

CULTURE

PERTH & KINROSS

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Company Number: SC518247

Trustees' Report and Consolidated Financial Statements

For the period ended 31 March 2017

CULTURE PERTH & KINROSS LIMITED
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Trustees' Report and Consolidated Financial Statements
for the period ended 31 March 2017

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Chair's Report

This is the first year of operation for Culture Perth & Kinross and my first opportunity to report as Chair. Our launch has coincided with a remarkable year for culture in the City with a bid for the title of UK City of Culture submitted, the launch of new Strategic Priorities for Culture and the announcement of £20 million of capital investment by Perth and Kinross Council in our Museums and Galleries to include the refurbishment of Perth Museum and Art Gallery and the redevelopment of Perth City Hall.

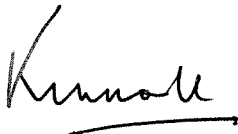
The Board have worked hard with staff to ensure that Culture Perth & Kinross is in a good position to make the most of these opportunities and to ensure that our visitors and customers from local communities, across Scotland and across the globe are at the very heart of all that we do.

The Board have also had a focus on developing a strong framework of governance to ensure a robust and resilient organisation and that work will continue as we mature over the next 12 months.

Key evidence of success in our first year has included a 10% increase in visitors to our Museums and Galleries service and an increase of nearly 5% in visitors to the AK Bell Library, the first increase in usage at that building in over 5 years. More than 78,000 people attended an event, workshop, talk or learning session delivered by Culture Perth & Kinross in venues across the region. As well as our excellent staff team we are grateful for the support and engagement of a small army of more than 200 volunteers who give up their time so generously to help us deliver more services, with greater reach, than we could do alone. Thank you all.

We do not as an organisation work in isolation and we are grateful to our many partners, including National Museums of Scotland (Next of Kin exhibition and Jacobite Spotlight loan), Perth and Kinross Heritage Trust, Scottish Library and Information Council, Creative Scotland, The Hunterian (Cradle of Scotland partnership exhibition), Horsecross Arts (Perth Theatre Memory collective project) and Perthshire Society of Natural Sciences. Particular thanks must go to Perth and Kinross Council without whose generous support both financial and logistical, we would not be here today and I believe their continued support is a vote of confidence in our future.

In closing I would like to pay tribute to the Board, our staff, volunteers and most importantly you, our audiences, visitors and customers for your support in making our work possible and I look very much forward to an exciting future delivered in partnership with you all.



CHARLES KINNOULL
CHAIR

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Objectives and Activities

The **Articles of Association** for Culture Perth and Kinross Limited detail its objects as being:

- To advance the arts, heritage and culture;
- To provide recreational facilities, and organise recreational activities, with such facilities/activities being made available to members of the public at large, with the object of improving their conditions of life;
- To advance education;
- To advance citizenship and/or community development (which may include the promotion of civic responsibility, volunteering, the voluntary sector and/or the effectiveness or efficiency of charities);
- To relieve those in need by reason of age, ill health, disability, financial hardship or other disadvantage;
- To advance such similar charitable purposes as the directors may consider appropriate from time to time, through the provision of services (including those entrusted to it by Perth and Kinross Council), which contribute to advancing wellbeing (primarily the wellbeing of residents of the area served by Perth and Kinross Council) including:
 - a) the operation, management and development of Cultural Facilities (including arrangements to facilitate access to such facilities by those on lower incomes or with special needs and to encourage wider participation in cultural activities); and
 - b) the development and delivery of Cultural Activities and events directed towards wider participation in such activities.

These objects inform the **vision**, '*to be at the heart of a Cultural Community that connects people, ideas, knowledge and collections*' and **mission**, '*to develop and deliver a range of innovative and creative cultural services, public programmes and partnerships which engage a wide and diverse audience in the best of local, national and international culture*' for the organisation which in turn drive the annual activities delivered within and through our services.

The charity delivers in four key service areas set out below.

Libraries and Information Services

- **50.88** staff (FTE)
- **13** Libraries in locations across Perth and Kinross.
- A mobile library service with **4** vehicles making approx. **105** stops every two weeks to remote rural locations, targeted communities, schools and nurseries, residential care homes and sheltered housing complexes.
- A digital library service which includes e-book, e-audiobook, e- newspaper and magazines as well as comprehensive reference resources.
- A range of volunteering, outreach, learning and early years' services designed to support literacies, reader development, inclusion and health and well-being.

Museum and Galleries Services

- **20.97** staff (FTE)
- Three **4*** Museums and Galleries venues (Perth Museum and Art Gallery and the Fergusson Gallery in Perth and Alyth Museum) housing a collection of over **450,000** objects which is a Recognised Collection of National Significance to Scotland.
- Exhibitions and Public Programming including events, talks and workshops.
- Heritage Learning, Volunteering and Outreach programmes across Perth and Kinross

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Objectives and Activities (continued)

Archives and Local and Family History Services

- **5.78** staff (FTE)
- The Perth and Kinross Archive holds the records of Perth & Kinross Council and its predecessors, and those of local individuals, estates, businesses and organisations. Records date back over 800 years and the service is an important resource for researchers and is currently based within the AK Bell Library in Perth.
- Family and Local History services primarily support individuals to find out more about their local area and in particular to discover their ancestry and local family connections. The service has a number of resources and collections which support such research including local books, pamphlets, historic local newspapers and maps.

Creative Learning

- **3** Project staff across all areas of the organisation work with partners, communities and individuals to support:
 - Increased engagement with and knowledge of museum, archive and other collections
 - Opportunities for young people within the cultural and heritage sector
 - Employability and business growth within the cultural and heritage sector through Perthshire Creates and other creative industry networks

In this, the first year of operations, **4 key strategic objectives** were identified. These compliment national and local priorities, as set out in the *National Improvement Framework* and the *Perth and Kinross Strategic Priorities for Culture 2016-2021* and support delivery of the key objects of Culture Perth and Kinross as set out in the Articles of Association. **These informed service delivery plans.**

- 1. To increase access to, and develop new audiences for, our services and collections**
- 2. To increase the resilience and sustainability of the organisation**
- 3. To engage proactively and creatively with customers, communities and partners**
- 4. To contribute to cultural sector debate and development at a local and national level**

Achievements and Performance

Through the scrutiny of the Board and actions of senior officers, Culture Perth and Kinross continues to promote a continuous improvement environment using a combination of performance data, customer and visitor feedback, self-evaluation and where appropriate, external scrutiny to identify improvement actions and development priorities. There are a number of key performance measures (KPIs) which are scrutinised by the Board and reported to Perth and Kinross Council as a key funder, on a quarterly basis and through their Scrutiny Committee on a half-yearly basis. Sitting behind these are detailed management information reports which support the day to day running of the organisation.

The improvements and actions for the organisation are set out in an annual Strategic Operating Plan under which sits individual team and project plans. Through use of the 'Golden Thread', all plans are aligned to local and national strategic priorities including *The Perth and Kinross Priorities for Culture and Sport 2016 – 2021* and the *Perth and Kinross Community Plan (SOA) 2013 – 2023*.

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Achievements and Performance (continued)

CPK Strategic Objective 1: To increase access to, and develop new audiences for, our services and collections

In 2016-17, there were 614,000 visits to libraries, a slight decrease of 1.55%. However within this figure there were some significant increases in visits to libraries including the flagship AK Bell Library in Perth which has seen a 4.94% increase in visits and the North Inch Community Campus Library also in Perth which has seen an increase of 5.93% in visits compared to 2015/16. Pitlochry and Comrie Libraries, both small part-time community libraries have seen increases of 9.18% and 8.96% respectively. Overall 6 libraries saw an increase in visits, as did 3 of the 4 mobile libraries, representing their best performance in a number of years.

Where libraries are seeing static or falling visitor numbers, staff are working to identify the reasons for this by engaging with communities, reviewing service activity and the local context within which they are working. This will help identify potential shifts in interest, population and other demographic markers to identify actions which may help address decreasing usage.

