

REGISTERED COMPANY NUMBER: SC091075 (Scotland)
REGISTERED CHARITY NUMBER: SC003287

REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2014
FOR
AN LANNTAIR LIMITED

TUESDAY



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23/12/2014

#429

COMPANIES HOUSE

CIB Audit
Statutory Auditor
63 Kenneth Street
Stornoway
Isle of Lewis
HS1 2DS

AN LANNTAIR LIMITED

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FOR THE YEAR ENDED 31 MARCH 2014

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AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC091075 (Scotland)

Registered Charity number

SC003287

Registered office

An Lantair
Kenneth Street
Stornoway
Isle of Lewis
HS1 2DS

Trustees

D R Green	
A McCormack	- resigned 28.3.14
R Mackay	- resigned 13.11.13
A Macleod	- resigned 16.5.14
B D H Wilson	- resigned 28.3.14
G Anderson	- resigned 14.2.14
H Maciver	
L V Maciver	- appointed 24.5.13
M M Maclean	- appointed 13.11.13
D Wilson	- appointed 13.11.13

Company Secretary

R Murray

Auditors

CIB Audit
Statutory Auditor
63 Kenneth Street
Stornoway
Isle of Lewis
HS1 2DS

Bankers

Clydesdale Bank plc
23 South Beach Street
Stornoway
Isle of Lewis
HS1 2BQ

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The organisation is a charitable company limited by guarantee, incorporated on 27 December 1984. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The directors of the company are also charity trustees for the purposes of charity law. Under the requirements of the Memorandum and Articles of Association the directors are appointed at the Annual General Meeting. One third of the directors must retire by rotation at each Annual General Meeting.

The board aims to ensure that the challenges of a large organisation delivering an arts programme in a modern venue are met through the recruitment of directors with an interest in the arts who bring a broad range of skills and contacts within education, finance and local and national politics.

The charity intends to operate through a fit-for-purpose Board with committed and motivated staff resulting in significantly enhanced corporate governance.

Induction and training of new trustees

The charity undertakes training for trustees to ensure awareness and understanding of:-

- the responsibilities of directors;
- the organisational structure of the charity;
- the financial position of the charity; and
- the future plans and objectives of the charity.

Organisational structure

The Board consists of voluntary directors who manage the affairs of the charity through regular meetings. The charity has recently reviewed its corporate governance structure and articles of association, making it compliant with the Companies Act 2006. Decisions from the Board are implemented by the senior management, comprising the Director with Heads of services and programme areas.

The commercial trading activities of An Lantair Limited are undertaken by a wholly owned subsidiary, An Lantair Trading Limited.

Wider network

The charity has established links with other organisations and agencies to foster the aims and objectives of the organisation.

Related parties

The bar, cafe, restaurant and book and gift shop within the new arts centre are operated by a wholly owned subsidiary, An Lantair Trading Limited. Full details of the charity's subsidiary are included in the notes to the financial statements.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to the operations and finances of the charity, and are satisfied that systems are in place to mitigate their exposure to the major risks.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

OBJECTIVES AND ACTIVITIES

An Lanntair Vision Statement

"Together we will carry a torch for creativity and the arts in the Outer Hebrides."

The vision encompasses the charity's three main areas of activity:-

- Visual Arts
- Performing Arts and Cinema
- Education and Outreach

It frames a commitment to excellence, diversity, access, inclusion, participation and cultural identity. It declares an intention to provide a better, more varied arts programme, accessed by more people, more often, to greater and deeper benefit.

Objectives and aims

The main objectives of the charity are:-

- To promote the study, practice and knowledge of the arts for the public benefit; and
- To present, promote, organise, provide, manage and produce exhibitions, films, recordings, broadcasts and entertainments whether on any premises of the organisation or elsewhere as are conducive to the promotion, maintenance, improvement and advancement of education or to the encouragement of the arts.

