far away from retirement age to qualify for 'transitional protection' have been unfairly discriminated against.

This means that the government has accepted that there will be a potential increase in scheme liabilities, and this will be informed in due course by the Employment Tribunal consideration of remedies. There is an expectation that the effect of this judgement will apply across public sector pension schemes. The Supreme Court decision is viewed as a post balance sheet event that requires recognition, and appropriate adjustment.

Consequently, CultureNL obtained actuarial estimates for the potential effect of this ruling, and these have now been included within the overall pension scheme liabilities.

**3. Income**

	Note	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
<b>Charitable activities</b>					
Management service fee		12,224,421	12,718,151	12,224,421	12,718,151
Provision of Cultural and Related activities	4	4,264,247	4,094,946	4,264,247	4,094,946
<b>Other trading activities</b>					
Commercial trading activities		1,966,509	1,849,110	0	0
Sales Income		140,435	122,620	140,435	122,620
Investment activities	5	34,984	14,707	34,984	14,707
<b>Total income</b>		<b>18,630,596</b>	<b>18,799,534</b>	<b>16,664,087</b>	<b>16,950,424</b>

Income on charitable activities for the group was £16,488,668 (2018: £16,813,097) of which £16,162,152 was unrestricted (2018: £16,299,363) and £326,516 (2018: £513,734) was restricted. All other income was unrestricted.

Income on charitable activities for the charity was £16,488,668 (2018: £16,813,097) of which £16,162,152 was unrestricted (2018: £16,299,363) and £326,516 (2018: £513,734) was restricted. All other income was unrestricted.

Culture and Leisure NL Ltd (formerly CultureNL Limited)  
Notes to the Financial Statements  
For the year ending 31<sup>st</sup> March 2019

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

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
<b>Unrestricted funds</b>				
Libraries	192,013	192,706	192,013	192,706
Museums	192,379	145,680	192,379	145,680
Creative Services	1,727,778	1,359,477	1,727,778	1,359,477
Community Facilities	1,822,651	1,841,450	1,822,651	1,841,450
Support Services	2,910	41,899	2,910	41,899
<b>Restricted funds</b>	<b>326,516</b>	<b>513,734</b>	<b>326,516</b>	<b>513,734</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total income from the provision of cultural and related activities</b>	<b>4,264,247</b>	<b>4,094,946</b>	<b>4,264,247</b>	<b>4,094,946</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. Investment Income

	2019	2018
	£	£
<b>Group and Charity</b>		
Bank and other interest	34,984	14,707
	<hr/>	<hr/>
<b>Total investment income</b>	<b>34,984</b>	<b>14,707</b>
	<hr/> <hr/>	<hr/> <hr/>

Culture and Leisure NL Ltd (formerly CultureNL Limited)  
Notes to the Financial Statements  
For the year ending 31<sup>st</sup> March 2019

6. Analysis of expenditure on charitable activities

Group	Libraries £	Museums £	Creative Services £	Community Facilities £	Restricted £	Total 2019 £	Total 2018 £
Employee costs	3,632,798	1,251,083	1,550,052	2,521,814	173,444	9,129,191	9,212,385
Property costs	613,601	213,408	668,123	1,387,353	23,998	2,906,483	2,571,645
Supplies & services	860,859	173,939	967,607	217,654	63,555	2,283,614	2,305,358
Transport & plant	110,436	23,038	26,399	10,405	4,748	175,026	168,684
Admin	41,179	48,865	122,154	33,879	36,685	282,762	429,586
Pay to agencies	10,258	2,704	1,622	357	53,894	68,835	15,667
Other costs	0	0	0	0	6,525	6,525	0
Support services	1,159,711	377,032	734,561	918,120	0	3,189,424	2,218,739
<b>Charitable activities</b>	<b>6,428,842</b>	<b>2,090,069</b>	<b>4,070,518</b>	<b>5,089,582</b>	<b>362,849</b>	<b>18,041,860</b>	<b>16,922,064</b>
<b>2018</b>	<b>6,090,524</b>	<b>1,934,094</b>	<b>3,428,900</b>	<b>4,955,635</b>	<b>512,910</b>	<b>16,922,064</b>	