Digital Library Services continue to be a key area of service delivery, enabling us to offer an accessible library service 24/7 and facilitating use of Library resources for individuals unable to attend Library buildings during opening hours. In 2016/17, 789,406 on-line visits to the Library service were made, up 3.77% on the previous year.

Within the Library service programme of events, Bookbug, Rhymetimes, Book groups, Author and other talks, workshops, IT tuition and adult learning remain popular and in 2016/17 5,078 events were held with 67,453 participants from babies to older people engaging in the programme.

In response to feedback from service users our *Jump into Libraries* programme was a very successful 'Open Day' promotion in each of our Library venues to encourage local communities and individuals who may not be service users to visit their local library and see the diverse range of services available. Visits to Libraries on the Open Days were up by over 51%.

Overall Customer Satisfaction with services measured through an ongoing survey of users shows that 90% of our customers are satisfied with the services being delivered.

Footfall to Museum and Galleries rose by 10.6%, or an increase of 6,500 visits, giving a total of 65,989 visitors to our venues. Of particular success was programming for family audiences, specifically exhibitions at Perth Museum and Art Gallery titled *Player: Videogame Interaction from Atari to Toys to Life*, (July- September 2016) and *Brick City* Lego exhibition (opened March 2017). A supporting programme of 377 events and activities in 2016/17 successfully engaged 11,009 participants ranging from families to individuals, specialist groups, schools and colleges. Social media and online engagement continue to be a key area of development for reaching existing and new audiences, with 85,017 online visits and 350,389 Facebook engagements in 2016/17 linked to specific programming and marketing campaigns.

We have delivered a pilot programme to encourage library membership in children across the region and encourage lifelong library and reading habits, the Every Child a Library Member (ECALM) campaign. ECALM has delivered a 65% increase in child membership this year (3,268 up from 1,972 the previous year). This pilot is one of the most successful of its kind in Scotland and Culture Perth and Kinross are now leading on the development of national guidelines for rolling out ECALM.

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Achievements and Performance (continued)

CPK Strategic Objective 2: To increase the resilience and sustainability of the organisation

As a new organisation much of 2016/17 focused on establishing an infrastructure of policies and procedures to support efficient and effective service delivery within the objects of the company. New company branding, a website (www.culturepk.org.uk), and social media has helped to establish a positive presence as a significant charity operating within the region.

Our Trading Company activities supported uplift in profits for 2016/17 as a result of increased retail income following the refresh of the shop within Perth Museum and Art Gallery and an increase in catering orders to support venue hire activity.

A new venue bookings system has been procured to improve access to this aspect of our service and support more efficient bookings management and invoicing process. This new 'Bookings Plus' system will help us generate utilisation reports from which we can quickly understand trends and themes as well as identifying quiet periods representing opportunity for us to strategically market our offer more directly. Retail operations will be further developed to directly impact turnover and profitability of the organisation during the coming year.

To help evaluate the impact of the new organisation and the transition from the previous operating model within Perth and Kinross Council and annual Staff Survey was undertaken in March 2017 with positive results. The response rate of 77.7% was considerably up on the 65.9% rate of the survey previously undertaken in 2015/16 whilst services were the responsibility of the Council, and staff satisfaction was up in almost all areas. Improvement actions in response to the survey will now be included in the Culture Perth and Kinross Strategic Operating Plan 2017.

A new library at HM Prison Castle Huntly was set up and is operated entirely by prisoner volunteers. This service is being supported by Libraries and Information Services staff along with the existing service to HMP Perth, both of which support literacy and learning.

Volunteers contribute significantly to the work of Culture Perth and Kinross, with activities including delivering books to housebound readers, providing digital support, improving collections management, archive research projects, carrying out user surveys and visitor engagement. During 2016/17 a total of 210 volunteers contributed 6,135 hours to the organisation. Major forthcoming projects, such as a review of the Collections and relocation project in connection with the refurbishment of Perth Museum and Art Gallery will provide further volunteer opportunities.

In order to support the development of the workforce and workforce planning we have put in place measures to assess the need for new or replacement posts and a programme of staff training and development days, the priorities for which are set out in a Staff Learning and Development Framework. We are working to diversify our workforce and offer other work placements and world of work opportunities for individuals of all ages. Several of our staff are mentors on the Perth and Kinross Career Ready programme for 4th to 6th Year school pupils. We currently support 2 Modern Apprenticeships with plans to develop more in 2017 and have hosted paid internships and graduate trainee posts regularly throughout the year.

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Achievements and Performance (continued)

CPK Strategic Objective 3: To engage proactively and creatively with customers, communities and partners

Within our Museums and Galleries a number of key partnership projects showcased Perth's collections with high profile loans, (399 objects in total), including *Gifts for a Jacobite Prince* a National Treasure Tour from National Museums of Scotland October 2016- February 2017, and the World War One touring exhibition, *Next of Kin: Scottish Families and the Great War* in partnership with National Museums of Scotland and the Black Watch Museum. We also borrowed the Black Book entry of the Treaty of Perth from the National Records of Scotland, June-August 2016 and an exhibition of artwork by William Littlejohn from the Royal Scottish Academy (March-May 2016). In each instance, Perth's collections played an important part in setting the loan items into context and supporting their interpretation for visitors.

Two exhibitions at Perth Museum and Art Gallery, *Cradle of Scotland* (February to June 2016) and *Player: Videogame Interaction from Atari to Toys to Life* (July- September) used new technology to provide an interactive and creative experience for the 37,793 visitors to the venue during the exhibitions to explore their past and the collections on display.

Other partners engaged with the Museums and Galleries service included working with artist Su Grierson to commission a digital exhibition of contemporary video art titled *On the Ground* and with architect Fergus Purdie for the exhibition celebrating Patrick Geddes, *A Botanist Looks at the World*, both of which were shown during 2016/17 at Perth Museum and Art Gallery. Within A K Bell Library, collaboration with local organisations included Perthshire Photographic Society and The Courier resulting in new displays in the venue.

Libraries continue to support literacy, learning, reader development, health and cultural awareness through services and a varied programme of activities, taking part in national initiatives such as Book Week Scotland, Make a Noise in Libraries fortnight and World Book Day as well as more local events such as Perth's Mental Health and Well-being Film Festival and First World War commemorations through Perthshire Remembers.

Complementing the Books Aloud, Storytelling and reminiscence work carried out in residential and care homes within the Library service, four further Reminiscence Groups targeting more vulnerable older people have been set up in AK Bell, Breadalbane, Coupar Angus and Auchterarder libraries. Feedback on this initiative has been very positive about the impact of sharing of stories and memories in tackling loneliness and providing social opportunities for participants.

CPK Strategic Objective 4: To contribute to cultural sector debate and development at a local and national level

Culture Perth and Kinross is represented on a number of key local strategic groups and partnerships including the Perth and Kinross Advisory Group for Culture and Sport, the Perth City Development Board, the Cultural Transformation Programme Board, the Creative Exchange Project Board, Community Access, the Community Equality Advisory Group, the LGBTI Strategic Group, the Child Protection Committee and groups relating to the UK City of Culture 2021 bid being led by Perth and Kinross Council. Participation in these groups enables us to help inform wider debate, represent the views and interests of our service users and influence cultural development in the region.

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Achievements and Performance (continued)

CPK Strategic Objective 4: To contribute to cultural sector debate and development at a local and national level (continued)

Culture Perth and Kinross also works with national agencies and organisations to both support quality development within our services and to work with, influence and inform national policy development and debate. Groups include, Heads of Public Libraries, Society of Antiquaries of Scotland, Local Studies Scotland Recognised Collection Holders, Scottish Libraries Early Years Strategic Group, Scottish Prison Service Library Managers

We also work to proactively support the development of the cultural sector and the launch of Platform, the new Festival of Perthshire Creativity, delivered opportunities for audiences to engage with established and emerging artists through a week-long series of over 30 events across Perth and Kinross (25th March 2016 to the 1st April 2017). The Festival involved 148 professional creative practitioners, and engaged 6,800+ participants at events and exhibitions during the course of the week.