The charity aims to:-

- Present and represent the best of the visual and performing arts - locally, nationally and internationally.
- Provide variety and diversity, with an emphasis on quality.
- Provide opportunities to participate in the arts.
- Provide a forum and support infrastructure for local artists/artistes.
- Promote traditional and contemporary Gaelic culture.
- Educate, illuminate and inform.
- Challenge, inspire and entertain.
- Deliver an integrated education and outreach programme across a range of art forms.
- Engage and develop audiences.

Significant activities

The charity's efforts over recent years have resulted in it being awarded Foundation status by Creative Scotland. This is a significant achievement by the organisation in the national context. Foundation status gives stability in that it indicates a commitment to revenue funding from Creative Scotland. Although Foundation status ceases in March 2015, An Lanntair has secured the new equivalent, Regular funding status, for the period from April 2015 to March 2018.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

ACHIEVEMENT AND PERFORMANCE

Charitable activities

In progressing its aims and objectives, An Lanntair will:-

- Host touring exhibitions.
- Create, promote and tour original exhibitions.
- Deliver a performing arts programme of excellence across a range of art forms.
- Programme work that has relevance to the community.
- Develop relationships with key partners and arts providers (artists/artistes, organisations, education agencies, private companies and others who share our aspirations).
- Build community links through the arts.
- Respond to the artistic needs of the community.
- Represent, reflect and promote Gaelic arts.
- Encourage and support professional promotion of the performing arts in the Western Isles.
- Support and promote Western Isles artists/artistes on a national and international level.
- Encourage the personal development of local artists/artistes through collaboration and originating of new work and specific projects.
- Provide a platform for high quality performance.
- Promote equal opportunities and social inclusion within the arts programme.
- Promote under-represented art forms and social groups through programming.
- Promote the use of An Lanntair as a key education resource for the Western Isles.
- Programme work for children and young people.
- Provide creative learning opportunities.
- Provide a framework for educational and outreach activities.

The education and outreach programme will have four strategic development areas:

- **Arts Centre Programme** (ancillary to exhibitions, events happening at An Lanntair)
- **Formal Education Sector** (curriculum, creative links officers, cultural co-ordinators)
- **Outreach** (community halls, schools, gala days etc)
- **Social Inclusion** (day care centres, people with learning difficulties e.g. Ardseileach, Grianan).

The charity's activities and future plans confirm its vital place in the economic as well as the cultural life on the Outer Hebrides. It is a significant employer and provides a resource for all its community. Economic impact will be measured in 2015, in partnership with stakeholders.

Investment performance

The market value of the charity's equity investments has increased by 188% during the year to 31 March 2014.

Internal and external factors

Risk assessment policies and procedures have been agreed and implemented to mitigate the impact of factors which are outside the charity's control.

The corporate governance structures of the charity have been improved as part of a funded transition programme. Systems and procedures for Financial information and Health and Safety have been upgraded to reflect the increased activity levels of the organisation, and reports on these key matters are standing items at all Board meetings.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

FINANCIAL REVIEW

Reserves policy

The board has established a policy that revenue expenditure each year should not exceed income. The charity is dependent upon the continuing support of its principal funders (Creative Scotland and Comhairle nan Eilean Siar) to continue the activities of the charity.

The charity's programme and funding historically have made it difficult to establish any surplus on general reserves.

The Board has examined the charity's requirements for reserves in light of the main risks to the charity. It considers that three to six months of the budgeted expenditure should be carried in unrestricted reserves which would equate to £209,000 to £418,000 for 2014/2015. The current level of unrestricted reserves falls significantly short of this level. The strategy is to build reserves through planned operating surpluses and the board is aware that the achievement of the target level of reserves is a long-term strategy.

