# Design Dundee Limited

**(a company limited by guarantee)**
**Report and accounts**
**for the year ended 31 March 2014**

**Registered number: SC370598**

**Charity number: SC041219**

**Design Dundee Limited**
**(a company limited by guarantee)**

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**Design Dundee Limited**
**(a company limited by guarantee)**

**Charity information**

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| | |
|---|---|
| **Directors** | DK Dorward<br>Prof CP Downes<br>LMS Knox<br>DHE Thomson<br>ME Gemmill<br>P Long<br>M McHugh<br>Prof NA Seaton |
| **Alternate directors** | GH McKee<br>M Galloway<br>P Noad<br>I Simpson |
| **Principal office** | Enterprise House<br>3 Greenmarket<br>Dundee<br>DD1 4QB |
| **Auditors** | Henderson Loggie<br>Royal Exchange<br>Panmure Street<br>Dundee<br>DD1 1DZ |
| **Company secretary** | Thorntons Law LLP |
| **Registered office** | Whitehall House<br>33 Yeaman Shore<br>Dundee<br>DD1 4BJ |
| **Solicitors** | Thorntons Law LLP<br>33 Yeaman Shore<br>Dundee<br>DD1 4BJ |
| **Bankers** | The Royal Bank of Scotland<br>3 High Street<br>Dundee<br>DD1 9LY |
| **Registered number** | SC370598 |
| **Charity number** | SC041219 |

This is the report of the directors of Design Dundee Limited for the year to 31 March 2014.

The company information set out on page 1 forms part of this report.

## Structure, governance and management

### Constitution

Design Dundee Limited is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association.

### Related parties & relationship

The company was established with the express aim of organising the development and delivery of the V&A Dundee. The founder members have created Design Dundee Limited which will drive the development and delivery of the project. The founder members are Dundee City Council, the Universities of Dundee and Abertay Dundee, Scottish Enterprise and the Victoria & Albert Museum.

### Decision making process

The decision making process is a majority vote of the Directors. In the case of an equality of votes, the Chair will have a second casting vote. Where matters require the approval of the founder members the Chair shall not be entitled to cast a second or casting vote in the case of an equality of votes.

### Recruitment, induction and training of directors

New directors are recruited and appointed according to the workload of the board in terms of both the business of the company and the needs of Design Dundee Limited in that they require specific jobs to be fulfilled by their directors.

### Directors and organisation structure

The management of Design Dundee Limited is in the hands of the directors and members. The directors who served during the year to 31 March 2014 were as follows:

| **Directors** | **Relationship** | **Alternate** |
|---|---|---|
| LMS Knox (Chair) | Independent | |
| DHE Thomson | Independent | |
| DK Dorward | Dundee City Council | M Galloway |
| Professor CP Downes | University of Dundee | GH McKee |
| Professor NA Seaton | University of Abertay Dundee | I Simpson |
| M McHugh *(Appointed 15 March 2013)* | Scottish Enterprise | P Noad *(Appointed 20 May 2013)* |
| ME Gemmill | Victoria & Albert Museum | J Prosser *(Resigned 8 November 2013)* |
| P Long | Chief Executive | |

## Directors and organisation structure (continued)

The board of directors met 5 times during the year.

A director may appoint an alternate director who can attend and vote at meetings where the director will not be present. Alternate directors shall remain in place until their appointing director removes them or the appointing director leaves their own position.

All directors are considered to be trustees in terms of Charities Legislation.

The Directors have established committees to assist the Board to fulfil its responsibilities as follows:

### Audit and risk committee

In regard to the oversight of:

- the financial statements, auditing, accounting and related reporting
- internal control and risk management systems
- corporate governance policies and practices

### Building committee

In regard to the oversight of:

- technical construction and design quality
- key construction risks and issues
- procurement, review and contract variation

### Finance committee

In regard to the oversight of:

- management accounts, budgets, financial forecasts and financial performance
- financial and accounting policies including reserves
- financial impact of all threats, opportunities and risks

## Risk management

The directors regularly assess the major risks to which Design Dundee Limited is exposed, in particular those related to the operation and finances of the company, in order to satisfy themselves that systems are in place to mitigate the company's exposure to the major risks.

## Objectives

The objects of the company are:

i. to advance the arts, heritage, culture and science;

ii. to advance education and research;

iii. to advance citizenship and community development in furthering purposes i and ii;

## Objectives (continued)

iv. to advance such similar charitable purposes as the Directors may consider appropriate from time to time.