Charity	Libraries £	Museums £	Creative Services £	Community Facilities £	Restricted £	Total 2019 £	Total 2018 £
Employee costs	3,632,798	1,251,083	1,550,052	2,521,814	173,444	9,129,191	9,212,385
Property costs	613,601	213,408	668,123	1,387,353	23,998	2,906,483	2,571,645
Supplies & services	860,859	174,479	1,011,737	217,654	63,555	2,328,284	2,305,358
Transport & plant	110,436	23,038	26,399	10,405	4,748	175,026	168,684
Admin	41,332	49,848	127,984	33,879	36,685	289,728	429,586
Pay to agencies	10,257	2,704	1,664	357	53,894	68,876	15,667
Other costs	0	0	0	0	6,525	6,525	0
Support services	1,160,021	377,132	734,757	918,365	0	3,190,275	2,275,794
<b>Charitable activities</b>	<b>6,429,304</b>	<b>2,091,692</b>	<b>4,120,716</b>	<b>5,089,827</b>	<b>362,849</b>	<b>18,094,388</b>	<b>16,979,119</b>
<b>2018</b>	<b>6,111,701</b>	<b>1,940,821</b>	<b>3,440,822</b>	<b>4,972,865</b>	<b>512,910</b>	<b>16,979,119</b>	

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Expenditure on charitable activities for the group was £18,041,860 (2018: £16,922,065) of which £17,679,011 was unrestricted (2018: £16,409,155) and 362,849 (2018: £512,910) was restricted. All other expenditure was unrestricted.

Expenditure on charitable activities for the parent was £18,094,388 (2018: £16,979,119) of which £17,731,539 was unrestricted (2018: £16,466,209) and £362,849 (2018: £512,910) was restricted. All other expenditure was unrestricted.

**7. Analysis of support costs**

<b>Group</b>	<b>General Support</b>	<b>Governance</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Employee costs	2,928,941	0	2,928,941	2,007,541
Property costs	4,486	0	4,486	4,836
Supplies & services	38,914	0	38,914	20,279
Transport & plant	3,601	74	3,675	3,309
Admin	36,090	31,352	67,442	70,003
Pay to agencies	34,450	0	34,450	27,469
Other costs	111,516	0	111,516	85,302
	<b>3,157,998</b>	<b>31,426</b>	<b>3,189,424</b>	<b>2,218,739</b>

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

<b>Charity</b>	<b>General Support</b>	<b>Governance</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Employee costs	2,928,940	0	2,928,940	2,007,540
Property costs	4,486	0	4,486	4,836
Supplies & services	39,767	0	39,767	77,334
Transport & plant	3,601	74	3,675	3,309
Admin	42,575	24,867	67,442	70,004
Pay to agencies	34,450	0	34,450	27,469
Other costs	111,515	0	111,515	85,302
	<b>3,165,334</b>	<b>24,941</b>	<b>3,190,275</b>	<b>2,275,794</b>



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8. Analysis of governance costs

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
External audit fees	13,100	12,757	12,200	11,864
Internal audit fees	12,667	12,667	12,667	12,667
Fees for taxation services	0	0	0	0
Legal fees	5,585	7,022	0	0
Director expenses	74	107	74	107
Director training	0	0	0	0
	<u>31,426</u>	<u>32,553</u>	<u>24,941</u>	<u>24,638</u>

Governance Costs are allocated on the basis of gross expenditure.

9. Net income/(expenditure) for the year

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
<b>This is stated after charging/(crediting)</b>				
Auditors' remuneration for audit	13,100	12,757	12,200	11,864
for other services	850	0	850	0
Internal audit	12,667	12,667	12,667	12,667
Operating lease rentals	15,262	14,603	15,262	14,603

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**10. Staff Costs and Numbers**

The remuneration and associated staff costs were as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	8,707,038	8,688,394
Social security costs	635,099	640,567
Other pension costs	3,651,859	2,890,497
Redundancy Costs	189,526	42,107
	<u>13,183,522</u>	<u>12,261,565</u>

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
£60,000-£69,999	1	1
	<u>1</u>	<u>1</u>

Employee benefits paid to key management personnel totalled £90,972 for 2019 (2018: £86,506). This consists of salary costs of £67,809 and National Insurance, Employer's Local Government Pension contribution and expenses of £23,163. 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 (2018: nil) other than Directors Indemnity insurance and travel expenses of £74 (2018: £107). No member of the board received payment for professional or other services supplied to the charity (2018: nil).

