

CULTURE

PERTH & KINROSS

**Culture Perth and Kinross Limited
(A company limited by guarantee)**

Company number: SC518247

**Trustees' Report and Consolidated Financial Statements
for the year ended 31 March 2018**

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Culture Perth and Kinross Limited (a company limited by guarantee)

Chair's Report

It is my great pleasure to once again introduce this report on the activity of Culture Perth and Kinross for the year ended 31 March 2018. This is only our second full year of operation however it has been one in which we have seen growth, innovation, a broadening reach and meaningful engagement with local communities and tourists and visitors to the area.

Culture remains central to local strategic development and is a key pillar in the Perth City Development Plan and Perth and Kinross Council's economic regeneration plans setting both challenge and opportunity for us as an organisation. The Board and staff teams are fully committed to maximising the potential of our considerable organisational resource to help further these exciting and ambitious plans.

This has been an exceptionally busy 12 months with the Board continuing to work closely with Perth and Kinross Council on the development of three major capital developments which will transform the way we deliver museum and gallery services and the visitor's experience of our collections, recognised as being of national significance. A redevelopment of Perth City Hall, the refurbishment of Perth Museum and Art Gallery and the establishment of a new Collections Store will bring the history and heritage of the area to greater national and international prominence and bring benefits not just to Culture Perth and Kinross and Perth City but to the wider Tay region.

As I write the Tay Cities Deal is before the UK and Scottish Governments for their consideration and the redevelopment of the City Hall very much forms a core part of the "ask" from the two Governments. In addition we are asking, together with Perth and Kinross Council, for the stewardship of the Stone of Destiny which we hope will move to City Hall from Edinburgh Castle. It would be free to view and in very wonderful purpose built surroundings. We believe that we have a compelling case.

This year the Board have worked to embed governance frameworks and further develop the role and remit of our committee structure through which our key strategic activity is scrutinised and advanced to ensure we, at all times, make best use of public funds and the collections and resources with which we have been entrusted. A new Archive Strategy will support us to meet the challenges of collecting and managing material in an increasingly digital world, a new Fundraising Strategy will support our resilience and sustainability and new policies on Health and Safety and Equalities will help ensure we offer the very best environments to visit or work within.

We operate in two main sectors. I have set out above part of our vision for the future of this part of our Charity's operations. This year has been a successful one, as is demonstrated in the 21% increase in visits to our Museums and Galleries compared to the previous year, well exceeding the reported rise of 13.9% in footfall to Scottish visitor attractions overall. Our Library service has also had a good year. There was a 19% increase in visits to our online services which include access to digitised collections and e-book services and we now have over 1 million visits per year. Success is measured in many ways not just in numbers and I am delighted the many sharing and celebration events we hold with communities, schools and volunteers allow us to highlight the individual stories of our impact locally.

As always, success is not mine or the Board's alone and all that we do and achieve is done so with a great deal of support from our excellent staff team. The Board has nothing but praise for all their efforts and thanks them warmly; our valued partners, notably National Galleries of Scotland, ARTIST ROOMS, National Museums of Scotland, Perth and Kinross Heritage Trust, Perth Civic Trust and the Perthshire Society of Natural Science; supportive funders among them the Gannochy Trust, Museums and Galleries Scotland, the Scottish Book Trust, and; the 190 committed volunteers who gave just under 6,000 hours of their valuable time to us. We could not function in the way we all would like to without these local heroes and I hope that members of our community who come across any one of this important band will thank them for their efforts sincerely; and, most importantly you, our communities, visitors, customers and audiences. Whatever form your engagement with us takes I would like to offer our most sincere thanks for your continued support and for making our work matter and I very much look forward to continuing to work in partnership with you all.

Finally, a note of particular thanks to our principal funder and supporter Perth and Kinross Council. The Council's ongoing commitment to us as an organisation both financial and logistical, along with their continued trust and faith in our work is greatly valued by all of us within Culture Perth and Kinross.



CHARLES KINNOULL
CHAIR

Culture Perth and Kinross Limited (a company limited by guarantee)

Report of the Trustees for the Year Ended 31 March 2018

The trustees, who are also the directors of the company for the purposes of company law, are pleased to present their annual report and audited financial statements for the year ended 31 March 2018

Objectives and activities

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

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

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

The charity delivers in key service areas set out below.

Libraries and Information Services

- **52.52** staff resources (FTE)
- **13** Libraries in locations across Perth and Kinross.
- A mobile library service with **4**¹ vehicles making approx. **105** stops every two weeks to remote rural locations, targeted communities, schools and nurseries, residential care homes and sheltered housing complexes.
- A digital library service which includes e-book, e-audiobook, e- newspaper and magazines as well as comprehensive reference resources.
- A range of volunteering, outreach, learning and early years' services designed to support literacies, reader development, inclusion and health and well-being.

Museum and Galleries Services

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

Archives and Local and Family History Services

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

¹ From 1 April 2018 this service has reduced to 3 vehicles with 102 stops

Objectives and Activities - continued

Creativity

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

Following a review of our first year of operations for 2017-18, **6 key strategic objectives** were identified. These compliment national and local priorities, as set out in the *National Improvement Framework* and the *Perth and Kinross Strategic Priorities for Culture 2018-2021* and support delivery of the key objects of Culture Perth and Kinross as set out in the Articles of Association. These informed the **Strategic Operating Plan** and **Team Plans**.

- 1. To increase access to, and develop new audiences for, our services and collections**
- 2. To support digital inclusion and innovation across all our services**
- 3. To use cultural experiences and services to help address inequalities and to promote personal growth and development**
- 4. To engage proactively and creatively with customers, communities and partners**
- 5. To contribute to cultural sector debate and development at a local and national level**
- 6. To increase the resilience and sustainability of the organisation**

Achievements and Performance

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

The improvements and actions for the organisation are set out in an annual Strategic Operating Plan under which sits individual team and project plans. Through use of the 'Golden Thread', all plans are aligned to local and national strategic priorities including *The Perth and Kinross Priorities for Culture and Sport 2018 – 2021* and the *Perth and Kinross Community Plan (SOA) 2013 – 2023*.