During the year the charity's resources expended exceeded incoming resources resulting in net expenditure of £242,408 for the period (2013 - net expenditure of £240,858). Unrealised gains on the charity's investment at 31 March 2014 amounted to £598. Following transfers between funds of £897, this represents a decrease of £42,978 in unrestricted funds and an overall decrease of £198,832 in restricted funds. This has resulted in a deficit of £27,881 on unrestricted reserves.

The transfer of funds from unrestricted to designated funds relates to the charity's contribution towards the cost of equipment and fittings purchased during the year.

The decrease in restricted funds relates mainly to the depreciation charge for the year charged to restricted funds in respect of the arts centre building, equipment and fittings. Restricted funds includes the funds raised to assist with the building of the arts centre and the purchase of equipment and fittings and are utilised to fund the future depreciation of the capital expenditure.

Funds in deficit

It is envisaged that the general fund deficit will be eliminated during the current financial year.

Principal funding sources

The principal funders of the core arts programme of the charity for the year under review are:-

	£
Creative Scotland	390,870
Comhairle nan Eilean Siar	<u>69,350</u>
	<u>460,220</u>

Both organisations are committed to ongoing financial support in the future.

The charity has secured its core funding for the forthcoming three years, with commitments from its main stakeholders, Creative Scotland and Comhairle nan Eilean Siar, and shorter term working capital support from Highlands and Islands Enterprise and Comhairle nan Eilean Siar.

The ongoing transition programme has delivered a robust 3-5 year costed business plan, with 3 year cash flow forecasts, and a commitment from the Board to start to create reserves consistent with an arts organisation whose principal asset is a major arts centre. Recent re-organisation of the staff and management of the arts programme and all related activity has led to savings and efficiencies that will deliver a financially sustainable organisation in the medium term.

The Board has invested in this development in 2013/14, and the attendant, but necessary, costs of this medium term investment are reflected in the deficit for 2013/14.

The results for the year and financial position of the charity are as shown in the annexed financial statements and further details can be found in the notes to the financial statements.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

FINANCIAL REVIEW

Investment policy and objectives

The historical financial constraints under which the charity has operated have not generated funds available for long-term investment. Surplus funds when available are placed on deposit with the charity's bankers.

The existing fixed asset investments represents funds received by way of a legacy and comprises equity stocks and shares listed on a recognised stock exchange.

FUTURE DEVELOPMENTS

Following significant board and staffing review and restructure, An Lanntair will firmly establish itself as a significant venue for the performing and visual arts on an international stage, without in any way compromising its vitally important community benefit and investment. An Lanntair will also fully exploit all opportunities for engagement with the commercial sector.

An Lanntair will be at the forefront of developing the Gaelic language and culture through the medium of all art forms. It will also play a key role in developing the language through music and maintain partnerships with the Gaelic arts organisations and as a key venue for festivals/performance opportunities, such as Hebcelt.

It will also develop the relationship and partnership with Comhairle nan Eilean Siar (Western Isles Council) and lead in community outreach programming for the Western Isles that could lead to effective partnerships with both formal and informal sector deliverers, particularly in education across all art forms.

The Board is committed to ensuring that all aspects of its business, and the related trading company, return to surplus in the coming years, and has undertaken the organisational and financial management changes necessary to achieve this.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also directors of An Lanntair Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, CIB Audit, will be proposed for re-appointment at the forthcoming Annual General Meeting.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 2 December 2014 and signed on its behalf by:


D R Green - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF
AN LANNTAIR LIMITED**

We have audited the financial statements of An Lanntair Limited for the year ended 31 March 2014 on pages ten to twenty two. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and 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 trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page six, 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 auditors 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, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note 24 to the financial statements

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 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 Report of the Trustees and Financial Statements 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 and the parent charitable company's affairs as at 31 March 2014 and of the group and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF
AN LANNTAIR LIMITED**

Matters on which we are required to report by exception

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

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records 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 from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