Redundancy costs paid relate to 12 employees (2018: 3 employees) who volunteered to take early retirement at 31<sup>st</sup> March 2019. The one off costs associated with this were £80,473 (2018: £9,873) relating to an adjustment to the Strain on the pension fund provision and £109,052 (2018: £43,542) relating to compensation payments for early retiral and early release.

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**For the year ending 31<sup>st</sup> March 2019**

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

	<b>Group 2019 Number</b>	<b>Group 2018 Number</b>	<b>Charity 2019 Number</b>	<b>Charity 2018 Number</b>
Full-time	182	197	176	190
Part-time	581	553	479	457
	<b>763</b>	<b>750</b>	<b>655</b>	<b>647</b>

The above number of employees relates to 330 Full Time Equivalents for the group (2018: 338).

### 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's and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Employees' contributions are tiered and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as Projected Unit Credit Method. The last actuarial valuation was at 31<sup>st</sup> March 2017 and following this valuation employer's contributions decreased from 22.2% for the year ended 31<sup>st</sup> March 2018 to 20.7% for the years ended 31<sup>st</sup> March 2019, 2020 and 2021 respectively.

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

	<b>31<sup>st</sup> March 2019 £'000</b>	<b>31<sup>st</sup> March 2018 £'000</b>
Opening defined benefit obligation	48,822	52,523
Current service cost	2,899	2,790
Past service cost (including curtailments)	836	13
Interest cost	1,363	1,395
Contributions by members	428	412
Actuarial losses/(gains)	4,738	(7,466)
Benefits paid	(727)	(845)
<b>Closing defined benefit obligation</b>	<b>58,359</b>	<b>48,822</b>

Culture and Leisure NL Ltd (formerly CultureNL Limited)  
Notes to the Financial Statements  
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The movement in the fair value of plan assets in the year is as follows:

	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
	£'000	£'000
Opening fair value of plan assets	50,934	47,598
Interest income on plan assets	1,392	1,252
Contributions by members	428	412
Contributions by the employer	1,595	1,614
Actuarial (losses)/gains	1,673	903
Benefits paid	(727)	(845)
	<u>55,295</u>	<u>50,934</u>

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

	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
	£'000	£'000
Current service cost	(2,899)	(2,790)
Past Service Cost (including curtailment)	(836)	(13)
	<u>(3,735)</u>	<u>(2,803)</u>
<b>Net interest</b>		
Interest income on plan assets	1,392	1,252
Interest cost on defined benefit obligation	(1,363)	(1,395)
	<u>29</u>	<u>(143)</u>
<b>Total net interest</b>	<b>29</b>	<b>(143)</b>
<b>Total defined benefit cost recognised in net income/expenditure per the SOFA</b>	<b>(3,706)</b>	<b>(2,946)</b>

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Notes to the Financial Statements**  
**For the year ending 31<sup>st</sup> March 2019**

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

	<b>31<sup>st</sup> March 2019</b>	<b>31<sup>st</sup> March 2018</b>
	%	%
Equities	64	62
Bonds	24	23
Property	10	11
Cash	2	4

The estimated employer contributions for the year to 31<sup>st</sup> March 2020 are £1,526,000.