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

We welcomed 675,772 visits to our venues this year and although overall this reflects a slight decrease of 2.9% on the previous year, visits to our Museums and Galleries Venues rose by 21% compared to 2016/17, an additional 13,680 visitors attracted by a diverse programme of exhibitions and events. Across our services, 4,359 events ranging from author talks and art classes to poetry readings and code clubs were delivered with 68,847 participants. We have continued to progress a strategy of consolidating our events programme to balance targeted and special interest programmes attracting smaller audiences with those which have a broader appeal and attract larger and more diverse audiences. This work will be continued in the course of 2018/19. *"An extremely enjoyable talk. Pupils left feeling excited about Scots Language."* *"Excellent event! Audience participation was fab."* Audience Comments

Programming delivered 35 temporary exhibitions and displays and highlights included Brick City, a family focussed LEGO themed exhibition which saw 13,361 visitors to Perth Museum and Art Gallery, (contributing to a 77% increase in footfall to M&G venues during the first quarter of the year) and resulting in a 90.3% satisfaction rating. Other highlights within the programme include Picts and Pixels which included innovative technologies through a partnership with St Andrews University, ARTIST ROOMS: Louise Bourgeois, and On Paper, a selection from the Arts Council Collection.

Achievements and Performance - continued

Exhibitions also highlighted the importance of the Collections held within Perth and Kinross, showcasing these to audiences which include tourists and visitors to the area. An exhibition looking at the work of innovative early photographer Magnus Jackson and in particular his use of the collodion wet plate process enabled us to introduce rarely seen examples of his work from the collections to our audience. Seldom seen work was also shown in an exhibition drawn from our collections of 20th century works on paper which complimented the contemporary work on display from the Arts Council Collection.

Making collections and their stories more accessible and supporting local audiences in particular to explore heritage and culture rooted within the region underpins much of the exhibition and events programme. Perthshire's Rural Past was a collaborative exhibition involving Archives, Local and Family History, Perth Museum and Art Gallery and Aberdeen Angus Society, to explore the rural life and history of Perthshire's people. Involving volunteer researchers this successful exhibition effectively drew together a cohesive collection of material from across Collections. The opportunity to display this material together, particularly archival material, allowed for greater engagement and audience feedback was extremely positive. A display from the exhibition was taken to the Perth Show, an annual agricultural show held in the City each summer to reach audiences who may not otherwise visit one of our venues.

Voices from the River was a community based project led by artist Frances Law, working with the Community of Coupar Angus to dredge the local burn, which inspired new work from the artist and engagement with people of all ages leading to an exhibition in Perth Museum and Art Gallery. Project participants included 26 pupils from Coupar Angus Primary School and 23 adults from the village. The resulting exhibition encouraged a hands-on exploration of found objects triggering memories and discussion. The project explored a less traditional view of archaeology and gave a sense of pride to the community involved in the project through the display in the museum. 256 members of the community attended a day of events linked to the exhibition held within the Museum.

To support increased access to the Collections, a comprehensive review has been ongoing, supported by funding from Museums and Galleries Scotland. Work undertaken during the period of the costume review within this phase of the project has significantly improved the storage, photography, documentation and knowledge of this collection of 3,700 important items increasing opportunities for access whilst safeguarding the long term preservation of the collection. Volunteers have been recruited to support the Collections review and much of the work has been undertaken in full view of the public by bringing the working space into the public galleries helping to increase awareness and understanding of this type of work often hidden from view 'behind the scenes' of a working museum. Social Media has also been used to successfully encourage 'real time' engagement with objects and their stories as they are reviewed. In 2017/18 a total of 30,000 objects or groups of objects have been reviewed. Work is continuing in 2018 with a view to completing the first phase of the review in September 2018. As part of the project a digital artist in residence has been collaborating effectively with both Heritage Learning and Collections staff to pull together information about the museum and its audiences. The project has resulted in a series of workshops delivered to a wide demographic and the artist is continuing to work on a film about the museum from the perspective of gender roles which will premier during the Women of the World Festival in Sept 2018.

Supporting the re-opening of Perth Theatre, an exhibition was held in Perth Museum and Art Gallery and at the AK Bell Library exploring the rich and colourful theatrical history of the area using material identified by a group of volunteers from the Perth Theatre Archive. Re-cataloguing of the Archive to archival standards enabling its research potential to be opened up to a wide audience was undertaken with the support of an Intern funded by the Heritage Lottery Fund. This project has been highly successful in fulfilling the project aims. The Perth Theatre Archive catalogue now has greatly improved accessibility for research.

The profile of the Collections in Perth and Kinross has been further raised this year as we have made significant loans to other Museums and Galleries nationally and internationally. 74 items from the collection have gone out on loan to other organisations in the past year and in return we borrowed 31 items to support our own exhibitions. A key loan from our Collections this year was the oil painting Christ Displaying His Wounds by Giovanni Antonio Galli which was included in the exhibition Beyond Caravaggio, which toured to the National Gallery, the National Gallery of Ireland and finally the Scottish National Gallery. As a result of this tour there have since been further requests to borrow the painting from the Central Museum, Utrecht, Kunsthistorisches Museum, Vienna and Rijksmuseum, Amsterdam leading to increased access to an international audience for this work and to raising the profile of Perth and its Collections.

Culture Perth and Kinross Limited (a company limited by guarantee)

Report of the Trustees for the Year Ended 31 March 2018

Achievements and Performance - continued

Our libraries loaned a total of 380,499 items this year and 6,762 eBook and 9,043 eMagazine issues. There was an increase of 30% in eAudiobook issues reflecting a national trend in this area of publishing. A review of the digital book offer is being undertaken with a view to increasing the range of titles available for readers in 2018/19.

Engagement via Social Media continued to increase with just over 1.4 million engagements via Facebook and Twitter, an increase of 18%.

Libraries have been continuing to seek innovative ways to develop membership and usage including hosting Jump Into Libraries, a series of community open days showcasing the range of services and activities which can be accessed through local library provision. 13 days were held which attracted 2,369 visits, an increase of 62% on the previous year. Approximately 10% of visitors went on to try new services that they hadn't used before such as e-magazines.