The foregoing charitable purposes, which are designed to benefit the people of Dundee, Scotland, the rest of the United Kingdom and the world, are to be particularly furthered by (1) the establishment, building, construction and promotion of a museum and associated resources and facilities based in Dundee together with associated infrastructure enhancement and development; (2) the operation, management and development of the museum and other resources and facilities which provide public access to collections of works of art and design including in particular modern, contemporary and future facing creative design and applied arts; (3) the development of a local, national and international centre for design and creative excellence based in Dundee; (4) the development and delivery of arts and cultural activities and events, workshops, artistic programmes, curatorial strategic and policies and educational and research projects; and (5) a culture based contribution to civic pride and regeneration in Dundee and beyond.

## Plans for future years

As the first ever design museum to be built in the UK outside London, V&A Dundee will be the first dedicated place for Scotland to celebrate its design heritage and nurture its emerging creative talent.

V&A Dundee will focus on design. It will have more than 1,700 square metres of flexible gallery space, with one of the largest dedicated museum-standard exhibition spaces in Scotland. It will host world-class design exhibitions (in partnership with the V&A and other national and international partners) alongside displays devoted to outstanding Scottish design - historical, contemporary and of the future.

V&A Dundee aims to do what every good museum does - to inform, educate and entertain - but also explicitly intends to generate new creativity and innovation across Scotland.

Through its wider learning and outreach programmes V&A Dundee will provide inspiring opportunities for people of all ages and backgrounds to learn and get involved in design creativity. We began this work with communities in Dundee in 2013.

V&A Dundee will develop innovative programmes that aim to contribute to long-term economic growth by promoting the importance of design as an essential ingredient within business and enterprise.

In the run up to opening V&A Dundee is working with a variety of partners to deliver a programme of exhibitions and activities designed to provide a taste of the world-class shows and events Scotland will eventually enjoy through V&A Dundee.

## Activities and achievements

The principal activity of the company in the year under review was that of the development of the "V&A Dundee" project.

**Design Dundee Limited**
**(a company limited by guarantee)**

**Report of the directors**

A Scottish Government grant of £600,000 was allocated during the year. Additional in kind contributions were received from founder members. The grant and other contributions supported expenditure on a varying programme of pre-opening events designed to showcase the world-class exhibitions of design that will be integral to V&A Dundee's programme once open. Other activities included audience development, marketing of events and profile raising, administration and fundraising.

*Financial Report*

The company has a surplus for the year ended 31 March 2014 of £132,891 (*2013* - £165,144). The current accumulated surplus is expected to be utilised during the period of development of the 'V&A Dundee' project.

**Reserves policy**

Given the nature of the company's funding and its stage of development it is not realistic to set a categoric reserves policy. The directors will continue to ensure that expenditure is only incurred bearing in mind funding available such that reserves and cash are available to meet ongoing obligations.

**Auditors**

So far as each director is aware there is no relevant audit information of which the auditors are unaware. Each director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the board of directors by:

**DHE Thomson**
Director

11 August 2014

**Statement of responsibilities of the directors**

The directors (who are also trustees of Design Dundee Limited for the purpose of charity law) are responsible for preparing the Directors' Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare accounts 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 year. In preparing these revised accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and 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 accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts 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.

## Design Dundee Limited
**(a company limited by guarantee)**

**Independent auditor's report to the members and directors of Design Dundee Limited**

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We have audited the accounts of Design Dundee Limited for the year ended 31 March 2014 which comprise statement of financial activities, balance sheet and 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).

This report is made exclusively to the members, as a body, in accordance with Section 495 of the Companies Act 2006, and to the charity'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 members and the charity's 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 charity, its 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 directors and auditor**

As explained more fully in the directors' responsibilities statement (set out on page 6), the directors are responsible for the preparation of the accounts 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 accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland revised). Those standards requires us to comply with the Auditing Practices Boards (APBs) Ethical Standards for Auditors.

**Scope of the audit of the accounts**
An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 directors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited accounts 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 accounts**
In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 and of its 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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**Independent auditor's report to the members and directors of Design Dundee Limited (continued)**

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**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the directors' report for the financial year for which the accounts are prepared is consistent with the accounts.