Libraries continue to work with the Scottish Libraries and Information Council (SLIC) and Scottish Consortium of Public Libraries (SCOPL) to investigate benefits from shared procurement and shared services, which include a pilot of the One Library Card and the roll out of the Every Child a Library Member (ECALM) campaign.

Trading Operations

Culture Perth and Kinross has one trading subsidiary which is a company limited by shares. This company looks after the commercial activity within our venues including with **4.44 FTE staff**.

Venue Hire

There are a number of spaces within key venues which are available for public hire, including;

- Soutar Theatre, Sandeman Meeting Room, McKenzie Room – AK Bell Library
- Lecture Theatre, Library Meeting Room – Perth Museum and Art Gallery
- Soutar House

Income from Venue Hire in 2016/17 was £35,064

Catering

A limited catering offer is made available to support venue hire and events activity. A café is also run within the AK Bell Library.

Catering income contributed £104,152 to the trading company in 2016/17.

Retail

There is a limited retail offer in Perth Museum and Art Gallery, Fergusson Gallery and Alyth Museum and includes sales of prints, postcards and books. There are also book sales (mostly locally produced and relevant titles) at AK Bell and other Libraries.

Retail sales totalled £27,174 in 2016/17.

There is some other activity which generates income for the trading company including commercial event activity (ticketed, non-charitable).

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Development

Culture Perth and Kinross is engaged in supporting Perth's bid to become UK City of Culture 2021. A key strand of this bid is the major refurbishment of Perth Museum and Art Gallery, the establishment of a new, additional museum venue within the former City Hall and the creation of new storage for the Collections.

All these developments will significantly increase access to the museum and gallery collections and improve the visitor experience and opportunities for engagement with cultural activity. Work on the development and progression and implementation of the detailed brief, business case and operating plans for these projects will be a significant work stream for the organisation over the next five years. To support this working group of the Board has been established and the project is a standing item at all Board Meetings.

To support the further development and sustainability of the organisation a Fundraising Manager will be appointed in 2017 to ensure we maximise the opportunities of individual and philanthropic giving, legacies and sponsorship. To further support income generation the café at the AK Bell Library has commenced its first phase of development in financial year 2016/17. Phase 2 will see continued focus on development of the customer base, increased advertising and marketing to raise our brand awareness and strengthen our market position. A new retail outlet, selling locally produced craft goods will be introduced within the café to extend the spend per head per visit where possible.

During 2017-18 a long term Library Strategy for CPK will be developed to provide focus and direction for the future. Our Jump into Libraries campaign will become an annual campaign to encourage local community use of their local library. 2017 will see another large piece of public engagement / evaluation work take place with customers and stakeholders around September / October. We will also be undertaking self-evaluation using the How Good Is Our Culture and Sport and How Good Is Our Public Library Service frameworks, looking at Indicator 5 of HGIOPLS – Vision, Strategy and Continuous Improvement.

The development of a Maker Space in AK Bell Library is also underway with an opening planned for September 2017. A permanent exhibition about William Soutar and other Perthshire Writers will be developed this year and this will be followed in September 2018 by the inaugural Soutar Writing Festival, a festival of creative writing, celebrating Scots, Gaelic and English writing.

The development of a co-ordinated learning offer from Culture Perth and Kinross has commenced to ensure that learning opportunities are recognised and supported across all our venues with a programme that targets different age groups and ties into our collections and areas of Cultural experience. This will include the continued development of museum activities for under 5s, the establishment of Young Architects, launching with a summer school in July 2017, and the re-establishment of Young Heritage Ambassadors and Creative Crew. Public Programming to support the Year of History, Heritage and Archaeology 2017 will include a partnership project with University of St Andrews and Perth and Kinross Heritage Trust, with an innovative approach to the interpretation of archaeology collections for visitors to Perth Museum and Art Gallery (Picts and Pixels exhibition May- August 2017). This exhibition will also see the launch of a series of "Museum Late" events, specifically targeted at the 18-30 age group.

A further partnership with National Galleries of Scotland and the Tate, will bring an exhibition of work by Louise Bourgeois to Perth Museum and Art Gallery through the Artists Rooms programme (opening September 2017). It is anticipated that Culture Perth and Kinross will be one of four partners to work with National Galleries of Scotland to host the iconic *Monarch of the Glen* painting by Sir William Landseer.

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Development (continued)

An Engagement Programme to support the communication and audience development required in connection with the temporary closure of Perth Museum and Art Gallery and collections move will also start in 2017-18, along with related fundraising to support the capital projects.

The Perthshire Creates network will continue to be extended with an increased profile through online development and delivery of a programme of events and activities. Platform Festival will be a key strand of Perthshire Creates output, with expanded opportunities for collaboration, commissioning and partner involvement as part of the Festival in 2018.

An Archive Strategy will be written during 2017-18 to provide direction and guidance for development with the aim of achieving Archive Service Accreditation in the future.

Our trading operation has been identified as a focus area to deliver financial growth for the coming year(s). Investment in our Venue Hire booking application will offer improved customer interface along with enhanced reporting intelligence that will help identify future opportunities. Significant investment in our café upgrade at AK Bell will implement rebranding, with the inception of Café Culture as well as introducing a new gift shop; offering quality, affordable gifts alongside bespoke artisan unique pieces as supplied from Perthshire Creates makers. The initial investment in decoration, rebranding and some capital equipment, as well as initial stock purchases for the gift shop will be further developed throughout 2017/18 as we continue to grow our customer base and drive income upwards.

Financial Review

The Group and Company's financial results for the first year of trading as a charity, 1st April 2016 to 31st March 2017 are shown on pages 16 to 38.

Total Incoming group resources for the year were £4.047 million including restricted fund income of £429k. Costs Incurred of £3.843 million has resulted in a surplus of £204k. This surplus includes the following:-

Reserves	(£127k)
Restricted funds	£331k

Operating Reserves for the Company were £491k in the year, but after accounting for £618k of costs relating to pensions with the Tayside Pension Fund (Note 21), the closing balance in the unrestricted reserves is a £127k loss.

The Restricted funds relate to funds which are not available for general purposes of the charity as they have been restricted by the donor to specific purposes. (Note 22 of the financial statements)

Culture Perth and Kinross Trading Ltd ("CPK Trading Ltd")

The results of the charity's wholly owned subsidiary company are consolidated with those of the charity in the group financial statements. Explanation of consolidation is provided on note 24. The principal activity of the trading company is the provision of catering, retail services and venue hire.

CPK Trading Ltd reported an operating profit for the year 1st April 2016 to 31st March 2017 of £122,547.

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Financial Review (continued)

Sources of finance

Core funding is provided through a services contract with Perth and Kinross Council. This provides 87.9% of operating income for the charity with other core funds coming from transferred trusts, legacies, and donations. Grant funding of £423K was also received in the year but the majority of this is restricted. Detail of all Group donations (including grants and legacies) is provided on note 3 of the financial statements.

The entrance for the Museum and use of the Library is free to the public with small charges for additional services or late books. As well as the primary purpose charitable trading the charity has made some progress in attracting financial support for events and exhibitions through donations, ticket sales and sponsorship.

Group Net Current Assets are £492k of which £1.288m is held in cash at bank and in hand as at 31st March 2017. £1.226m of this is in a temporary investment deposit account in the name of Culture Perth and Kinross, and is administered by Perth and Kinross Council as part of banking and treasury services agreement. Recognition of the group's share of the Tayside Pension Fund deficit has meant £3.85m recognised on the balance sheet resulting in net liabilities of £3.355m

Culture Perth and Kinross commenced operations on 1st April 2016, assets and the temporary book collections were transferred to the charity from Perth and Kinross Council. The internationally renowned Permanent Museum collection remains in the ownership of Perth and Kinross Council whilst Culture Perth and Kinross provide the curation, visitor experience and care of the collections. Charitable activities of the charity can be seen on note 8 of the financial statements.

