

Design Dundee Limited
(a company limited by guarantee)
Report and accounts
for the year ended 31 March 2015

Registered number: SC370598

Charity number: SC041219



Design Dundee Limited
(a company limited by guarantee)

Contents

	Page
Charity information	1
Directors' report	2 - 6
Statement of responsibilities of the directors	7
Independent auditor's report	8 - 9
Statement of financial activities	10
Balance sheet	11
Notes to the accounts	12 - 17

Design Dundee Limited
(a company limited by guarantee)

Charity information

Directors	Sir CP Downes LMS Knox DHE Thomson P Long M McHugh Prof NA Seaton D Hunter D Martin M Roth
Alternate directors	GH McKee P Noad I Simpson M Galloway E McKillop
Principal office	Enterprise House 3 Greenmarket Dundee DD1 4QB
Auditors	Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB
Company secretary	Thorntons Law LLP
Registered office	Whitehall House 33 Yeaman Shore Dundee DD1 4BJ
Solicitors	Thorntons Law LLP 33 Yeaman Shore Dundee DD1 4BJ
Bankers	The Royal Bank of Scotland 3 High Street Dundee DD1 9LY
Registered number	SC370598
Charity number	SC041219

Design Dundee Limited (a company limited by guarantee)

Report of the directors

This is the report of the directors of Design Dundee Limited for the year to 31 March 2015.

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 Museum of Design Dundee (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 2015 were as follows:

Directors	Relationship	Alternate
LMS Knox (Chair)	Independent	
DHE Thomson	Independent	
DK Dorward (resigned 30 November 2014)	Dundee City Council	M Galloway (resigned 30 November 2014)
Sir CP Downes	University of Dundee	GH McKee
Professor NA Seaton	University of Abertay Dundee	I Simpson
M McHugh	Scottish Enterprise	P Noad
ME Gemmill (resigned 29 January 2015, appointed 9 February 2015, deceased 9 April 2015)	Victoria & Albert Museum/ Independent	J Prosser (Resigned 8 November 2014)
P Long	Design Dundee Limited	
D Hunter (appointed 1 December 2014)	Independent	
D Martin (appointed 1 December 2014)	Dundee City Council	Michael Galloway (appointed 1 December 2014)
M Roth (appointed 30 January 2015)	Victoria & Albert Museum	E McKillop (appointed 6 May 2015)

Design Dundee Limited
(a company limited by guarantee)

Report of the directors

Directors and organisation structure (continued)

Moira Gemmill represented Victoria & Albert Museum on the Board of Design Dundee Limited until January 2015 when she moved to another role within the sector. Due to her valuable contribution, she was re-appointed as an Independent Director. She lost her life in a traffic accident in April 2015 and will be sadly missed by friends and colleagues.

The board of directors met five 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;

Design Dundee Limited (a company limited by guarantee)

Report of the directors

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.

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 2014.

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.

Key achievements

The principal activity of the company in the year under review was that of the development of the "V&A Dundee" project. This included a competitive tender which led to the appointment of BAM Construction Scotland, securing increased public sector funding to allow the project to go live and the start of construction work in March 2015. Subsequently, the first construction milestone, completion of a coffer dam in the River Tay, was reached on time and on budget by June 2015. The museum construction is being led by Dundee City Council. The building will be owned and maintained by Dundee City Council. It will be operated by Design Dundee Limited.

Design Dundee Limited (a company limited by guarantee)

Report of the directors

A Scottish Government grant of £400,000 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 audience development activity designed to engage people in the museum and design themes. Key achievements included:

- People from across Dundee took part in *Living Room for the City*, the V&A Dundee's first community engagement project in 2014. Inspired by the museum's architect Kengo Kuma who described the V&A Dundee building as a 'living room for the city'. The project encouraged people to think about what design is and the designs they choose and own in their homes. The programme included free community workshops involving 250 people across eight city wards, family workshops and an exhibition at the Hannah Maclure Centre, Abertay University in August 2014 as well as engagement online and across Scotland.
- A series of joint events hosted by V&A Dundee and Design in Action - the Arts & Humanities Research Council knowledge exchange hub based at the University of Dundee – were aimed at enhancing the reputation, status and understanding of contemporary design in Scotland. Speakers included Alice Rawsthorn OBE, the internationally renowned design commentator and author of the critically acclaimed book, *Hello World: Where Design Meets Life*.
- A partnership with The McManus, Dundee's Art Gallery and Museum which included presenting the V&A exhibition *Posters of Protest and Revolution* at The McManus from November 2014 to January 2015. The display brought together some of the most potent and often controversial images used to declare opposition to major events throughout the world.
- Almost 12,000 people visited *Design in Motion*, the first V&A Dundee touring exhibition, taking the work of seven of Scotland's most exciting contemporary designers around Scotland. The tour visited 78 locations from the Western Isles to the Dumfries & Galloway and engaged with schools, colleges and universities across Scotland, highlighting ways in which V&A Dundee will help boost the country's creative industries.

Financial Report

The company has a surplus for the year ended 31 March 2015 of £878 (2014 - £132,891). The current accumulated surplus of £448,468 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 categorical 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. An updated reserves policy will be created during 2015.

Design Dundee Limited
(a company limited by guarantee)

Report of the directors (continued)

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

10 August 2015

Design Dundee Limited
(a company limited by guarantee)

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

We have audited the accounts of Design Dundee Limited for the year ended 31 March 2015 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 7), 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 2015 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).

Design Dundee Limited
(a company limited by guarantee)

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

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 (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

10 August 2015

Design Dundee Limited
(a company limited by guarantee)

Statement of financial activities for the year ended 31 March 2015

	Note	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	Unrestricted Funds 2014 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	843,150	4,833	847,983	823,021
Investment income	2	372	-	372	-
Other incoming resources	2	134,543	-	134,543	-
Total incoming resources		978,065	4,833	982,898	823,021
Resources expended					
Charitable activities	3	963,379	4,833	968,212	686,230
Governance costs	3	13,808	-	13,808	3,900
Total resources expended		977,187	4,833	982,020	690,130
Net movement of funds and net income for the year		878	-	878	132,891
Fund balances at 1 April 2014		447,590	-	447,590	314,699
Fund balances at 31 March 2015		448,468	-	448,468	447,590
		=====	=====	=====	=====

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 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Investments	5		1		1
Tangible fixed assets	6		1,648		12,122
			<u>1,649</u>		<u>12,123</u>
Current assets					
Debtors and prepayments	7	164,718		222,687	
Cash at bank and in hand		393,817		301,715	
		<u>558,535</u>		<u>524,402</u>	
Current liabilities					
Creditors and accruals	8	(111,716)		(88,935)	
		<u></u>		<u></u>	
Net current assets			446,819		435,467
Net assets			<u>448,468</u> =====		<u>447,590</u> =====
Represented by					
Unrestricted funds	10		448,468 =====		447,590 =====

The notes on pages 12 to 17 form part of these accounts.

The accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

These accounts were approved by the board of directors on 10 August 2015 and signed on their behalf:



DHE Thomson
Director

Notes to the accounts

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

Grants

Grants received towards company fixed assets are credited directly to a deferred capital grant account, thereafter being released to the income and expenditure account at the same rate as the depreciation on the assets to which the grants relate.

Grants and other income towards revenue expenditure are credited to revenue in the year to which they relate.

Resources expended

All expenditure is included on an accruals basis and is recognised when there is a legal obligation to pay for 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
------------------	---	-----------------------

Design Dundee Limited
(a company limited by guarantee)

Notes to the accounts (continued)

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

	Unrestricted £	Restricted £	Total 2015 £	2014 £
Incoming resources				
Peoples Postcode Lottery	200,000	-	200,000	100,000
Government grants	400,000	-	400,000	600,000
Heritage Lottery Fund	135,658	-	135,658	99,557
Mathew Trust	50,000	-	50,000	16,500
Springfield Trust	50,000	-	50,000	-
Scottish Enterprise	-	4,833	4,833	-
Other income	7,492	-	7,492	6,964
	<u>843,150</u>	<u>4,833</u>	<u>847,983</u>	<u>823,021</u>
	=====	=====	=====	=====
			2015 £	2014 £
Investment income				
Interest received			372	-
			===	===
			2015 £	2014 £
Other incoming resources				
VAT refund			134,543	-
			=====	=====