**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 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 revised accounts are not in agreement with the accounting records and returns; or
- certain disclosure of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

George M. Hay

**George M Hay (Senior Statutory Auditor)**
For and on behalf of
Henderson Loggie, Statutory Auditor
(eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006)
Dundee

11 August 2014

## Design Dundee Limited
**(a company limited by guarantee)**

**Statement of financial activities for the year ended 31 March 2014**

| | Note | Unrestricted Funds 2014 £ | Restricted Funds 2014 £ | Total Funds 2014 £ | Unrestricted Funds 2013 £ |
|---|---|---|---|---|---|
| **Incoming resources** | | | | | |
| Incoming resources from generated funds: | | | | | |
| Voluntary income | 2 | **823,021** | - | **823,021** | 870,427 |
| Total incoming resources | | **823,021** | - | **823,021** | 870,427 |
| **Resources expended** | | | | | |
| Cost of generating funds | 3 | - | - | - | 148,890 |
| Charitable activities | 3 | **686,230** | - | **686,230** | 551,449 |
| Governance costs | 3 | **3,900** | - | **3,900** | 4,944 |
| **Total resources expended** | | **690,130** | - | **690,130** | 705,283 |
| **Net movement of funds and net income for the year** | | **132,891** | - | **132,891** | 165,144 |
| Fund balances at 1 April 2013 | | **314,699** | - | **314,699** | 149,555 |
| **Fund balances at 31 March 2014** | | **447,590** | - | **447,590** | 314,699 |

All of the above results are derived from continuing activities. All gains and losses are recognised in the year are included above.

## Design Dundee Limited
**(a company limited by guarantee)**

**Balance sheet as at 31 March 2014**

| | Note | | **2014** | | 2013 |
|---|---|---|---|---|---|
| | | **£** | **£** | £ | £ |
| **Fixed assets** | | | | | |
| Investments | 5 | | **1** | | 1 |
| Tangible fixed assets | 6 | | **12,122** | | 22,783 |
| | | | **12,123** | | 22,784 |
| **Current assets** | | | | | |
| Debtors and prepayments | 7 | **222,687** | | 168,896 | |
| Cash at bank and in hand | | **301,715** | | 268,273 | |
| | | **524,402** | | 437,169 | |
| **Current liabilities** | | | | | |
| Creditors and accruals | 8 | **(88,935)** | | (145,254) | |
| **Net current assets** | | | **435,467** | | 291,915 |
| **Net assets** | | | **447,590** | | 314,699 |
| **Represented by** | | | | | |
| Unrestricted funds | 9 | | **447,590** | | 314,699 |

The notes on pages 11 to 15 form part of these accounts.

These accounts were approved by the board of directors on 11 August 2014 and signed on their behalf:

David Thomson

**DHE Thomson**
Director

## 1 Accounting policies

In common with many other charities of our size and nature, we use our auditors to assist with the preparation of the accounts.

### Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards and recommended practice under the historical cost convention and include the results of the charity's operations, all of which are continuing.

The accounts have been compiled in accordance with the Statement of Recommended Practice - "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005 and applicable law.

### Incoming resources

### Resources expended and irrecoverable VAT

All expenditure is included on an accruals basis and is recognised when there is a legal obligation to pay for expenditure. Irrecoverable VAT is included in the related expenditure.

- Cost of generating funds includes all fundraising costs.
- Charitable activities include expenditure associated with the V&A Dundee project.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated on a basis consistent with the use of resources.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories.

### Tangible fixed assets

Fixed assets costing more than £1,000 are capitalised at cost.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Office equipment - 3 years straight line

## 1 Accounting policies (continued)

### Funds

All income and expenditure is dealt with through the Statement of Financial Activities. Funds are classified as either restricted or unrestricted funds, defined as follows:

***Restricted funds*** are funds subject to specific trusts, which may be declared by the donor or with their authority (eg by the restrictive wording of an appeal). Some are restricted income funds expendable at the discretion of the directors in furtherance of a particular activity. Others are capital funds where the assets are required to be invested for long term use.

***Unrestricted funds*** are expendable at the discretion of the directors in furtherance of the objects of the company.

A transfer is made from unrestricted funds to restricted funds to compensate fully all restricted funds which would otherwise be in deficit at the accounting date.

### Pensions

Design Dundee Limited makes payments to personal pension plans on behalf of employees.