Libraries also continue to develop their audiences through participation in national initiatives including Book Week Scotland. This annual celebration of books and reading allowed readers the opportunity to meet new authors and inspired and encouraged them to expand their reading choices and try different books and genres. 13,712 people visited our libraries during Book Week Scotland. 9,665 books were borrowed and 236 people attended the 11 author events on offer as part of the programme of events. An event held to celebrate Muriel Spark 100 informed and challenged the audiences' perceptions of Muriel as a writer.

Comments from the audience suggested how much this talk had informed and broadened their understanding. *"Very interesting talk – great to see the profile and visibility for Scotland's greatest writer"* Audience Comment

The Summer Reading Challenge for children is delivered in all our Libraries and continues to grow in popularity. Figures showed a 15% increase on individuals registering for the challenge with 1381 children signing up, of which 57 joined the library specifically to take part in the reading challenge. The challenge encourages regular attendance by children during the summer holidays as children must visit the library on at least 3 separate occasions to collect their rewards and complete the challenge. Evidence from feedback from parents and carers would suggest that children's reading, literacy, confidence and language skills develop by progressing through the challenge – children must discuss their reading choices with staff and are encouraged to submit book reviews for the books they have read. Activities were held in libraries to complement the challenge – 41 separate events were held throughout libraries with 649 children participating in these events. Participants report really enjoying the challenge, parents and carers report an increase in their child's reading for enjoyment and an increase in their reading confidence and reading choices as a result of taking part. 766 children received an award on completion of the Summer Reading Challenge which is an increase of 14% on 2016/17 figure.

Our Local and Family History service dealt with 714 individual research enquiries and their ancestry sessions also continue to be popular and are offered in Libraries and other community venues throughout the year. In 2017/18, 16 sessions were delivered to 66 participants in 6 venues. These sessions enhance knowledge, encourage lifelong learning and develop research and IT skills among a variety of library users. The effect of pursuing family history and the study of genealogy with support from Local and Family History Teams is generally a beneficial one which brings information to the customer, enhances their understanding of their personal history and also allows them to grasp their own place within communities and their interaction with locations around the world.

CPK Strategic Objective 2: To support digital inclusion and innovation across all our services

We have continued to further develop opportunities to support digital inclusion, in particular through our library offer which offers free internet and Wi-Fi access in each of our 13 venues housing a total of 101 free to use PC's and laptops.

Following a successful bid for funding from the Scottish Library and Information Council (SLIC) a Digital Skills Volunteer Coordinator was appointed on a temporary basis to better integrate the provision of support with digital skills across our library venues. The post enabled consolidation of our volunteer led IT support which is now delivered through an up-skilled network of Digital Champions who support individuals to develop their digital skills and get online. All sessions are free and are offered regularly in AK Bell Library, Auchterarder, Loch Leven, Blairgowrie and Strathearn Libraries and on a targeted basis at our other venues. *"Excellent. I was taken through the steps necessary to provide a spreadsheet for some work I was doing."*, *"You make it easy for us to understand and not overwhelming as some courses can be"*.

**Report of the Trustees
for the Year Ended 31 March 2018**

Achievements and Performance - continued

In support of a national agenda to increase digital skills in children we have been rolling out a programme of Code Clubs across Libraries. Children are taught how to make computer games, create animations and build websites – a strong foundation in the skills of our digital economy. In 2017/18 9 code clubs were being delivered with 158 sessions and 1,000 participants. One of the 9 clubs was for adults rather than children in Blairgowrie and attracted 33 participants. The use of technologies and developing further the offer of code clubs will be a focus for development through the emerging Library Strategy which we are due to complete in late 2018.

A major new development in our technology offer at the AK Bell Library this year was the launch of a new digital Maker_Space. This is a dedicated 'creative zone' where users have free access to creative technology including 3D printing, 3D image scanning, the Adobe Creative Cloud, robotics, coding, wide format printing, green screen and podcasting. Since its launch in November 2017, 75 individuals have attended induction sessions in how to make best use of the available resources and are regularly making use of the space with 20% using it on a daily or weekly basis to support their work. Following an induction users are encouraged to experiment and explore how to use the technology, potentially support and collaborate with other users and utilise the facility to develop their creative digital skills to support personal projects and their creative practice/business. The space is also attracting new members to the library with 32% of users being first-time users of the service. A series of workshops using the technology have also been delivered, targeted at creative businesses and practitioners and encouraging shared learning and collaboration. 60 individuals have attended these workshops. The model has also attracted the attention of other Library Services across Scotland who have visited to learn how they might adapt the offer to meet the needs of their own communities. There are plans to roll out the Maker_Space model to our Strathearn, Breadalbane and Loch Leven Libraries over 2018-20. *"The Maker_Space has further fuelled my interest in creative technology, I've been learning how to use 3D design, developing my knowledge and printing unique designs. I also use the Sprout to do photographic repair using Adobe Photoshop. It's a great place where I enjoy meeting people and have made new friends through collective interests."* Service user comment.

Incorporating the digital experience into our exhibitions is also an area of continuing development. Picts and Pixels was an innovative exhibition which showcased new virtual reality and 3D technologies to engage audiences in Perthshire's Pictish history. Highlights included the cryptically inscribed Inchyra Stone and a facial reconstruction of the face of a Pict. Delivered in partnership with St Andrews University, the exhibition developed learning for our own staff and University researchers and an understanding of how technology can deliver within an exhibition and how the audiences make use of and react to it in the museum space. A total of 1,762 visitors engaged with the exhibition reporting a 90.4% satisfaction with their experience.

"Very informative and not too much to read as lots of video imaging to reinforce learning."

"The 3D models add so much to the display."

"The exhibit brought the life and people of the Pictish times closer to us."

- Audience comments

CPK Strategic Objective 3: To use cultural experiences and services to help address inequalities and to promote personal growth and development

Culture Perth and Kinross continues to be proactive in providing services and experiences which help address inequalities and to support this we have taken an active and collaborative role in a number of key strategic groups including the Perth and Kinross Corporate Parenting Board, Community Equalities Advisory Group (CEAG) and the LGBTi Strategic Group. These meetings have allowed a greater level of networking and instigated to plans and activities such as Perthshire Pride. Culture Perth and Kinross and representatives from the LGBTi community are continuing to meet and plan some service provision and activities for 2018.