Calum Macdonald (Senior Statutory Auditor)

for and on behalf of CIB Audit

Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

63 Kenneth Street

Stornoway

Isle of Lewis

HS1 2DS

Date: 2 December 2014

AN LANNTAIR LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	Unrestricted funds £	Restricted funds £	31.3.14 Total funds £	31.3.13 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	527,637	118,745	646,382	519,721
Activities for generating funds	3	478,838	-	478,838	442,129
Investment income	4	28	-	28	11
Incoming resources from charitable activities					
Arts programme	5	155,320	-	155,320	149,485
Total incoming resources		1,161,823	118,745	1,280,568	1,111,346
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	6	456,616	-	456,616	426,315
Charitable activities					
Charitable expenditure	7	754,430	318,175	1,072,605	917,732
Governance costs	8	6,527	-	6,527	5,453
Total resources expended		1,217,573	318,175	1,535,748	1,349,500
NET INCOME/(EXPENDITURE) FOR THE YEAR		(55,750)	(199,430)	(255,180)	(238,154)
Unrealised gains/losses on investment assets		-	598	598	22
Net movement in funds		(55,750)	(198,832)	(254,582)	(238,132)
RECONCILIATION OF FUNDS					
Total funds brought forward		(51,052)	4,121,273	4,070,221	4,308,353
TOTAL FUNDS CARRIED FORWARD		(106,802)	3,922,441	3,815,639	4,070,221

The notes form part of these financial statements

AN LANNTAIR LIMITED**BALANCE SHEET**
AT 31 MARCH 2014

		31.3.14		31.3.13	
		Group	Charity	Group	Charity
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	13	4,040,030	4,038,743	4,255,768	4,254,053
Investments	14	<u>915</u>	<u>916</u>	<u>317</u>	<u>318</u>
		4,040,945	4,039,659	4,256,085	4,254,371
CURRENT ASSETS					
Stocks		26,377	269	24,229	192
Debtors: amounts falling due within one year	15	43,422	49,505	60,641	68,913
Cash at bank and in hand		<u>14,095</u>	<u>11,130</u>	<u>13,229</u>	<u>4,697</u>
		83,894	60,904	98,099	73,802
CREDITORS					
Amounts falling due within one year	16	<u>(265,422)</u>	<u>(162,225)</u>	<u>(239,017)</u>	<u>(146,857)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(181,528)</u>	<u>(101,321)</u>	<u>(140,918)</u>	<u>(73,055)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,859,417	3,938,338	4,115,167	4,181,316
CREDITORS					
Amounts falling due after more than one year	17	<u>(43,778)</u>	<u>(43,778)</u>	<u>(44,946)</u>	<u>(44,946)</u>
NET ASSETS/(LIABILITIES)		<u>3,815,639</u>	<u>3,894,560</u>	<u>4,070,221</u>	<u>4,136,370</u>
FUNDS	21				
Unrestricted funds		(106,802)	(27,881)	(51,052)	15,097
Restricted funds		<u>3,922,441</u>	<u>3,922,441</u>	<u>4,121,273</u>	<u>4,121,273</u>
TOTAL FUNDS		<u>3,815,639</u>	<u>3,894,560</u>	<u>4,070,221</u>	<u>4,136,370</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 2 December 2014 and were signed on its behalf by:



D R Green - Trustee

The notes form part of these financial statements

AN LANNTAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2014**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

The results of An Lantair have been consolidated on a line by line basis in the Statement of Financial Activities and the balance sheet. No separate Statement of Financial Activities or Income and Expenditure Account have been presented for the charity alone as permitted by paragraph 397 of the Statement of Recommended Practice.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:-

- Voluntary income is received by way of grants, donations and membership fees and is included in full in the Statement of Financial Activities when receivable. Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.
- Grants receivable are credited to the Statement of Financial Activities when receivable where entitlement is not conditional on the delivery of a specific performance by the charity. Grants related to performance and specific activities are accounted for when the charity has completed the related undertakings. Grants received which are related to capital expenditure are held within restricted funds and are utilised to fund the future depreciation of the related capital expenditure.
- Activities for generating funds includes incoming resources from fundraising activities which are accounted for when earned.
- Incoming resources from charitable activities includes income from events which are accounted for when earned.
- Investment income is accounted for in the period the charity is entitled to receipt.