Reserves Policy

Maintaining a level of reserves helps to meet unexpected events, and to provide funds for planning and development of cultural services. In 2017/18 more focus will be on fundraising for unrestricted reserves and supportive trading opportunities. The Trustees believe that an appropriate level of unrestricted funds would be £500k. General Reserves at the 31st March 2017 are in deficit of £3,685k however this is after recognition of the company's share of the Tayside Pension Fund deficit of £3,850k. This being the first year of operations, the charity will endeavour to build up its reserves over the next five years.

Going concern

Funding for 2017-18 has been agreed for the period to 31st March 2018. Anticipated funding reduction in 2016-17 was mitigated by a savings plan and tight operational control, combined with slippage in the time taken to recruit some posts. The Pension Liability is underwritten and guaranteed by Perth and Kinross Council as part of the "TUPE" of staff to Culture Perth and Kinross which allows the Board to assess going concern at operational surplus whilst working to reduce such liability. The Charity will respond to anticipated reductions in core funding with plans to expand trading opportunities and new avenues open to this charity such as increased donations and fundraising. Directors along with the Chief Executive review the business strategy and are satisfied that they are able to prepare accounts on a going concern basis. The service level agreement with Perth and Kinross Council has been agreed for 2017-18.

Risk Management

The major strategic, business and operational risks associated with the charity are identified. An organisational risk profile has been developed with risk review and mitigation systems which are reviewed by the management team and the Board. The Risk profile is discussed at the Finance and Resources Committee and then presented to the Board to allow trustees to review these risks and satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance including - Public, Employers Liability, and Directors and Officers cover.

All significant activities undertaken are subject to a risk review as part of the initial activity assessment and implementation, for example as part of exhibition and project planning. Major risks are identified and ranked in terms of their potential impact and likelihood. The work has identified risks associated with financial sustainability and developed mitigation steps. Internal control risks are minimised by procedures for all transactions and projects. Attention also has been focussed on risks arising from fire, health and safety of staff and customers and security. Procedures are in place to ensure compliance with health and safety of staff, volunteers and customers.

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Structure, Governance and Management

Culture Perth and Kinross Limited is a company limited by guarantee governed by its **Articles of Association** adopted on 6 November 2015. The company is registered with the Office of the Scottish Charity Regulator (OSCR). Culture Perth and Kinross is a sole member company with the sole member being Perth and Kinross Council. As such a representative is in attendance at Board Meetings but does not have the right to vote at these meetings.

As set out in the Articles of Association the Chair and Vice-Chair are appointed by the Board, which can be up to twelve trustees, from within its membership. Perth and Kinross Council nominates three trustees from its standing elected Councillors. There can be up to nine independent trustees who are nominated by a **Nominations Committee** and appointed by the Sole Member. The roles of Chair and Vice-Chair can only be held by independent trustees. The trustees have the power to co-opt trustees where there is an identified need for additional specialist knowledge to support decision making. When considering nominations to the Board use is made of a **Board Skills Matrix** which identifies the critical skills, knowledge and experience required to ensure the success of the charity.

There is a **Directors Code of Conduct** in place which is reviewed and signed up to by trustees on initial appointment and annually thereafter. On appointment trustees are provided with background information on the charity, including copies of annual and performance reports and information on their role and responsibilities as a charity trustee. New trustees meet individually with the Chair of the Board and the Chief Executive as part of an induction programme and are given tours of key venues as an introduction to the staff, operations and key activities of the Charity. Following the first year of operation the induction process for new trustees is being reviewed with a view to developing a revised programme to support future appointments.

The Board of Trustees administers the charity and the Articles of Association outline what can and cannot be delegated. A **Scheme of Delegation** has been agreed which sets out the detail of tasks and principles which will be delegated by the Board and to whom. The Scheme of Delegation identifies key committees covering finance, resources, strategy and development and the terms of reference for each of these groups. The Chief Executive is appointed to manage the day-to-day operations of the charity and has delegated authority, set out within the Scheme of Delegation for operational matters including finance, employment and programming. None of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee and a senior manager must be disclosed to the full Board. All meetings are headed with an opportunity for trustees and others present to make a declaration of any interests and a register of any such interests is maintained. A conflict of interest policy and register of interests and hospitality are in place.

The Council commissions Culture Perth and Kinross to deliver services on their behalf as there is an annual Services Agreement in place. This agreement is monitored through quarterly contract monitoring meetings and by the Perth and Kinross Council Scrutiny Committee who oversee all large scale contractual arrangements undertaken by the Council to ensure Best Value and that the needs and interests of local communities are being met.

Culture Perth and Kinross Trading, which is the trading subsidiary has a Board which comprises three Directors drawn from the Board of Culture Perth and Kinross and including the chair of the Finance and Resources Committee. The business of the trading company is dealt with in the body of the Board meetings and subcommittee structures of the Charity.

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For the period ended 31 March 2017

Statement of Trustee' Responsibilities

The Trustees, who are also the directors of Culture Perth and Kinross Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006, with 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the persons who are trustees at the time when the Trustees' Report is approved:

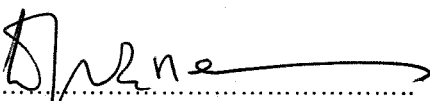
- so far as the trustees are aware, there is no relevant information of which the charity's auditor is unaware; and
- each trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, Campbell Dallas, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The report was approved by the board on 23rd June 2017 and signed on its behalf by:


.....
Jason Elles

Vice Chairman

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Legal and Administrative Information

For the period ended 31 March 2017

Reference and Administrative Details

Charity Number SCO46353 **Company Number** SC518247

The company is registered in Scotland

Trustees (and Directors)

At the date of this report

C Kinnoull	CPK nominated Chair	appointed 19/10/2015
J Elles	CPK Vice Chair	appointed to Board 18/03/2016 appointed Vice-Chair 03/03/2017
Councillor A Parrott	Perth and Kinross Council nominee	appointed 19/10/2015
Councillor C Stewart	Perth and Kinross Council nominee	appointed 23/06/2017
Councillor C Ahern	Perth and Kinross Council nominee	appointed 23/06/2017
J Findlay	Co-opted Trustee	appointed 19/10/2015
S Howie	Co-opted Trustee	appointed 19/10/2015
G Bullough	Elected Trustee	appointed 09/09/2016
P Grossart	Elected Trustee	appointed 03/06/2016

During the Period

Councillor B Band	Perth and Kinross Council nominee	appointed 19/10/2015
Councillor I Campbell	Perth and Kinross Council nominee	appointed 19/10/2015
S Johnstone	Elected Trustee	appointed 03/06/2016; resigned 03/03/2017

Registered Office

A K Bell Library
2-8 York Place
Perth
PH2 8EP

Auditor

Campbell Dallas LLP
5 Whitefriars Crescent
Perth
PH2 OPA

Bankers

Royal Bank of Scotland
Perth chief Office
12 Dunkeld Rd
Perth, PH1 5RB

Solicitors

Lindsays Solicitors
Caledonian Exchange
19A Canning Street
Edinburgh, EH3 8HE

Management Accounting

Scott Moncrieff
25 Bothwell Street
Glasgow, G2 6NL

Senior Officers

Helen Smout	- Chief Executive Officer
Morag Kelly	- Head of Libraries and Information Services
Jenny Kinnear	- Head of Museums and Collections

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Independent Auditor's Report to the Members and Trustees

For the period ended 31 March 2017

Independent Auditor's Report to the members and trustees of Culture Perth & Kinross Limited

We have audited the financial statements of Culture Perth & Kinross Limited for the period ended 31 March 2017 which comprise Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group and Parent Charitable Company Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed 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 regulations made under those Acts.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017, and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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).

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Independent Auditor's Report to the Members and Trustees

For the period ended 31 March 2017

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Annual Report.