The principal actuarial assumptions used in the calculations are:

	<b>31<sup>st</sup> March 2019</b>	<b>31<sup>st</sup> March 2018</b>
	% per annum	% per annum
Pension Increase Rate	2.5	2.4
Salary Increase Rate	3.7	3.6
Discount Rate	2.4	2.7

### **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:

	<b>Males</b>	<b>Females</b>
Current Pensioners	21.4 years	23.7 years
Future Pensioners	23.4 years	25.8 years

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**12. Investments**

	2019	2018
	£	£
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	
	2019	2018	2019	2018
	£	£	£	£
Consumable Stock	73,059	83,306	28,796	26,062
	<u>73,059</u>	<u>83,306</u>	<u>28,796</u>	<u>26,062</u>
	<u><u>73,059</u></u>	<u><u>83,306</u></u>	<u><u>28,796</u></u>	<u><u>26,062</u></u>

**14. Debtors**

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	2,534,416	2,265,532	2,180,430	2,014,049
	<u>2,534,416</u>	<u>2,265,532</u>	<u>2,180,430</u>	<u>2,014,049</u>
	<u><u>2,534,416</u></u>	<u><u>2,265,532</u></u>	<u><u>2,180,430</u></u>	<u><u>2,014,049</u></u>

Culture and Leisure NL Ltd (formerly CultureNL Limited)  
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15. Creditors

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	1,441,501	331,037	1,391,756	297,275
Accruals and deferred income	3,470,551	4,273,577	3,144,710	4,003,976
Taxation and Social Security	233,085	138,237	204,512	126,464
	<u>5,145,137</u>	<u>4,742,851</u>	<u>4,740,978</u>	<u>4,427,715</u>

16. Deferred Income

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

	2019	2018
	£	£
Balance as at 1 <sup>st</sup> April	308,338	216,198
Amounts released to income during the year	(306,339)	(214,598)
Amounts deferred in year	338,598	306,738
<b>Balance as at 31<sup>st</sup> March</b>	<b><u>340,597</u></b>	<b><u>308,338</u></b>

17. Financial assets and liabilities

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Financial assets at amortised cost	9,743,007	8,661,622	9,383,110	8,403,729
Financial liabilities at amortised cost	(4,070,908)	(3,706,189)	(3,695,323)	(3,402,825)
	<u>5,672,099</u>	<u>4,955,433</u>	<u>5,687,787</u>	<u>5,000,904</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.

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For the year ending 31<sup>st</sup> March 2019

19. Reserves

Funds (Group)	Designated £	General £	Restricted £	Pension £	Total £
<b>Balance at 31<sup>st</sup> March 2019</b>					
<b>Represented by:</b>					
Net current assets	3,657,284	971,000	42,645	0	4,670,929
Retirement benefit scheme	0	0	0	(3,064,000)	(3,064,000)
	<u>3,657,284</u>	<u>971,000</u>	<u>42,645</u>	<u>(3,064,000)</u>	<u>1,606,929</u>

Funds (Charity)	Designated £	General £	Restricted £	Pension £	Total £
<b>Balance at 31<sup>st</sup> March 2019</b>					
<b>Represented by:</b>					
Net current assets	3,657,284	971,000	42,645	0	4,670,929
Retirement benefit scheme	0	0	0	(3,064,000)	(3,064,000)
	<u>3,657,284</u>	<u>971,000</u>	<u>42,645</u>	<u>(3,064,000)</u>	<u>1,606,929</u>

Group	Opening Balance £	Incoming £	Outgoing £	Transfers £	Actuarial Loss £	Closing Balance £
Unrestricted fund	800,000	18,304,080	(17,646,346)	(486,734)	0	971,000
Designated fund	3,170,550	0	0	486,734	0	3,657,284
Pension reserve	2,112,000	0	(2,111,000)	0	(3,065,000)	(3,064,000)
	<u>6,082,550</u>	<u>18,304,080</u>	<u>(19,757,346)</u>	<u>0</u>	<u>(3,065,000)</u>	<u>1,564,284</u>

**Designated funds**

The present value of the Designated Reserve is £3,657,284. (2018: £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 2019/20 and 2020/21 savings, cost associated with future savings and the replacement of IT systems and equipment.