Resources expended

Expenditure is accounted for on an accruals basis as a liability is incurred and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Allocation and apportionment of costs

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. estimated usage.

Cost of generating funds

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its objects and activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. The allocation of direct and support costs are analysed in the notes to the financial statements.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

AN LANNTAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES – continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land and buildings	- 4% on cost and no depreciation on land
Plant and machinery etc	- 20% on cost

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £100 are not capitalised.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

Rentals paid under operating leases are charged to the Statement of Financial Activities as incurred.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable for the year are charged in the Statement of Financial Activities.

Investments

Investments held as fixed assets are revalued at the balance sheet date and any gains or losses are taken to the Statement of Financial Activities.

Fixed asset investments in group undertakings are stated at cost less accumulated provision.

AN LANNTAIR LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014****2. VOLUNTARY INCOME**

	31.3.14	31.3.13
	£	£
Donations	175	250
Grants	644,503	517,565
Membership fees	1,704	1,906
	<u>646,382</u>	<u>519,721</u>

Grants received, included in the above, are as follows:

	31.3.14	31.3.13
	£	£
Creative Scotland	505,618	402,166
Comhairle nan Eilean Siar	74,324	74,750
Highlands and Islands Enterprise	25,003	7,290
The Robertson Trust	-	6,000
Western Isles NHS Board	2,128	5,500
Bord na Gaidhlig	492	-
Youthlink Scotland	5,000	-
Western Isles Association for Mental Health	-	2,500
The Islands Book Trust	500	500
Heritage Lottery Fund	-	9,000
Awards for All	-	9,145
Scottish Youth Dance	-	714
Foundation Scotland	19,353	-
SCVO	2,947	-
Department for Work and Pensions	1,138	-
EventScotland	8,000	-
	<u>644,503</u>	<u>517,565</u>

3. ACTIVITIES FOR GENERATING FUNDS

	31.3.14	31.3.13
	£	£
Commercial trading operations	463,767	428,457
Fundraising	15,071	13,672
	<u>478,838</u>	<u>442,129</u>

4. INVESTMENT INCOME

	31.3.14	31.3.13
	£	£
Deposit account interest	28	11

All investment income arises from assets held within the UK.

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Activity	31.3.14	31.3.13
		£	£
Events	Arts programme	155,320	149,485

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014**

6. COSTS OF GENERATING VOLUNTARY INCOME

	31.3.14	31.3.13
	£	£
Commercial trading operations	456,425	425,957
Fundraising expenses	191	358
	<u>456,616</u>	<u>426,315</u>

7. CHARITABLE ACTIVITIES COSTS

	Arts Programme £	Restricted funds £	Total 31.3.14 £	Total 31.3.13 £
Direct Costs				
Staff costs	368,468	12,440	380,908	333,566
Exhibitions	26,460	-	26,460	19,970
Events	64,896	-	64,896	46,650
Cinema rental and costs	51,034	3,891	54,925	52,013
Education and outreach projects	63,656	-	63,656	41,335
Marketing and development	26,773	47,679	74,452	27,962
Training costs	-	-	-	956
Repairs and maintenance	17,575	-	17,575	24,593
Legal and professional fees	3,656	-	3,656	2,998
Bad debt provision	3,600	-	3,600	-
Depreciation	5,183	253,678	258,861	253,576
Finance costs	8,382	-	8,382	7,842
	<u>639,683</u>	<u>317,688</u>	<u>957,371</u>	<u>811,461</u>
Support costs				
Light and heat	41,056	-	41,056	34,442
Insurance	16,643	-	16,643	15,824
Telephone, fax and internet	7,567	-	7,567	6,548
Postages, stationery and advertising	7,133	-	7,133	7,727
Recruitment expenses	122	-	122	467
Travel and training expenses	858	487	1,345	37
Computer expenses	7,817	-	7,817	10,714
Cleaning expenses	29,391	-	29,391	28,164
Equipment hire	1,795	-	1,795	1,543
Administration expenses	2,365	-	2,365	805
	<u>114,747</u>	<u>487</u>	<u>115,234</u>	<u>106,271</u>
Total	<u>754,430</u>	<u>318,175</u>	<u>1,072,605</u>	<u>917,732</u>