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

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Campbell Dallas LLP

Neil Morrison CA (Senior Statutory Auditor)
for and on behalf of Campbell Dallas LLP
Chartered Accountants and Statutory Auditors
Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
5 Whitefriars Crescent
Perth
Perthshire
PH2 0PA

Date *18 July 2017*

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Group Statement of Financial Activities
(incorporating Income and Expenditure Account
and Other Comprehensive Income)

for the period ended 31 March 2017

	Note	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Income and endowments from:				
Donations and legacies	3	17,213	428,531	445,744
Charitable activities	4	3,392,386	-	3,392,386
Other trading activities	5	189,463	-	189,463
Investment income	6	1,477	-	1,477
Other income		17,778	-	17,778
Total		3,618,317	428,531	4,046,848
Expenditure on:				
Raising funds	7	66,968	-	66,968
Charitable activities	8	3,595,832	106,017	3,701,849
Total		3,662,800	106,017	3,768,817
Net income		(44,483)	322,514	278,031
Other financial costs	10	(74,000)	-	(74,000)
Transfers between funds		(8,012)	8,012	-
Net movement in funds	12	(126,495)	330,526	204,031
Pension scheme deficit recognised	21	(2,070,000)	-	(2,070,000)
Actuarial loss on defined benefit pension scheme	21	(1,489,000)	-	(1,489,000)
Reconciliation of funds:				
Total funds brought forward		-	-	-
Total funds carried forward		(3,685,495)	330,526	(3,354,969)

All activities relate to continuing operations.

There are no other recognised gains or losses in the period.

The notes on pages 21 to 38 form part of these financial statements.

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Company Statement of Financial Activities
(incorporating Income and Expenditure Account
and Other Comprehensive Income)

for the period ended 31 March 2017

	Note	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Income and endowments from:				
Donations and legacies	3	139,760	428,531	568,291
Charitable activities	4	3,392,386	-	3,392,386
Investment income	6	1,425	-	1,425
Other income		17,778	-	17,778
Total		3,551,349	428,531	3,979,880
Expenditure on:				
Charitable activities	8	3,595,832	106,017	3,701,849
Total		3,595,832	106,017	3,701,849
Net income/(expenditure)		(44,483)	322,514	278,031
Other finance costs	10	(74,000)	-	(74,000)
Transfers between funds		(8,012)	8,012	-
Net movement in funds	12	(126,495)	330,526	204,031
Pension scheme deficit recognised	21	(2,070,000)	-	(2,070,000)
Actuarial loss on defined benefit pension scheme	21	(1,489,000)	-	(1,489,000)
Reconciliation of funds:				
Total funds brought forward		-	-	-
Total funds carried forward		(3,685,495)	330,526	(3,354,969)

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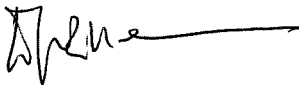
CULTURE PERTH & KINROSS LIMITED

Group Balance Sheet

for the period ended 31 March 2017

	Notes	2017 £	£
Fixed assets			
Tangible assets	15		2,599
Current assets			
Stocks		14,139	
Debtors and prepayments	17	73,226	
Cash at bank and in hand	18	1,287,720	
		<u>1,375,085</u>	
Liabilities			
Creditors: amounts falling due within one year	19	(882,653)	
		<u> </u>	
Net current assets			492,432
Pension liability	21		(3,850,000)
			<u> </u>
Total net liabilities	23		<u><u>(3,354,969)</u></u>
The funds of the charity:			
Restricted funds	22		330,526
Unrestricted funds			(126,495)
Pension reserve			(3,559,000)
			<u> </u>
			<u><u>(3,354,969)</u></u>

The financial statements were approved and authorised for issue on 23rd June 2017 and signed on behalf of the board by:



Trustee

Company Registration No: SC518247

The notes on pages 21 to 38 form part of these financial statements.

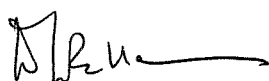
CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Company Balance Sheet

as at 31 March 2017

	Notes	2017 £	£
Fixed assets			
Tangible assets			-
Investments	16		1
			1
Current assets			
Debtors and prepayments	17	169,249	
Cash at bank and in hand	18	1,167,471	
		1,336,720	
Liabilities			
Creditors: amounts falling due within one year	19	(841,690)	
Net current assets			495,030
Pension scheme liability	21		(3,850,000)
			(3,354,969)
Total net liabilities	23		(3,354,969)
The funds of the charity:			
Restricted funds	22		330,526
Unrestricted funds			(126,495)
Pension reserve			(3,559,000)
			(3,354,969)
			(3,354,969)

The financial statements were approved and authorised for issue on the 23rd June 2017 and signed on behalf of the board by:



Trustee

Company Registration No: SC518247

The notes on pages 21 to 38 form part of these financial statements

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Consolidated and Parent Statement of Cash Flows

as at 31 March 2017

	Notes	Group 2017 £	Company 2017 £
Cash flows from operating activities:			
Net cash provided by operating activities	24	1,288,847	1,166,047
Cash flows from investing activities:			
Purchase of tangible fixed assets		(2,599)	-
Purchase of subsidiary undertaking		-	(1)
Interest received		1,477	1,425
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		1,287,720	1,167,471
Cash and cash equivalents at the beginning of the period		-	-
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period	18	<u>1,287,720</u>	<u>1,167,471</u>

The notes on pages 21 to 38 form part of these financial statements

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102, as issued by the Financial Reporting Council, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and 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). They are prepared on the historical cost basis.

Culture Perth and Kinross Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgements 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.

Basis of consolidation

The financial statements consolidate the results of the charity and its wholly owned subsidiary Culture Perth and Kinross Trading Limited (Company number SC526979, registered in Scotland) on a line by line basis. The company together with Culture Perth and Kinross Trading Limited comprises the Group.

As described in note 25, Culture Perth and Kinross Limited is deemed to be a subsidiary undertaking of its ultimate parent, Perth & Kinross Council. Accordingly, the financial statements of Perth & Kinross Council will incorporate the results of Culture Perth and Kinross Limited and its trading subsidiary.

Going concern

These financial statements have been prepared on a going concern basis following assessment by the trustees of the group's financial position at the date of approval which included consideration of forward revenue and cash flow projections for the next 12 months.

Culture Perth and Kinross Limited is dependent on the continuance of financial support from its principal funders, Perth & Kinross Council, and on the adequacy of its income generating endeavours in relation to charitable trading activities (which are primarily cultural and educational) and other fund-raising.

The board has reviewed operating revenue and cash flow forecasts prepared by management on the basis of approved income and expenditure budgets, with due allowance made for timing factors associated with grants and other trading receipts.

Management's forecasts indicate the adequacy of working capital to allow the group to continue to pay its debts as they fall due for at least a year from the date of this report. Accordingly, and in view of the confirmed funding agreements in place for 2017-18 with Perth & Kinross Council, the board is satisfied that the group can continue to trade as a going concern for the foreseeable future.

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

1. Principal accounting policies (continued)

Recognition and allocation of income

Income is recognised when the charitable company has legal entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. Where practicable, income is related to the operating activities of the charitable company. Where there are terms placed on income that limit the company's discretion over how the income can be used that income is shown as restricted income in the accounts.

Income from Grants, donations and legacies

Where there are performance conditions attached to any grants and donations, income is recognised when the conditions have been met or when meeting the conditions are within the company's control and there is sufficient evidence that they have been met or will be met. Where a grant condition allows for the recovery of any unexpended grant, a liability is recognised when repayment becomes probable. Where donor imposed conditions require that the resource is expended in a future accounting period, income is recorded as deferred income at the Balance Sheet date.

Entitlement to legacy income exists when the company has sufficient evidence that a gift has been left, the executor is satisfied that the gift will not be required to satisfy claims on the estate and any conditions are within the control of the company or have been met. Where legacies have been notified to the company and the criteria for income recognition haven't been met, the legacy is treated as a contingent asset and disclosed if material. Legacy income is measured at fair value, generally the cash amount receivable, and is discounted if deferred for more than 12 months. The unwinding of the discount is recognised as interest receivable.