Culture Perth and Kinross has been working with partners such as Citizens Advice and the Job Centre (DWP) for a number of years to provide accurate information and advice for communities in public libraries and deliver projects such as Job Clubs and Benefits Advice in Libraries (BAIL). There are BAIL sessions taking place in 8 libraries across Perth and Kinross, where Citizens Advice provide a free, confidential, independent and impartial advice service. Sessions are one to one with a specialist who can offer advice and help with a range of issues including challenging benefit sanctions.

In March 2018, the Board approved a new Equalities Policy and Action Plan for the organisation made publically available on our website. These documents will underpin much of the work of the organisation in this area going forward.

Culture Perth and Kinross Limited (a company limited by guarantee)

Report of the Trustees for the Year Ended 31 March 2018

Achievements and Performance - continued

Volunteering is a vital part of Culture Perth and Kinross and this year we worked with 190 volunteers who gave 5,937 hours of their time to enhance the delivery and opportunities of our service. This contribution has a financial value to the organisation of £86,964 however their contribution is valued by staff and service users much more highly. Personal development and growth is a key reason individuals chose to volunteer and we ensure we offer a range of opportunities through which our volunteers can achieve this. Volunteers have stated through feedback that their experience at Culture Perth and Kinross is both enjoyable and beneficial for future career direction and wellbeing. This year we delivered Archive Volunteer Cataloguing Training to provide volunteers with a stronger understanding of archive cataloguing principals and guidelines through an introduction to the International Standard for Archive Description (General) (ISAD(G)) and a more in-depth look at the Axiell CALM database. We opened this opportunity up to include volunteers from the Black Watch Museum encouraging volunteers to network and share their experiences and learning.

Local History Month runs during May each year and in 2017 we organised a variety of talks, reminiscence sessions and film screening events using our Sound Archive. Funding secured the previous year had helped us digitise this collection and a short film was created which uses voices from the past along with images from our collections. Contributors, who were all interviewed in the 1980s, talked about their life in rural Perthshire - farming, forestry, fishing and bothy life. We took the film out to library venues as well as hosting a film screening presenting our film and two tourist information films from the 1950s which came from the Moving Image Archive (NLS). In total we held 7 Local History Month events in May in 6 venues reaching 157 participants. We also included a day of workshops for second year school pupils who were participating in Crieff High Schools initiative to offer a week introducing pupils to Scottish History. Just over 90 pupils took part in the day's events at the Strathearn Community Campus Library.

Our Creative Pipeline Project, part of the Famous Grouse Ideas Centre is designed to raise awareness of the forthcoming Creative Exchange development of artists' studios and creative business accommodation and begin to attract young people into a career in creative industries based in Perth. The project started in August 2017 and is targeted at supporting young people in the NEET group. To date the project has engaged with 291 young people through 9 public events and 6 tailored workshops. From the 59 workshop participants, 11 young people have continued to stay in the programme with the aim of achieving a positive destination in the creative industries sector during 2018.

We worked with 208 community groups in 2017/18 on a range of different projects and often targeting those who might not otherwise access cultural services or activity. Work with Wellbank House resulted in 1 resident attending Life Drawing Classes and 1 volunteering to support workshops we delivered in residential Care Homes as part of the engagement programme for the Monarch of the Glen exhibition. Members of the Tayside Health Arts Trust group attended workshops over 8 weeks to design a dress inspired by the Collections and Costume Review. As a result of this experience 1 member of the group has now signed up for Life Drawing classes. *"I love learning new things, I would have written myself off long before starting, I never thought I could do art but I have really enjoyed all the different techniques. I never thought I'd be able to do any of this before."* *"It's hard to get here if you are having a rough day, but once you get here it's fun"* Workshop participants.

CPK Strategic Objective 4: To engage proactively and creatively with customers, communities and partners

Partnership and collaborative working are at the heart of much of our activity. Work this year has strengthened local and national partnerships helping to embed Culture Perth and Kinross in the cultural community. Key partnerships included, National Galleries of Scotland (Monarch of the Glen), Artists Rooms (Louise Bourgeois), Perth Embroiderer's Guild (display) Horsecross Arts (Through the Curtain exhibition), Catevan Commonwealth (Alyth Museum) and the Hunterian (The Artist and The Architect).

The Study of Nature was an exhibition developed in partnership, to celebrate the 150th anniversary of founding of the Perthshire Society of Natural Science (PSNS). The Society has a unique historic relationship with our museums and galleries and is the main reason the museum holds a nationally recognised natural history collection. The rarely seen historic and significant natural history collections were displayed as if back in the Victorian museum they originated from. We also worked with PSNS to deliver a lecture series celebrating the diverse interests of the Society over the course of their anniversary year.

**Report of the Trustees
for the Year Ended 31 March 2018**

Achievements and Performance – continued

As part of our programme of ongoing digitisation of Collections we are working in partnership with the University of Edinburgh on a Wellcome Trust funded project 'Body Language: movement, dance and physical education in Scotland, 1890-1990'. Clare Button, Project Archivist, has currently digitised 20% of the Margaret Morris archival material held in the Fergusson Gallery and is repacking and surface cleaning items as she works through the archive. The profile of the collection is already rising due to the partnership with the University of Edinburgh as researchers from dance and gymnastic backgrounds have requested to use the archive. This is a new audience that it is hoped the project will continue to build on and develop.

We have now been working with the local Polish community for several years to establish an annual celebration of St Nicholas Day and bring the cultural traditions around this to a wider local audience. Central to this is a display of an ornate traditional Kraków Szopka gifted to the Museum Collections by the Polish Community. 378 individuals attended a day of celebrations and traditional crafts and activities. Feedback showed an 85% satisfaction rate for participants who also stated that they were inspired and appreciated the interactive element of the day.

We continue to offer support and guidance to community groups seeking to develop their own book and reading groups or heritage displays. Support to the Blairgowrie Heritage Group to plan a pop up museum saw over 600 people visit the event in a local Hall. Objects and materials were loaned from the Collections for the day to support the event. Through this project the Heritage Group have developed skills in customer care, events management and evaluation. We are continuing to offer support to the group as they plan their next key event and prepare longer term plans for locally based heritage displays.