8. GOVERNANCE COSTS

	31.3.14	31.3.13
	£	£
Accountancy	1,977	903
Auditors' remuneration	4,550	4,550
	<u>6,527</u>	<u>5,453</u>

AN LANNTAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

9. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.3.14	31.3.13
	£	£
Auditors' remuneration – group	4,550	4,550
Depreciation - owned assets – group	<u>259,288</u>	<u>254,005</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2014 nor for the year ended 31 March 2013.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2014 nor for the year ended 31 March 2013.

11. STAFF COSTS – GROUP

	31.3.14	31.3.13
	£	£
Wages and salaries	539,079	504,587
Social security costs	36,231	34,319
Other pension costs	<u>7,821</u>	<u>7,982</u>
	<u>583,131</u>	<u>546,888</u>

The average monthly number of employees during the year was as follows:

31.3.14	31.3.13
<u>44</u>	<u>43</u>

No employees received emoluments in excess of £60,000.

12. SUMMARY RESULTS OF CHARITY

The summary results of the charity are as follows:

	31.3.14	31.3.13
	£	£
Total incoming resources	816,801	682,889
Total resources expended	<u>(1,059,209)</u>	<u>(923,747)</u>
Net incoming/(outgoing) resources	<u>(242,408)</u>	<u>(240,858)</u>
Unrealised gains/(losses) on investment assets	598	22
Net movement in funds	<u>(241,810)</u>	<u>(240,836)</u>
Funds brought forward	<u>4,136,370</u>	<u>4,377,206</u>
	<u>3,894,560</u>	<u>4,136,370</u>

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014**

13. TANGIBLE FIXED ASSETS – CHARITY

	Freehold land £	Arts Centre £	Fixtures and fittings £	Office equipment £	Totals £
COST					
At 1 April 2013	122,386	5,996,187	185,751	80,783	6,385,107
Additions	-	-	42,272	1,278	43,550
At 31 March 2014	122,386	5,996,187	228,023	82,061	6,428,657
DEPRECIATION					
At 1 April 2013	-	1,906,694	151,909	72,451	2,131,054
Charge for year	-	239,847	12,139	6,874	258,860
At 31 March 2014	-	2,146,541	164,048	79,325	2,389,914
NET BOOK VALUE					
At 31 March 2014	122,386	3,849,646	63,975	2,736	4,038,743
At 31 March 2013	122,386	4,089,493	33,842	8,332	4,254,053

Loan interest of £Nil has been capitalised during the year ended 31 March 2014. The total interest capitalised to that date is £14,705.

In addition to the tangible fixed assets of the charity detailed above, group tangible fixed assets include plant and equipment with a net book value of £1,287 owned by the subsidiary. These assets were acquired during the year ended 31 March 2013 at a cost of £2,143, depreciation of £856 has been charged.

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Listed investments £	Totals £
MARKET VALUE			
At 1 April 2013 and 31 March 2014	1	11,463	11,464
PROVISIONS			
Provision b/f	-	11,146	11,146
Provision for year	-	(598)	(598)
At 31 March 2014	-	10,548	10,548
NET BOOK VALUE			
At 31 March 2014	1	915	916
At 31 March 2013	1	317	318

There were no investment assets outside the UK.