Where incoming resources are given specifically to provide a fixed asset, or a fixed asset is donated, all of the incoming resource is recognised in the Statement of Financial Activities when receivable. Once the asset is acquired the relevant fund is reduced over the useful economic life of the asset in line with its depreciation

Income from charitable activities

Incoming resources from charitable activities: Perth and Kinross Council service fees; income derived from the operation of the museum and galleries services; library and information services; and arts and development programmes.

Income from investment

Income from investments is credited to income in the period in which it is receivable.

Expenditure

Expenditure is recognised when the company has entered into a legal or constructive obligation and related where practicable to the operating activities of the company. Where possible, expenditure is attributed directly to the function to which it relates. Where this is not possible it is allocated on a percentage basis consistent with the function's use of resources. The allocation of support costs is shown in Note 9.

Resources expended are included in the Statement of Financial Activities on an accrual basis, inclusive of any Value Added Tax which cannot be recovered.

Costs of raising funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds, together with associated support costs.

Charitable activities include expenditure associated with the operation of the museums, galleries and library services and cultural programmes undertaken to further the purposes of the charity and include both the direct costs and support costs relating to these activities.

Support costs are the costs of central functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs relate to the costs associated with the governance of the charity and its assets and are primarily associated with the constitutional and statutory requirements and include an estimate of the cost of senior management time and other resources expended on long-term strategy and financial planning activities.

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

Principal accounting policies (continued)

Fund accounting

Unrestricted funds are income sources which are receivable for the objects of the charity without further specified purposes and are available as general 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 fund, together with a fair allocation of management and support costs.

Transfers from unrestricted funds are made to meet any shortfalls in restricted projects.

Tangible fixed assets

Fixed assets with a useful life of more than one year are capitalised and held at cost less accumulated depreciation.

Depreciation is provided to write off the cost of an asset, less its estimated residual value, over the anticipated useful economic life of that asset as follows:

Plant and machinery - over 4 years on a straight line basis

No depreciation is provided in year of acquisition and a full year's depreciation will be provided for in year of disposal.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

The charity's investment in its wholly owned subsidiary is included in the charity's balance sheet at cost less impairment.

Debtors

Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoiced amount, less any allowance for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balance with banks which are readily convertible, being those with maturities of three months or fewer from inception and are measured at fair value.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. If not, they are presented as creditors falling due after one year. Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

Pensions

The charity is a member of the Tayside Superannuation Fund ('the Fund'), a defined benefit pension scheme. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate')

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial loss on defined benefit schemes'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) The increase in net pension benefit liability arising from employee service during the period; and
- b) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Other finance costs'.

Taxation

Culture Perth and Kinross Limited is a partially exempt organisation under Schedule 9 of the VAT Act 1994. During the year VAT returns have been submitted on a partially exempt basis.

Irrecoverable VAT is charged against the cost of activities where it is incurred.

Culture Perth and Kinross Limited is a registered charity and therefore is not liable to income tax and corporation tax on income and gains derived from its charitable activities as it falls within the various exemptions available to registered charities.

The subsidiary company has an obligation to covenant any available taxable profits up to Culture Perth and Kinross Limited under Gift Aid.

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

1. Principal accounting policies (continued)

Financial instruments

Financial instruments are recognised in the statement of financial position when the Charity 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 a market rate of interest for a similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest 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 the asset expire, or when the Charity 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.

2. Critical judgements and estimates

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

Critical judgements are made in the application of income recognition accounting policies, and the timing of the recognition of income in accordance with the Charities SORP (FRS 102).

3. Income from donations and legacies

	Unrestricted funds	Restricted funds	Total 2017
	£	£	£
Group and company			
Crockart Foundation Fund	-	110,704	110,704
Place Partnership	-	7,627	7,627
Creative Learning Network	-	13,523	13,523
National Museum Scotland Acquisition Grants	-	4,513	4,513
Museum in Miniature	-	575	575
Small Grants - Library	-	920	920
Ferguson Gallery Reading Room	-	7,632	7,632
Living Community Project Fund	-	25,000	25,000
Museum Gallery Scotland (Collection Review)	-	14,850	14,850
Scottish Government Public Library Improvement Fund	-	12,220	12,220
Scottish Government Public Library Improvement Fund	-	14,000	14,000
Perth Theatre Archive Project	-	1,500	1,500
General Restricted Funds – Museums and galleries	-	146,023	146,023
General Restricted Funds – Library information services	-	63,437	63,437
Donations	17,213	-	17,213
Legacy – Hamish MacEwan	-	1,007	1,007
Legacy – Mrs A Robertson	-	5,000	5,000
	<hr/>	<hr/>	<hr/>
	17,213	428,531	445,744
Gift Aid donation from subsidiary (Company only)	122,547	-	122,547
	<hr/>	<hr/>	<hr/>
	139,760	428,531	568,291
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CULTURE PERTH & KINROSS LIMITED
(A company limited by guarantee)

Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

4. Income from charitable activities	Unrestricted funds	Restricted funds	Total 2017	
	£	£	£	
Group and company				
Perth & Kinross Council service fees	3,331,358	-	3,331,358	
Arts development	610	-	610	
Museums and galleries	26,425	-	26,425	
Libraries and information	33,993	-	33,993	
	<u>3,392,386</u>	<u>-</u>	<u>3,392,386</u>	
5. Income from other trading activities	Unrestricted funds	Restricted funds	Total 2017	
	£	£	£	
Group				
Cafeteria & trading activities	189,463	-	189,463	
	<u>189,463</u>	<u>-</u>	<u>189,463</u>	
6. Income from investment	Unrestricted funds	Restricted funds	Total 2017	
	£	£	£	
Group				
Perth and Kinross Council Loan Interest	1,477	-	1,477	
	<u>1,477</u>	<u>-</u>	<u>1,477</u>	
Company				
Perth and Kinross Council Loan Interest	1,425	-	1,425	
	<u>1,425</u>	<u>-</u>	<u>1,425</u>	
7. Expenditure on raising funds activities	Direct costs	Support costs	Governance costs	Total 2017
	£	£	£	£
Group				
Cafeteria & trading activities	66,968	-	-	66,968
	<u>66,968</u>	<u>-</u>	<u>-</u>	<u>66,968</u>
8. Expenditure on charitable activities	Direct costs	Support costs	Governance costs	Total 2017
	£	£	£	£
Group and company				
Museums and Galleries (including Arts Development)	744,279	564,461	40,965	1,349,705
Libraries and Information	1,919,619	391,562	40,963	2,352,144
	<u>2,663,898</u>	<u>956,023</u>	<u>81,928</u>	<u>3,701,849</u>
		(Note 9)	(Note 11)	

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

9. Support costs allocated to activities	Museums and Galleries (including Arts Development)	Libraries and Information	Total 2017
	£	£	£
Group and company			
Promotion, publicity & sales	24,846	24,845	49,691
Supplies and services	74,663	74,664	149,327
Support services	464,952	292,053	757,005
	<u>564,461</u>	<u>391,562</u>	<u>956,023</u>

The costs of advertising are included in promotion, publicity and sales.

Supplies and services incorporate other overhead costs relating to property, transport, materials/supplies, and various other office related costs.

Support services incorporate employment costs related to central finance and administration.

10. Other financial assets	2017 £
Interest on pension scheme liabilities	(262,000)
Return on pension scheme assets	188,000
	<u>(74,000)</u>

11. Governance costs allocated to activities	Museums and Galleries (including Arts Development)	Libraries and Information	Total 2017
	£	£	£
Group and company			
Accountancy and audit fees	14,260	14,260	28,520
Wages and salaries	19,266	19,265	38,531
Other	510	509	1,019
Irrecoverable VAT	6,929	6,929	13,858
	<u>40,965</u>	<u>40,963</u>	<u>81,928</u>

12. Net movement of funds	Group 2017	Company 2017
	£	£
This is stated after charging:		
Auditor's remuneration	6,800	4,200
	<u>6,800</u>	<u>4,200</u>

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

13. Board members

Trustees were not paid, nor did they receive any other benefits from employment with the charity or its subsidiary, nor did they receive payment for professional or other services supplied to the charity. Trustees were not reimbursed for travel expenses incurred in connection with their duties as a trustee during the year.