A partnership with the Caterans Common Wealth project which promotes the heritage of the Catevan Trail in eastern Perthshire transformed displays in Alyth Museum and generated an increase of 58.7% or 524 visitors during its seasonal opening. Objects on display in the new exhibition were identified by the local community as being important to both local history and legend and encouraged those living locally to re-engage with the Museum.

We continue to work on behalf of the Gannochy Trust to deliver the Living Communities Participation Fund, a small grants scheme to which schools can apply to support projects which develop pupils interest in and understanding of the heritage in their local area. 8 awards of funding were made this year with a diverse range of projects. 8 schools and approx. 367 pupils and 281 community members participated in projects the products of which include a new publication on local history, a mural on a redundant building depicting the local history and new art work on long-term display in school and community venues. *'The funding for this project has allowed us to explore not only our sense of heritage with our own pupils and feeder primary pupils but has also had the additional benefits of: building stronger connections between the various school communities for both staff and pupils. Primary pupils spoke with enthusiasm about the project during transition days to Breadalbane and a good turnout was recorded for viewing the panels during the initial exhibition allowing pupils, stakeholders.'* (Breadalbane High School)

Our Platform Festival is a celebration of the contemporary art and culture of Perthshire and runs at the end of March. This year we saw audiences grow by 56% up to 10,167. This figure excludes individuals who engage with the Festival through the Creative Business Trail or Art Trail both of which were openly accessible before and after the week of Festival events. 206 artists, makers, musicians and poets contributed to 34 exhibitions, workshops, talks and other events. A key output of the Festival were 4 new commissions, one of which was for new work by Poet Jim Mackintosh who undertook a Festival residency on the local Stagecoach Bus Network and in particular the no.57 route to rural Perthshire from the City. Another Commission was a development of work from the previous year by visual artist and film maker Helen McCrorie whose film, *Against the Flow*, received its premier in Perth Playhouse with a live accompaniment from the Earnsong Community Choir before being shown as part of a unique exhibition in Comrie Library. 115 individuals attended the film premier and a further 141 attended the exhibition in Comrie. 87% of audiences for Platform were from Perth and Kinross and 13% from further afield including 3% from England who had travelled to see specific events in the programme. Evaluation with artists involved in the Festival shows a high level of interest in continuing to develop the Festival as a key pillar of cultural programming in the region.

Culture Perth and Kinross Limited (a company limited by guarantee)

Report of the Trustees for the Year Ended 31 March 2018

Achievements and Performance - continued

Social media is an increasingly important tool used to engage and communicate with audiences. This year we saw 2,233,063 social media engagements across all our platforms: an increase of 6%. On Twitter the most engaged with individual post was for the 4-4-2 Football Reading Challenge with a reach of 3,500, 334 clicks on a link and 87 engagements. This year we also launched a new Instagram channel which is reaching a new audience for us in the 18-34 age group, currently amongst the least likely to engage with our services.

CPK Strategic Objective 5: To contribute to cultural sector debate and development at a local and national level

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

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

We have also continued to lead on the national pilot Every Child A Library Member (ECALM) which is now being rolled out across Scotland. This year the project was relaunched in Perth and Kinross with every nursery, primary one and primary two classes in the region taking part. After consultation with schools this was launched in the spring term in 2018 and initial uptake in the first period is 345 new ECALM members compared to 857 across 2016-17.

CPK Strategic Objective 6: To increase the resilience and sustainability of the organisation

Culture Perth and Kinross achieved Living Wage accreditation this year and Fairtrade Flagship-Employer Status. These are both strong statements about our organisational values and will support both recruitment and wider collaborations with stakeholders.

Culture Perth and Kinross are continuing to develop new income streams and to diversify our funding base. To support this we have invested in training and development for staff in a range of topics including fundraising, crowdfunding, sponsorship, writing better applications and on the power of business and cultural partnerships. All staff received training on resilience this year and in-house training and development through Network and other sessions. A further 89 external training and development courses were supported to ensure the necessary skills and knowledge are available to support our work.

A new Fundraising Strategy was approved by the Board in March and will continue to be developed and implemented in the coming year. Grant funding received this year totalled £246,580 including £13,500 from the National Galleries of Scotland to support the engagement programme accompanying the Monarch of the Glen exhibition, £9,900 from Artists Rooms and £3,450 from Museums and Galleries Scotland to support learning and outreach programmes linked to the Artists Rooms Louise Bourgeois exhibition. We are very grateful for these awards which enable us to engage a diverse audience and ensure our programming is inclusive and accessible.

We have continued to make investment in the conservation and preservation of the collections. Conservation undertaken in the last year includes two paintings by JD Fergusson, Wisteria and Etude de Rhythm. The condition of these two significant paintings by JD Fergusson have now been substantially improved through conservation leading to increased access to a local and national audience through display and loan to the Scottish National Gallery of Modern Art for the exhibition A New Era.

Achievements and Performance - continued

Collections have also continued to be developed within our Collections Management Framework and in 2017/18 46 items or groups of objects have been added to the Collection at a cost of £11,333. These include Untitled (portrait of standing woman) by David Gillanders a signed wet collodion tintype in frame hand crafted by the artist, photographs of the construction of the Sandeman Library in the 1890s, Scone Racecourse and players in a sporting event- Perthshire v Forfarshire, 1909 and Dreaming Ophelia by Philip Braham(b 1959), oil paint on canvas, 2012.

We have made further improvements to our website, extending the range of information available and improving the ability to search for details of mobile library routes as well as the visibility of our searchable databases. There were 1,064,863 visits to the website this year, an increase of 19% on the previous year.