Design Dundee Limited
(a company limited by guarantee)

Notes to the accounts (continued)

3 Total resources expended

	Unrestricted 2015 £	Restricted 2015 £	Total 2015	Total 2014
Charitable activities				
Product design costs	134,617	-	134,617	10,000
Building design costs	-	-	-	13,688
Marketing	160,118	-	160,118	77,401
Administration	166,329	-	166,329	206,904
Legal costs	105,595	-	105,595	76,788
Salaries	386,246	4,833	391,079	290,788
Depreciation	10,474	-	10,474	10,661
	<u>963,379</u>	<u>4,833</u>	<u>968,212</u>	<u>686,230</u>
Governance costs				
Audit fees	3,610	-	3,610	3,400
Non audit	10,198	-	10,198	500
	<u>13,808</u>	<u>-</u>	<u>13,808</u>	<u>3,900</u>
	<u>977,187</u> =====	<u>4,833</u> =====	<u>982,020</u> =====	<u>690,130</u> =====

4 Emoluments

	2015 £	2014 £
Wages and salaries	327,602	242,385
Social security costs	35,602	25,638
Pension costs	27,875	22,766
	<u>391,079</u> =====	<u>290,789</u> =====

	No.	No.
Average number of employees during the year	<u>9</u> ===	<u>5</u> ===

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

Design Dundee Limited
(a company limited by guarantee)

Notes to the accounts (continued)

4	Emoluments (continued)	2015 £	2014 £
	Directors emoluments		
	Emoluments		
	P Long	112,702	105,197
	Pension contributions		
	P Long	15,000	13,875
		<u>127,702</u> =====	<u>119,072</u> =====
	Directors' travel and subsistence expenses paid in the year are as follows:		
	ME Gemmill	1,295	693
	P Long	8,665	10,757
		<u>9,960</u> =====	<u>11,450</u> =====
5	Investments		
	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 2015.		
6	Fixed assets		Office equipment £
	Cost		
	At 1 April 2014 and 31 March 2015		31,982
	Depreciation		
	At 1 April 2014		19,860
	Charge for the year		10,474
	On disposal		-
	At 31 March 2015		<u>30,334</u>
	Net book value		
	At 31 March 2015		<u>1,648</u> =====
	At 1 April 2014		12,122 =====

Design Dundee Limited
(a company limited by guarantee)

Notes to the accounts (continued)

7 Debtors and prepayments

	2015 £	2014 £
Amounts due from Scottish Enterprise	4,833	-
Grants receivable	153,022	216,500
Debtors	5,607	5,797
Prepayments	1,256	390
	<u>164,718</u>	<u>222,687</u>
	=====	=====

8 Creditors and accruals

Amounts due to Dundee City Council	48,946	49,630
Amounts due to University of Dundee	540	192
Amounts due to Scottish Enterprise	2,621	1,779
Trade creditors	39,981	27,666
Accruals	15,454	9,668
VAT	4,174	-
	<u>111,716</u>	<u>88,935</u>
	=====	=====

9 Defined contribution scheme

Included in creditors and accruals is £1,452 (2014 - £722) in respect of amounts payable to the pension scheme.

	2015 £	2014 £
Contributions payable by the company for the year	27,875	23,067
	=====	=====

10 Funds

	Unrestricted £	Restricted £	Total £
At 1 April 2014	447,590	-	447,590
Movement in year	878	-	878
	<u>448,468</u>	<u>-</u>	<u>448,468</u>
At 31 March 2015	=====	=====	=====

Design Dundee Limited
(a company limited by guarantee)

Notes to the financial statements (continued)

11 Control

The company is under the control of the founder members.

12 Related party transactions

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