14. Employees

Number of employees

The average number of employees, per head count, during the year was:

	Group 2017 number	Company 2017 number
Museums and Galleries (including Arts Development)	38	38
Libraries and Information	79	79
Catering and Trading Activities	5	-
	<u>122</u>	<u>117</u>

The average number of employees, on a full-time equivalent basis, during the year was:

	Group 2017 number	Company 2017 number
Museums and Galleries (including Arts Development)	27	27
Libraries and Information	54	54
Catering and Trading Activities	4	-
	<u>85</u>	<u>81</u>

Employment costs

	Group 2017 £	Company 2017 £
Wages and salaries	2,076,572	2,076,572
Social security costs	158,810	158,810
Pension costs	546,126	546,126
	<u>2,781,508</u>	<u>2,781,508</u>

One employee received total employee benefits (excluding employer pension costs) of more than £60,000. The amount fell within the £60,000 - £70,000 band.

The key management personnel of the group comprise the Chief Executive and the senior management team detailed on page 13. The employee benefits for key management, included within employment costs above, totalled £188,858.

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

15. Tangible fixed assets	Plant and machinery	Total
Group	£	£
Cost		
Additions	2,599	2,599
At 31 March 2017	<u>2,599</u>	<u>2,599</u>
Depreciation		
Charge for year	-	-
At 31 March 2017	<u>-</u>	<u>-</u>
Net book value		
At 31 March 2017	<u>2,599</u>	<u>2,599</u>
 16. Fixed asset investments		Unlisted investment
Company		s
		£
At 31 March 2017		<u>1</u>

Unlisted investments relate entirely to Culture Perth and Kinross Limited's beneficial interest in its trading subsidiary, Culture Perth and Kinross Trading Limited. It is represented by one £1 ordinary share, held in Culture Perth and Kinross Trading Limited.

Culture Perth and Kinross Trading Limited, incorporated in Scotland, is a wholly-owned trading subsidiary of Culture Perth and Kinross Limited established to operate catering services on behalf of the group.

Net assets of Culture Perth and Kinross Trading Limited at 31 March 2017 totalled £1 which comprised fixed assets of £2,599, current assets of £160,912, and liabilities of £163,510. Relevant financial information regarding Culture Perth and Kinross Trading Limited for the year ended 31 March 2017 is as follows

	2017
	£
Turnover	189,515
Cost of sales	(49,999)
Gross profit	<u>139,516</u>
Administrative expenses	(98,748)
Other operating income	81,779
Profit on ordinary activities before taxation	<u>122,547</u>
Tax on profit on ordinary activities	-
Profit for the financial period	<u><u>122,547</u></u>

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

17. Debtors	Group 2017 £	Company 2017 £
Trade debtors	19,885	7,191
Sundry debtors	53,341	39,511
Gift Aid debtor	-	122,547
	73,226	169,249
	73,226	169,249
 18. Cash and cash equivalents	Group 2017 £	Company 2017 £
Cash at bank and in hand	1,287,720	1,167,471
	1,287,720	1,167,471
	1,287,720	1,167,471
 19. Creditors: amounts falling due within one year	Group 2017 £	Company 2017 £
Trade creditors	268,274	262,171
Taxes and social security costs	182,438	174,958
Other creditors	430,541	403,161
Amount due to Perth and Kinross Council	1,400	1,400
	882,653	841,690
	882,653	841,690
 20. Financial instruments	Group 2017 £	Company 2017 £
Financial assets		
Financial assets measured at amortised cost	56,275	152,298
	56,275	152,298
	56,275	152,298
 Financial liabilities		
Financial liabilities measured at amortised cost	700,215	666,732
	700,215	666,732
	700,215	666,732

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by related parties and gift aid debtor.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to related parties and accruals.

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

21. Pension and other post-retirement commitments

Culture Perth and Kinross Limited is a member of the Tayside Superannuation Fund (the "Fund"), a defined benefit scheme with the assets held in separate trustee administered funds. This Local Government Pension Scheme ("LGPS") is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 2014 and currently provides benefits based on career average revalued earnings. The administering authority for the Fund is Dundee City Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund is Dundee City Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2017 and will set contributions for the period from 1 April 2018 to 31 March 2021. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 62 of the LGPS (Scotland) Regulations 2014 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Tayside Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

Perth and Kinross Council provides underwriting and a guarantee to CP&K's admitted employees' membership of the Local Government Pension Scheme, Scotland ("LGPS") administered by Dundee City Council.

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

The estimated asset allocation for Culture Perth & Kinross as at 31 March 2017 is as follows:

Asset breakdown	31 Mar 2017	
	£000s	%
Equities	4,414	72%
Gilts	406	7%
Other bonds	605	10%
Property	605	10%
Cash	101	2%
Total	6,131	100%

We have estimated the bid values where necessary. Please note that the individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100%. The final asset allocation of the Fund assets as at 31 March 2017 is likely to be different from that shown due to estimation techniques.

Based on the above, the Employer's share of the assets of the Fund is less than 1%.

The financial assumptions used to calculate the results are as follows:

Assumptions as at	31 Mar 2017	1 Apr 2016
	% p.a.	% p.a.
Discount rate	2.8%	3.9%
Pension increases	2.7%	2.5%
Salary increases	3.7%	4.3%

These assumptions are set with reference to market conditions at 31 March 2017.

Our estimate of the duration of the Employer's liabilities is 27 years.

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

Net pension liability as at	31 Mar 2017	1 Apr 2016
	£000s	£000s
Present value of defined benefit obligation	9,981	6,660
Fair value of Fund assets (bid value)	6,131	4,590
Deficit / (Surplus)	3,850	2,070
Present value of unfunded obligation	-	-
Unrecognised past service cost	-	-
Impact of asset ceiling	-	-
Net defined benefit liability / (asset)	3,850	2,070
Service cost		574
Net interest on the defined liability (asset)		74
Administration expenses		2
Total loss (profit)		618

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 Mar 2017
	£000s
Opening defined benefit obligation	6,660
Current service cost	542
Interest cost	262
Change in financial assumptions	2,400
Contributions by Scheme participants	117
Closing defined benefit obligation	9,981

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to 31 Mar 2017 £000s
Opening fair value of Fund assets	4,590
Interest on assets	188
Return on assets less interest	911
Other actuarial gains/(losses)	-
Administration expenses	(2)
Contributions by employer including unfunded	327
Contributions by Scheme participants	117
Estimated benefits paid plus unfunded net of transfers in	-
Settlement prices received / (paid)	-
Closing Fair value of Fund assets	6,131

Remeasurement of the net assets / (defined liability)	Year to 31 Mar 2017 £000s
Return on Fund assets in excess of interest	911
Other actuarial gains/(losses) on assets	-
Change in financial assumptions	(2,400)
Change in demographic assumptions	-
Experience gain/(loss) on defined benefit obligation	-
Changes in effect of asset ceiling	-
Remeasurement of the net assets / (defined liability)	(1,489)