Listening to our audiences and key stakeholders and keeping these at the heart of our service planning and delivery is key to the success of our services. Feedback and comments are encouraged within all our activities and contacts with audiences, information gathered this year demonstrates that satisfaction is high 98% compared to 90% the previous year. The Big Listen is a unique project which has run every two years since 2011 and is just one of the ways in which we engage communities, individuals, service users and non-users in a conversation about the development and delivery of Culture activity in the area, in particular what people want from their Libraries, Museums, Galleries, Archives, Local and Family History provision. This year we undertook the fourth Big Listen, the first reflecting services as part of Culture Perth and Kinross. 2,624 individuals engaged with the Big Listen via the online survey and 904 individuals participated in focus and discussion groups. 886 individuals (survey and focus group respondents) offered opinion on what they would like to see in libraries in the future, these were mostly biased towards more and easier access to books, provision of Café services, more services and events. The general consensus was customers would like to see more of the broad range currently offered. For the 730 contributors (survey and focus groups) responding to the survey as visitors to our Museums and Galleries the theme was similar in that there was encouragement to provide more exhibits particularly with a local theme. As with libraries there was broad support to continue to see more of the programming currently on offer. *"When I was younger I attended rhythm and rhyme with the kids and I studied there when I was a student. Now I use it to take books out. I also look for books to share with my class as I am a teacher."* *"I have always used Libraries to increase my knowledge on various subjects and also for fiction books. I now need large print books and access them here."* *"Continue to have exhibitions that challenge the nature of what a museum/art gallery exhibition should be, that look at what's new as well as what's old. I would like more communication though - I often see an event I am sorry to have missed when I visit."*
Comments from Survey respondents

We also seek to identify improvement actions for the service though more formal processes of self-evaluation including external evaluation where appropriate. This year the Library Service worked with the How Good is Our Public Library Service framework and the Scottish Library and Information Service to undertake a supported self-evaluation of aspects of the service. Overall the service was judged to be good with aspects noted as Very Good and the resulting improvement plan has been implemented. Plans to undertake a similar exercise are in place for 2018/19.

Trading Operations

Culture Perth and Kinross has one trading subsidiary which is a company limited by shares. This company, with **4.3 FTE** staff, looks after the commercial activity within our venues including,

Venue Hire

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

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

Income from Venue Hire in 2017/18 was **£34,219**.

Catering

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

Catering income contributed **£106,260** to the trading company in 2017/18.

Culture Perth and Kinross Limited (a company limited by guarantee)

Report of the Trustees for the Year Ended 31 March 2018

Trading Operations - continued

Retail

There is a limited retail offer in Perth Museum and Art Gallery, Fergusson Gallery and Alyth Museum and includes sales of prints, postcards, stationary, books and gift items. Retail books (mostly locally produced and relevant titles) are offered for sale at AK Bell and other Libraries.

Retail sales totalled **£49,540** in 2017/18.

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

Our exhibitions have offered an opportunity to engage proactively with local business which successfully increased our own and partners' trading (Glassrooms Café +12%, Fun Junction sold £5K+ of LEGO through a partnering arrangement within our retail outlet). This way of working has been extended and embedded during the year to support other exhibitions, including the Monarch of the Glen which saw a number of local businesses creating unique themed products and displays linked to the paintings subject.

Development

Culture Perth and Kinross is continuing to work with Perth and Kinross Council on a major programme of cultural development which includes refurbishment of Perth Museum and Art Gallery, the establishment of a new, additional museum venue within the former City Hall and the creation of new storage for the Collections. All these developments will significantly increase access to the museum and gallery collections and improve the visitor experience and opportunities for engagement with cultural activity. Work on the development and progression and implementation of the detailed brief, business case and operating plans for these projects will continue to be a significant work stream for the organisation over the next five years. To support this, a working group of the Board has been established to which additional capital development expertise has been co-opted and the project is a standing item at all Board Meetings.

A key focus for our Library Services this year will be the completion and publishing of work on a new 5year Library Strategy which will set out a vision and clear direction of travel for services. This Strategy will be developed in partnership with communities and customers as well as Perth and Kinross Council who retain the statutory responsibility for this provision in the area. The Strategy will be considered by the Council in December 18.

We will be working with Visit Scotland to roll out their Visit Scotland Information Partner (VIP) programme in our venues. This has been developed, as part of the iKnow Scotland Community, to recognise and support the great effort that businesses across all sectors undertake to bring Scotland to life and help our visitors make informed choices to ensure they get the most from their visit and will improve greatly the offer in our venues for tourists and visitors to the area.

Following the successful establishment of the Maker_Space at the AK Bell Library this model will be further rolled out to 3 other library venues. As part of this new partnerships and networks within the localities surrounding these venues will be developed and external funding support will be sought.

We will also be further developing the Platform Festival to ensure it continues to grow and bring the creativity and contemporary culture of the region to new and increasing audiences. We will establish a new steering group for the Festival to include involvement of more local artists and implement more artist-led curation of specific strands within the Festival programme helping to ensure the Festival continues to reflect what is unique and particular to the area.

Following the reduction of our Mobile Library Fleet from 4 to 3 vehicles we will work with communities and service users to roll out new timetables and ensure that the service continues to meet the needs of existing customers whilst having enough flexibility to respond to changing patterns of use across the wider region.

Over the coming year we will further consolidate our events programming, supported with audience research and insight, to ensure the range and depth of our offer is of excellent quality and remains highly accessible.

**Report of the Trustees
for the Year Ended 31 March 2018**

Development – continued

We will continue to make improvements in how we identify measure and record our performance and will use this information to inform service planning, improvement and delivery. We will support staff to gain extra skills in measuring the social impacts of their work as well as improving the mechanisms through which we collect and store our data. We will also seek to improve the ways in which we report on our performance to ensure this is open and transparent and easily accessible.

We will implement a new staffing structure for the service following a period of organisational development. The new structure will help us in achieving identified savings and will better reflect the emerging needs and priorities of the organisation.

We are seeking to further signal key ways of working as an organisation and will be pursuing Volunteer Friendly Award status and become a Dementia Friendly community. These help raise the profile of our offer and will encourage greater engagement with our services offering assurances of the quality of the experiences for those who visit and use our services.

We will develop a new integrated Learning Plan for the organisation, bringing together all aspects of both formal and informal learning which takes place across our venues to better co-ordinate and communicate these to participants and potential beneficiaries. This will also enable us to make better judgements about the range, quality and impact of our learning offer and the potential to develop further partnerships and collaborations with other organisations.