## 2 Voluntary income

| | **2014** | 2013 |
|---|---|---|
| | **£** | £ |
| Peoples Postcode Lottery | **100,000** | - |
| Government grants | **600,000** | 750,000 |
| Heritage Lottery Fund | **99,557** | 100,443 |
| Mathew Trust | **16,500** | - |
| Restricted income - Creative Scotland | - | 14,988 |
| Other income | **6,964** | 4,996 |
| | **823,021** | 870,427 |

## 3 Total resources expended

| | Unrestricted 2014 £ | Restricted 2014 £ | Total 2014 | Total 2013 |
|---|---|---|---|---|
| **Cost of generating funds** | | | | |
| Fundraising | - | - | - | 58,242 |
| Salaries | - | - | - | 90,648 |
| | - | - | - | 148,890 |
| **Charitable activities** | | | | |
| Product design costs | **10,000** | - | **10,000** | 32,555 |
| Building design costs | **13,688** | - | **13,688** | 122,205 |
| Marketing | **77,401** | - | **77,401** | 37,980 |
| Administration | **217,565** | - | **217,565** | 80,922 |
| Legal costs | **76,788** | - | **76,788** | 88,465 |
| Salaries | **290,788** | - | **290,788** | 189,322 |
| | **686,230** | - | **686,230** | 551,449 |
| **Governance costs** | | | | |
| Audit fees | **3,400** | - | **3,400** | 3,000 |
| Accountancy fees | **500** | - | **500** | 1,944 |
| | **3,900** | - | **3,900** | 4,944 |
| | **690,130** | - | **690,130** | 705,283 |

## 4 Emoluments

| | 2014 £ | 2013 £ |
|---|---|---|
| Wages and salaries | **242,385** | 230,113 |
| Social security costs | **25,638** | 26,790 |
| Pension costs | **22,766** | 23,067 |
| | **290,789** | 279,970 |

| | No. | No. |
|---|---|---|
| Average number of employees during the year | **5** | 5 |

No employee other than directors received emoluments greater than £60,000 during the year.

## 4 Emoluments (continued)

| | 2014 | 2013 |
|---|---|---|
| | £ | £ |
| **Directors emoluments** | | |
| **Emoluments** | | |
| P Long | **105,197** | 92,852 |
| **Pension contributions** | | |
| P Long | **13,875** | 12,375 |
| | **119,072** | 105,227 |

Directors' travel and subsistence expenses paid in the year are as follows:

| | 2014 | 2013 |
|---|---|---|
| ME Gemmill | **693** | 175 |
| P Long | **10,757** | 14,029 |
| | **11,450** | 14,204 |

## 5 Investments

| | 2014 | 2013 |
|---|---|---|
| Craig Harbour Limited | **1** | 1 |

Craig Harbour Limited is a wholly owned subsidiary incorporated in Scotland. The company did not trade in the year ended 31 March 2014.

## 6 Fixed assets

| | Office equipment £ |
|---|---|
| **Cost** | |
| At 1 April 2013 | 31,982 |
| Additions | - |
| Disposals | - |
| **At 31 March 2014** | **31,982** |
| **Depreciation** | |
| At 1 April 2013 | 9,199 |
| Charge for the year | 10,661 |
| On disposal | - |
| **At 31 March 2014** | **19,860** |
| **Net book value** | |
| **At 31 March 2014** | **12,122** |
| At 1 April 2013 | 22,783 |

## 7 Debtors and prepayments

| | 2014 £ | 2013 £ |
|---|---|---|
| Grants receivable | **216,500** | 100,443 |
| Debtors | **5,796** | 61,119 |
| Prepayments | **390** | 4,721 |
| Other debtors | **-** | 2,613 |
| | **222,687** | 168,896 |

## 8 Creditors and accruals

| | 2014 £ | 2013 £ |
|---|---|---|
| Amounts due to Dundee City Council | **49,630** | 92,196 |
| Amounts due to University of Dundee | **192** | 1,272 |
| Amounts due to Scottish Enterprise | **1,779** | 1,869 |
| Amounts due to University of Abertay Dundee | **-** | 55 |
| Amounts due to Victoria & Albert Museum | **-** | 5,936 |
| Accruals | **37,334** | 43,926 |
| | **88,935** | 145,254 |

## 9 Funds

| | Unrestricted £ | Restricted £ | Total £ |
|---|---|---|---|
| At 1 April 2013 | 314,699 | - | 314,699 |
| Movement in year | 132,891 | - | 132,891 |
| **At 31 March 2014** | **447,590** | **-** | **447,590** |

## 10 Control

The company is under the control of the founder members.

## 11 Related party transactions

During the year Dundee City Council, Universities of Dundee and Abertay Dundee, Scottish Enterprise and V&A Museum made payments on behalf of Design Dundee Limited and the balances due to them are as detailed in note 8.