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

22. Restricted funds (Group and company)

	Movement in funds			Balance at
	Income	Expenditure	Transfers	31 March 2017
	£	£	£	£
Crockart Foundation Fund	110,704	(55,595)	-	55,109
Place Partnership Fund	7,627	(15,448)	7,821	-
Creative Learning Network	13,523	(8,809)	-	4,714
National Museum Scotland Acquisition Grants	4,513	(4,108)	-	405
Museum in Miniature	575	(766)	191	-
Small Grants – Library	920	(152)	-	768
Ferguson Gallery Reading Room	7,632	(7,632)	-	-
Living Community Project Fund	25,000	(5,776)	-	19,224
Museum Gallery Scotland (Collection Review)	14,850	(1,496)	-	13,354
Scottish Government Public Library Improvement Fund – Digital skills	12,220	(3,380)	-	8,840
Scottish Government Public Library Improvement Fund - Volunteer co-ordinator	14,000	-	-	14,000
Perth Theatre Archive Project	1,500	-	-	1,500
General Restricted Funds – Museums and Galleries	146,023	-	-	146,023
General Restricted Funds – Library Information Services	63,437	-	-	63,437
Legacy – Hamish MacEwan	1,007	-	-	1,007
Legacy – Mrs A Roberston	5,000	(2,855)	-	2,145
	<u>428,531</u>	<u>(106,017)</u>	<u>8,012</u>	<u>330,526</u>

The Crockart Foundation

The charity benefits from the net annual income of this Foundation of the late James Baird Crockart. The funds are to be used in the purchase of books on outdoor sports and handed over to public Library for use of the public both within and out with the county of Perth. Or other such activities as approved by the Foundation's Trustees and Chief Librarian. The Foundation's Trustees have also approved the purchase of e-resources from this funding.

Perth and Kinross Place Partnership Fund

This partnership was collaboration between local authorities and cultural partners to support creative activities within the local arts sector, building a sense of local identity and place through arts. The funder, Creative Scotland, extended the length of the project to enable the creation of Perthshire Creates – a digital hub and mapping project for creative industries in Perth and Kinross.

Creative Learning Network

This project received a grant from Education Scotland 2015-16 and 2016-17 to develop new and existing Creative Learning Networks to champion creativity, the arts and culture in schools and communities.

National Fund for Acquisitions Grants

Grants received support the purchase of new acquisitions to Perth and Kinross permanent collections in line with the Collections Development Policy. These grants fund part of the acquisition costs with Culture Perth and Kinross providing the match funding.

Museum in Miniature

A grant awarded from Museums Galleries Scotland to run a Festival of Museums event.

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

22. Restricted funds (Group and company) continued

Fergusson Gallery Reading Room

The funds shown are the brought forward funds from a project started in 2015/16.

The establishment of the Fergusson Gallery reading room. This is part of a larger project commenced with Perth and Kinross Council.

Living Community Participation Fund

Funds received from the Gannochy Trust to support the Living Communities Participation Fund which aims to increase the engagement of schools in local heritage learning and increase the involvement with the Perth & Kinross Council Museum and Gallery collections. CPK pays small grants to the schools based on the fund criteria.

Museums Galleries Scotland (Collection Review)

Awarded from the Museums Galleries Scotland Recognition Fund this project is a review of the broad range of Perth and Kinross Council collections. The aims are to review, document, share knowledge and engage with the community during the review process to unlock the potential of the collections held and to maximise their impact for public benefit. 2016/17 represents 25% of the grant awarded.

Scottish Government Public Library Improvement Fund – Digital Skills project

A grant to develop the use of volunteers, deliver digital skills tuition to members of the public in Perth through the public libraries network. Also to employ a temporary Volunteer Co-Ordinator to ensure the framework is in place to upskill staff and volunteers

Scottish Government Public Library Improvement Fund – Lads and Dads project

A grant to develop and establish a 'Lads and Dads' programme of reading and literacy related activities at selected libraries with the aim to encourage fathers and male carers to visit the library with their children and actively engage with them in these activities and to promote and support reading for pleasure at home.

Perth Theatre Archive Project

Funds from the Heritage Lottery Fund along with other funding to be received in 2017 to create trainee archivist role. This will cover archives, exhibitions, and working in the Library on the accessibility of the Perth Theatre Archive.

General Restricted Funds – Museums and Galleries

The transfer of various trusts from Perth and Kinross Council's reorganisation of small trusts. This has been done via a formal application with the Office of Scottish Charity Regulator – for a charity Reorganisation Scheme. This fund has been set up to recognise that the restriction of these trusts are for the promotion, improvement, purchase of items and encourage engagement with fine arts, painting, sculpture and museum collections.

General Restricted Funds – Library Information Services

The transfer of various trusts from Perth and Kinross Council's reorganisation of small trusts. This has been done via a formal application with the Office of Scottish Charity Regulator – for a charity Reorganisation Scheme. This fund has been set up to recognise that the restriction of these trusts is for the promotion, improvement, of libraries and in the purchase of books / media to enhance the literature collection in the libraries.

Legacy – Hamish MacEwan Trust

This is a bequest which is to be used for the purchase of new acquisitions, particularly of Scottish drawings and watercolours produced in the twentieth and twenty-first centuries, and other works of contemporary Scottish art.

Legacy – Mrs Anne S Robertson

A bequest of artwork consisting of an oil painting of her father, John McMillan Marshall by J D Fergusson and £5000 cash legacy.

The artwork was added to the Council's permanent collection, which Culture Perth and Kinross administers. The expenditure to date has been on the conservation of the piece.

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

23. Analysis of net assets between funds	Unrestricted Funds £	Restricted funds £	Total £
Group			
Fund balances at 31 March 2017 are represented by:			
Tangible fixed assets	2,599	-	2,599
Current assets	1,375,085	-	1,375,085
Creditors: amounts falling due within one year	(1,213,179)	330,526	(882,653)
Pension scheme deficit	(3,850,000)	-	(3,850,000)
	<u>(3,685,495)</u>	<u>330,526</u>	<u>(3,354,969)</u>
	Unrestricted Funds £	Restricted funds £	Total £
Company			
Fund balances at 31 March 2017 are represented by:			
Tangible fixed assets	-	-	-
Investments	1	-	1
Current assets	1,336,720	-	1,336,720
Creditors: amounts falling due within one year	(1,172,216)	330,526	(841,690)
Pension scheme deficit	(3,850,000)	-	(3,850,000)
	<u>(3,685,495)</u>	<u>330,526</u>	<u>(3,354,969)</u>
24. Reconciliation of net income to net cash flow from operating activities		Group 2017 £	Company 2017 £
Net income for the reporting period (as per the statement of financial activities)		(3,354,969)	(3,354,969)
Adjustments for:			
Defined pension benefit liability		3,850,000	3,850,000
Interest received		(1,477)	(1,425)
(Increase) in stocks		(14,139)	-
Decrease in debtors		(73,226)	(169,249)
Increase in creditors		882,653	841,690
Net cash provided by operating activities		<u>1,288,842</u>	<u>1,166,047</u>

25. Related parties

The parent and ultimate controlling party is Perth & Kinross Council.

Substantial funding is received from Perth & Kinross Council by way of grants and service level fees for general purposes and other activities.

Perth & Kinross Council is the sole member of Culture Perth and Kinross Limited. As sole member, Perth & Kinross Council has certain powers of control, which are set out in the Articles, including the right to nominate up to 3 elected members of the Council to serve on the board of directors, as well as to decide on the appointment and removal of all other directors.

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Notes to the Consolidated Financial Statements (continued)

For the period ended 31 March 2017

25. Related parties (continued)

Given the degree of control and influence which exists in the funding, operational and governance relationship, 100% of Culture Perth and Kinross Limited general funds and net assets are consolidated in Perth & Kinross Council's annual group accounts, in accordance with financial reporting and accounting standards and other regulations applicable to local authorities delivering services through arm's length external organisations.

Related party transactions and balances with Perth & Kinross Council are exempted from disclosure in accordance with paragraph 33.11(a) of FRS 102.

Balances and transactions between the company and its wholly-owned subsidiary, Culture Perth and Kinross Trading Limited, have been eliminated on consolidation in these group accounts and are exempted from disclosure in accordance with paragraph 1.12(e) of FRS 102

26. Company status

Culture Perth and Kinross Limited is a company limited by guarantee and the contribution of members to the liability of the Company is restricted by the Memorandum and Articles of Association to a maximum of £1. The company is registered in Scotland.