Culture and Leisure NL Ltd (formerly CultureNL Limited)  
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For the year ending 31<sup>st</sup> March 2019

Funds (Group)	Designated £	General £	Restricted £	Pension £	Total £
<b>Balance at 31<sup>st</sup> March 2018</b>					
<b>Represented by:</b>					
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 £
<b>Balance at 31<sup>st</sup> March 2018</b>					
<b>Represented by:</b>					
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>

**Group - 2018**

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>

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Notes to the Financial Statements**  
**For the year ending 31<sup>st</sup> March 2019**

<b>Externally Funded Projects</b>	<b>Opening Balance 01/04/18 £</b>	<b>Incoming Resources £</b>	<b>Resources Expended £</b>	<b>Closing Balance 31/03/19 £</b>
Peoples Story of WWI (Heritage Lottery Fund)	0	2,700	(2,700)	0
Reigart (Reigart Contractors Ltd)	17,395	0	(3,189)	14,206
MacMillian (MacMillan Cancer Research)	0	209,779	(202,970)	6,809
Reminiscence (NHS)	6,679	0	0	6,679
Film Education in Scotland (SLIC)	2,479	0	(611)	1,868
Creating Virtual Access ( Museum Galleries Scotland)	0	34,496	(34,496)	0
Shift (NTS/NLC)	11,921	13,978	(25,899)	0
Complimentary Therapy Sessions (NHS)	1,927	0	(1,927)	0
Monklands Heavy Metal Heroes (The Royal Society)	2,200	0	(1,583)	617
WWI Then & now (Heritage Lottery Fund)	5,176	0	(3,350)	1,826
European Championships 2018	24,491	28,860	(53,351)	0
Upgrading Storage of Large Objects in the Recognised Collection (Museum Galleries Scotland)	6,710	17,288	(23,998)	0
Heavy Metal at Summerlee (Museum Galleries Scotland)	0	475	(475)	0
National Fund for Acquisitions	0	700	(700)	0
Tesco Fund Scottish Reading Challenge 2018	0	350	(350)	0
Centenary Fund	0	4,500	(4,500)	0
Wishaw Remembers (Museum Galleries Scotland)	0	2,000	(2,000)	0
Book Week Scotland 18/19 (SLIC)	0	750	(750)	0
Ballet (NLC)	0	10,640	0	10,640
<b>Totals</b>	<b>78,978</b>	<b>326,516</b>	<b>(362,849)</b>	<b>42,645</b>

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
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<b>Externally Funded Projects</b>	<b>Opening Balance 01/04/17 £</b>	<b>Incoming Resources £</b>	<b>Resources Expended £</b>	<b>Closing Balance 31/03/18 £</b>
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 (MGS))	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 (MGS)	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 (MGS)	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 (MGS)	0	6,710	0	6,710
Healthy Reading Refresh (NHS)	0	5,512	(5,512)	0
Steel Works flag (MGS)	0	3,520	(3,520)	0
<b>Totals</b>	<b>78,154</b>	<b>513,734</b>	<b>(512,910)</b>	<b>78,978</b>

## **2018/19 Projects**

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.

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.

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.

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

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.

Heavy Metal at Summerlee for the Festival of Museums. This involved a Casting workshop and facepainting aimed at family audience. A blacksmithing demonstration aimed at a general audience and a curator's talk aimed at visitors with a specific interest in industrial and local history.

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
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National fund for Acquisitions. The funding was received for the purchase of a 19th century counterfeit coin mould of a silver shilling of Victoria and a medieval silver gilt finger ring which we acquired through Treasure Trove.

Tesco Fund Scottish Reading Challenge 2018, the Summer Reading Challenge takes place every year during the summer holidays. Children can sign up at their local library, then read six library books of your choice to complete the Challenge.

Centenary Fund project created a site-specific theatre at Summerlee Museum which dramatised the activities of the suffragette movement in Lanarkshire and invited audiences to consider how having a vote has improved the lives of women in Scotland.

Wishaw Remembers project focused on the restoration and research of a First World War memorial plaque from Wishaw High School. Post-restoration, the plaque is loaned to Wishaw Old Parish Church on a long-term basis and installed in an area accessible to the public.

Book Week Scotland supports the national celebration of books and reading.