AN LANNTAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

14. FIXED ASSET INVESTMENTS - continued

Market value at 31 March 2014 is represented by:

	Shares in group undertakings £	Listed investments £	Totals £
Valuation at 31 March 2014	-	915	915
Cost at 31 March 2014	<u>1</u>	<u>-</u>	<u>1</u>
	<u>1</u>	<u>915</u>	<u>916</u>

Listed investments at market value comprised:

	31.3.14 £	31.3.13 £
Equities	915	317
Fixed interest securities	<u>-</u>	<u>-</u>
	<u>915</u>	<u>317</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.14		31.3.13	
	Group £	Charity £	Group £	Charity £
Trade debtors	2,908	2,103	5,392	4,236
Group debtors	-	8,130	-	10,670
Other debtors	1,938	696	1,867	625
Grants receivable	9,219	9,219	19,435	19,435
Recoverable taxation	1,920	1,920	1,914	1,914
VAT	24,647	24,647	29,089	29,089
Prepayments and accrued income	<u>2,790</u>	<u>2,790</u>	<u>2,944</u>	<u>2,944</u>
	<u>43,422</u>	<u>49,505</u>	<u>60,641</u>	<u>68,913</u>

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.14		31.3.13	
	Group	Charity	Group	Charity
	£	£	£	£
Bank loans and overdrafts	75,091	49,835	61,011	36,900
Other loans	1,167	1,167	1,112	1,112
Trade creditors	109,378	70,438	110,497	79,036
Other creditors	48,927	34,939	34,738	23,134
Tax and social security	30,859	5,846	31,659	6,675
	<u>265,422</u>	<u>162,225</u>	<u>239,017</u>	<u>146,857</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR – GROUP AND CHARITY

	31.3.14	31.3.13
	£	£
Other loans - 1-2 years	1,226	1,167
Other loans - 2-5 years	4,057	3,864
Other loans more than 5 years by instalments	38,495	39,915
	<u>43,778</u>	<u>44,946</u>

Amounts falling due in more than five years:

Repayable by instalments:

Other loans more than 5 years by instalments	<u>38,495</u>	<u>39,915</u>
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18. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	31.3.14	31.3.13
	£	£
Expiring:		
Within one year	1,448	1,596
Between one and five years	4,706	-
	<u>6,154</u>	<u>1,596</u>

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014**

19. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.14	31.3.13
	£	£
Bank overdraft – Group	<u>75,091</u>	<u>61,011</u>

The bank overdrafts in the parent charity and subsidiary are secured by floating charges over each company's assets and undertakings.

A standard security over the Louise Carnegie site, Kenneth Street, Stornoway, Isle of Lewis has been granted to the Scottish Arts Council as part of the funding agreement for the new Arts Centre.

Comhairle nan Eilean Siar have provided loan funds as part of their revenue funding for 2008/2009. The funds advanced in this regard at 31 March 2014 were £44,945 (2013 - £46,058) and this balance is included in Other Loans. An Lantair Limited has provided a disposition to Comhairle nan Eilean Siar in respect of 1/5 of the land on which the arts centre is built.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS - GROUP

	Unrestricted funds £	Restricted funds £	31.3.14 Total funds £	31.3.13 Total funds £
Fixed assets	10,404	4,029,626	4,040,030	4,255,768
Investments	-	915	915	317
Current assets	65,058	18,836	83,894	98,099
Current liabilities	(182,264)	(83,158)	(265,422)	(239,017)
Long term liabilities	-	(43,778)	(43,778)	(44,946)
	<u>(106,802)</u>	<u>3,922,441</u>	<u>3,815,639</u>	<u>4,070,221</u>