We will continue to seek new opportunities to raise income to the organisation and to further diversify our income generation channels with a view to increasing our sustainability and reducing our reliance on core funding income. We will work to increase the profitability of our café and retail offers and are seeking to maximise the potential of our digital and IP assets to realise new income streams.

Financial Review

The Group's financial results for the year 1st April 2018 to 31st March 2018 are shown on pages 20 to 46.

Total Incoming group resources for the year were **£3.952 million** including restricted fund income of £246k. Costs Incurred of **£3.927 million** has resulted in a surplus of £25k, prior to accounting for the gain on the defined benefit pension scheme. Group net liabilities as at 31 March 2018 were £756k (2017- £3.355M), £30k of which relates to unrestricted funds (2017 - £126k)

The restricted funds, of £362k (2017 - £330k), relates to funds which are not available for general purposes of the charity as they have been restricted by the donor to specific purposes. (see note 22 of the financial statements)

Culture Perth and Kinross Trading Ltd

The results of the charity's wholly owned subsidiary company are consolidated with those of the charity in the group financial statements. Further details are provided at note 1. The principal activity of the trading company is the provision of catering, retail services and venue hire.

Culture Perth and Kinross Trading Ltd.'s operating profit for the year 1st April 2017 to 31st March 2018 was **£4,975 (2017 - £122,547)**, which was donated to the parent company.

Sources of finance

Core funding is provided through a service level agreement with Perth and Kinross Council. This provides 87.7% of operating Income for the charity with other funds coming from trading activity, ticket sale income and donations. Grant funding of £246,580 was also received in the year but the majority of this is restricted. Detail of all Group donations (including grants and legacies) is provided on note 3 of the financial statements.

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

Culture Perth and Kinross Limited (a company limited by guarantee)

Report of the Trustees for the Year Ended 31 March 2018

Financial Review - continued

Group Net Current Assets are £613k, of which £1.343m is held in cash at bank and in hand as at 31st March 2018. £1.278m of this is in a temporary deposit account in the name of Culture Perth and Kinross Limited, and is administered by Perth and Kinross Council as part of banking and treasury services agreement. Recognition of the group's share of the Tayside Pension Fund deficit has meant £1.379m recognised on the Balance Sheet, resulting in net liabilities of £756k.

Culture Perth and Kinross commenced operations on 1st April 2016, assets and the temporary book collections were transferred to the charity from Perth and Kinross Council. The internationally renowned Permanent Museum collection remains in the ownership of Perth and Kinross district council whilst Culture Perth and Kinross provide the curation, visitor experience and care of the collections. Charitable activity can be seen on note 4 of the financial statements.

Reserves Policy

Maintaining a level of reserves helps to meet unexpected events, and to provide funds for planning and development of cultural services. In 2018/19 more focus will be on fundraising for unrestricted reserves and supportive trading opportunities. The Trustees believe that an appropriate level of unrestricted funds would be £500k. General Reserves at 31st March 2018 are in deficit of £1,118k, however this is after recognition of the company's share of the Tayside Pension Fund deficit of £1,088k. The charity will endeavour to build up its reserves over the next five years.

Going concern

Funding for 2018/19 has been agreed for the period to 31st March 2019. Anticipated funding reduction in 2017-18 was mitigated by a savings plan and tight operational control. The Pension Liability is underwritten and guaranteed by Perth and Kinross Council as part of the "TUPE" of staff to Culture Perth and Kinross Limited, which allows the Board to assess going concern at operational surplus, whilst working to reduce such liability. The Charity will respond to anticipated further reductions in core with plans to expand trading opportunities and new avenues open to this charity such as increased donations and fundraising. Directors along with the chief executive review the business strategy and are satisfied that they are able to prepare accounts on a going concern basis. The service level agreement with Perth and Kinross Council has been agreed for 2018-19.

Risk Management

The major strategic, business and operational risks associated with the charity are identified. An Organisational Risk Register has been developed with risk review and mitigation systems which are reviewed by the management team. The Risk Register is discussed at the Finance and Resources Committee and then presented to the Board to allow Trustees to review these risks and satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance.

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

Structure, Governance and Management

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

**Report of the Trustees
for the Year Ended 31 March 2018**

Structure, Governance and Management - continued

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

When considering nominations to the Board use is made of a **Board Skills Matrix** which identifies the critical skills, knowledge and experience required to ensure the success of the charity.

There is a **Directors Code of Conduct** in place which is reviewed and signed up to by trustees on initial appointment and annually thereafter.

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

The board of trustees administers the charity and the Articles of Association outline what can and cannot be delegated. A **Scheme of Delegation** has been agreed which sets out the detail of tasks and principles which will be delegated by the Board and to whom. The Scheme of Delegation identifies key committees covering finance, resources, strategy and development and the terms of reference for each of these groups. The Chief executive is appointed to manage the day-to-day operations of the charity and has delegated authority, set out within the Scheme of Delegation for operational matters including finance, employment and programming.

None of the trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee and a senior manager must be disclosed to the full Board. All meetings are headed with an opportunity for trustees and others present to make a declaration of any interests and a register of any such interests is maintained. A conflict of interest policy and register of interests and hospitality are in place.

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

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

Culture Perth and Kinross Limited (a company limited by guarantee)

**Report of the Trustees
for the Year Ended 31 March 2018**

Statement of Trustee' Responsibilities

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

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

In preparing these accounts, the Trustees are required to:

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

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

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

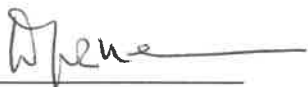
- so far as the trustees are aware, there is no relevant information of which the charity's auditor is unaware; and
- each trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditor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

Auditor

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

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

The report was approved by the board on 26 September 2018 and signed on its behalf by:



W J H Elles (Vice Chair)

Culture Perth and Kinross Limited (a company limited by guarantee)

**Report of the Trustees
for the Year Ended 31 March 2018**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC518247 (Scotland)

Registered Charity number

SC046353

Registered office

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

Trustees (and directors)