Ballet development of a future ballet project in September 2020.

### **2017/18 Projects**

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

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

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

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

Reminiscence was to provide learning resources for the community.

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

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

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
**Notes to the Financial Statements**  
**For the year ending 31<sup>st</sup> March 2019**

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

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

The Transplant Games were held in North Lanarkshire in July 2017.

New Tricks was reminiscence project for elderly.

Book Week was 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.

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.

Culture and Leisure NL Ltd (formerly CultureNL Limited)  
Notes to the Financial Statements  
For the year ending 31<sup>st</sup> March 2019

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

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Net income/(expenditure) for the reporting period (as per the SOFA)	(1,489,599)	(123,920)	(1,489,599)	(123,920)
<b>Adjustments for:</b>				
Interest received	(34,984)	(14,707)	(34,984)	(14,707)
Net cost in respect of pensions	2,111,000	1,332,000	2,111,000	1,332,000
(Increase)/decrease in stock	10,247	(4,613)	(2,734)	6,882
(Increase)/decrease in debtors	(268,884)	(37,451)	(166,381)	44,197
Increase/(decrease) in creditors	402,286	54,625	313,263	(39,018)
<b>Net cash provided by (used in) operating activities</b>	<b>730,066</b>	<b>1,205,934</b>	<b>730,565</b>	<b>1,205,434</b>

**21. Analysis of cash and cash equivalents**

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Cash in hand	7,208,591	6,443,541	7,202,680	6,437,131
<b>Total cash and cash equivalents</b>	<b>7,208,591</b>	<b>6,443,541</b>	<b>7,202,680</b>	<b>6,437,131</b>

**22. Related parties**

North Lanarkshire Council (NLC), the sole member of CultureNL, made a contribution in line with the Services Agreement of £12,224,421 (2018: £12,718,151). North Lanarkshire Council also paid CultureNL £1,332,760 (2018: £1,119,852) 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 £1,049,061 (2018: £1,150,858). In addition, they also provided office accommodation and a central property repairs/maintenance function for which they charged £1,838,196 (2018: £1,755,558). At 31 March 2019 CultureNL owed North Lanarkshire Council £2,119,318 (2018: £1,747,702) and the Council owed CultureNL £1,747,785 (2018: £1,282,766). Six Directors of

**Culture and Leisure NL Ltd (formerly CultureNL Limited)**  
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CultureNL were elected members of North Lanarkshire Council during the period ended 31<sup>st</sup> March 2019 (2018: 6 Directors).

**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.

	2019 £	2018 £
<b>Operating Leases which expire:</b>		
Not later than one year	862	1,525
Later than one year and not later than five years	42,837	20,690
Later than five years	0	0
	<u>43,699</u>	<u>22,215</u>

**24. Subsidiary undertakings**

CultureNL Limited owns 100% of the issued share capital of CultureNL Trading C.I.C. These financial statements are prepared on a consolidated basis to include this entity. The subsidiary undertaking's principal activity is the provision of catering facilities. The results of CultureNL C.I.C for the year ended 31<sup>st</sup> March 2019 are shown below. Audited accounts are filed with Companies House.

	2019 £	2018 £
Turnover	2,019,037	1,906,165
Cost of Sales	(2,009,530)	(1,876,699)
	<u>9,507</u>	<u>29,466</u>
<b>Gross Profit/(Loss)</b>		
Administrative expenses	(9,507)	(29,466)
	<u>0</u>	<u>0</u>
<b>Profit/(loss) for the year</b>	<u><u>0</u></u>	<u><u>0</u></u>

CultureNL Trading C.I.C reported £1 net assets as at 31 March 2019 (2018: £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, CultureNL Ltd has merged with North Lanarkshire Leisure Ltd to form Culture and Leisure NL Ltd. The merged organisation will provide integrated delivery of Sports, Culture and Leisure Services within North Lanarkshire Council. All assets and liabilities passed to the merged organisation will be treated as the transfer of a business as a going concern.

This integration of organisations and systems will become a major focus for the Board and the Senior Management of CultureNL during 2019/20.