21. MOVEMENT IN FUNDS – GROUP

	At 1.4.13 £	Net movement in funds £	Transfers between funds £	At 31.3.14 £
Unrestricted funds				
General fund	6,456	(56,237)	(897)	(50,678)
General fund - Special Projects	21,293	(3,597)	-	17,696
General fund - Equipment and Fittings	<u>3,536</u>	<u>(1,808)</u>	<u>897</u>	<u>2,625</u>
	31,285	(61,642)	-	(30,357)
Subsidiary trading company	<u>(82,337)</u>	<u>5,892</u>	-	<u>(76,445)</u>
	(51,052)	(55,750)	-	(106,802)
Restricted funds				
Transition 2020 fund	-	19,178	-	19,178
Capital and development fund	<u>4,121,273</u>	<u>(218,010)</u>	-	<u>3,903,263</u>
	4,121,273	(198,832)	-	3,922,441
TOTAL FUNDS	<u>4,070,221</u>	<u>(254,582)</u>	-	<u>3,815,639</u>

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014**

21. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	698,056	(754,293)	-	(56,237)
General fund - Special Projects	-	(3,597)	-	(3,597)
General fund - Equipment and Fittings	-	(1,808)	-	(1,808)
	698,056	(759,698)	-	(61,642)
Subsidiary trading company	463,767	(457,875)	-	5,892
	1,161,823	(1,217,573)		(55,750)
Restricted funds				
Projects fund	22,453	(22,453)	-	-
Transition 2020 fund	61,260	(42,082)	-	19,178
Capital and development fund	35,032	(253,640)	598	(218,010)
	118,745	(318,175)	598	(198,832)
TOTAL FUNDS	1,280,568	(1,535,748)	598	(254,582)

FUNDS

General fund - Arts Programme

The general fund represents unrestricted funds which the trustees are free to use in accordance with the charitable objects.

General fund - Special Projects

This represents unrestricted funds designated by the trustees and funds received from public funding agencies and trusts in respect of specific projects. The funds are utilised to fund the costs relating to the specific projects and also the future depreciation of any capital expenditure.

General fund - Equipment and Fittings

This represents unrestricted funds designated by the trustees to assist with the purchase of equipment and fittings. The funds are utilised to fund the future depreciation of the capital expenditure.

Projects fund

This represents grants received from public funding agencies and trusts to assist with specified revenue and project costs.

Transition 2020 fund

This represents grants received from public funding agencies towards facilitating the development of the charity through an organisational review to be carried out by a Transition Director on a consultancy basis.

Capital and development fund

This represents the funds raised from various organisations to assist in the building of a new arts centre. The recent tranches of funding agreed included a recognition of the costs of establishing the bar and catering functions. The support provided by the charity is charged to restricted funds. The funds are also utilised to fund the future depreciation of the capital expenditure.

Transfers between funds

An amount of £897 was transferred from unrestricted funds to designated funds in respect of equipment and fittings purchased through the General fund during the year.

AN LANNTAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

22. PENSION COMMITMENTS

The charity operates a defined contribution pension scheme. At the balance sheet date unpaid contributions of £4,153 (2013 - £4,169) were due to the scheme and are included in other creditors and accrued expenses.

23. RELATED PARTY DISCLOSURES

An Lantair Trading Limited is a wholly owned trading subsidiary of An Lantair Limited which operates the bar, cafe, restaurant and book and gift shop within the new arts centre.

During the year ended 31 March 2014 An Lantair Limited made sales of £22,665 (2013 - £2,157) to An Lantair Trading Limited and purchased services of £4,001 (2013 - £3,811) from An Lantair Trading Limited. The amount to be paid to An Lantair Limited by its subsidiary at 31 March 2014 was £8,130 (2013 - £10,510).

An Lantair Limited has provided a guarantee of £30,000 in respect of the overdraft facilities advanced to An Lantair Trading Limited by the Clydesdale Bank.

24. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

25. LIMITED BY GUARANTEE

The company is limited by guarantee and has no share capital. The liability of each member in the event of the company being wound up is restricted to £1.

26. PERMANENT ENDOWMENTS

The charity does not have any permanent endowments.