W J H Elles
A J Parrott
G D M Bullough
J D C Findlay
E K Grossart
C Kinnoull
S M Howie
Councillor C J Ahern (appointed 23 June 2017)
Councillor K M Baird (appointed 7 November 2017)
S Dawe (appointed 6 September 2017)
Councillor I R Campbell (resigned 23 June 2017)
S Johnston (resigned 3 May 2017)
Councillor R D Band (resigned 23 June 2017)
Councillor C E Stewart (resigned 29 September 2017)

Auditors

Campbell Dallas Audit Services
Statutory Auditors
5 Whitefriars Crescent
Perth
Perthshire
PH2 0PA

Solicitors

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

Management Accounting

Scott Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

Bankers

Royal Bank of Scotland
Perth chief office
12 Dunkeld Road
Perth
PH1 5RB

Culture Perth and Kinross Limited (a company limited by guarantee)

**Report of the Trustees
for the Year Ended 31 March 2018**

REFERENCE AND ADMINISTRATIVE DETAILS

- continued

Senior Officers

Helen Smout	- Chief Executive Officer	
Morag Kelly	- Head of Libraries and Information Services	
Jenny Kinnear	- Head of Museums and Collections	(resigned 25 May 2018)
Gillian Findlay	- Interim Head of Museums and Collections	(appointed 16 August 2018)

Report of the Independent Auditors to the Trustees and Members of Culture Perth and Kinross Limited (a company limited by guarantee)

Opinion

We have audited the financial statements of Culture Perth and Kinross Limited ("the parent charitable company") for the year ended 31 March 2018 which comprise the Group and Parent Statement of Financial Activities, the Group and Parent Statement of Financial Position, the Group Statement of Cash Flows, and related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Report Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2018 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, including Financial Report Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Chair's Report and annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report of the Independent Auditors to the Trustees and Members of Culture Perth and Kinross Limited (a company limited by guarantee)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chair's Report and the Report of the Trustees.

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 group 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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the parent 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.



Neil Morrison (Senior Statutory Auditor)

for and on behalf of Campbell Dallas Audit Services

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

5 Whitefriars Crescent

Perth

PH2 0PA

Date: 11th October 2018

Culture Perth and Kinross Limited (a company limited by guarantee)

**Consolidated Statement of Financial Activities (including consolidated income and expenditure account)
for the Year Ended 31 March 2018**

	Note	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Income and endowments from:					
Donations and legacies	3	5,390	146,580	151,970	445,744
Charitable activities	4	3,480,525	100,000	3,580,525	3,392,386
Other trading activities	5	207,221	-	207,221	189,463
Investment income	6	2,439	-	2,439	1,477
Other income		10,223	-	10,223	17,778
Total		<u>3,705,798</u>	<u>246,580</u>	<u>3,952,378</u>	<u>4,046,848</u>
Expenditure on:					
Raising funds	7	101,230	-	101,230	66,968
Charitable activities	8	3,508,464	214,723	3,723,187	3,701,849
Total		<u>3,609,694</u>	<u>214,723</u>	<u>3,824,417</u>	<u>3,768,817</u>
Net income		96,104	31,857	127,961	278,031
Other financial costs	9	(103,000)	-	(103,000)	(74,000)
Pension scheme deficit recognised		-	-	-	(2,070,000)
Gain/(loss) on defined benefit pension scheme		2,574,000	-	2,574,000	(1,489,000)
Net movement in funds	12	2,567,104	31,857	2,598,961	(3,354,969)
Reconciliation of funds					
Total funds brought forward		<u>(3,685,495)</u>	<u>330,526</u>	<u>(3,354,969)</u>	<u>-</u>
Total funds carried forward		<u>(1,118,391)</u>	<u>362,383</u>	<u>(756,008)</u>	<u>(3,354,969)</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

Culture Perth and Kinross Limited (a company limited by guarantee)

**Company Statement of Financial Activities (including income and expenditure account)
for the Year Ended 31 March 2018**

	Note	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Income and endowments from:					
Donations and legacies	3	10,365	146,580	156,945	568,291
Charitable activities	4	3,472,168	100,000	3,572,168	3,392,386
Investment income	6	2,352	-	2,352	1,425
Other income		10,223	-	10,223	17,778
Total		<u>3,495,108</u>	<u>246,580</u>	<u>3,741,688</u>	<u>3,979,880</u>
Expenditure on:					
Charitable activities	8	3,399,003	214,723	3,613,727	3,701,849
Total		<u>3,399,004</u>	<u>214,723</u>	<u>3,613,727</u>	<u>3,701,849</u>
Net income		96,104	31,857	127,961	278,031
Other financial costs	10	(103,000)	-	(103,000)	(74,000)
Gain/(loss) on defined benefit pension scheme		2,574,000	-	2,574,000	(3,559,000)
Net movement in funds	12	2,567,104	31,857	2,598,961	(3,354,969)
Reconciliation of funds					
Total funds brought forward		<u>(3,685,495)</u>	<u>330,526</u>	<u>(3,354,969)</u>	<u>-</u>
Total funds carried forward		<u>(1,118,391)</u>	<u>362,383</u>	<u>(756,008)</u>	<u>(3,354,969)</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

Culture Perth and Kinross Limited (a company limited by guarantee)

**Consolidated Statement of Financial Position
At 31 March 2018**

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	15	9,892	2,599
Current assets			
Stocks		17,678	14,139
Debtors and prepayments	17	81,916	73,226
Cash at bank and in hand	18	1,324,883	1,287,720
		<u>1,424,477</u>	<u>1,375,085</u>
Liabilities			
Creditors: amounts falling due within one year	19	<u>(811,377)</u>	<u>(882,653)</u>
Net current assets		613,100	492,432
Pension liability	21	(1,379,000)	(3,850,000)
Total net liabilities		<u>(756,008)</u>	<u>(3,354,969)</u>
The funds of the charity			
Restricted funds	22	362,383	330,526
Unrestricted funds		(30,391)	(126,495)
Pension reserve		(1,088,000)	(3,559,000)
		<u>(756,008)</u>	<u>(3,354,969)</u>

The financial statements were approved by the Board of Trustees on 26 September 2018 and were signed on its behalf by:


W J H Elles

The notes form part of these financial statements

Culture Perth and Kinross Limited (a company limited by guarantee)

**Company Statement of Financial Position
At 31 March 2018**

	Notes	2018 £	2017 £
Fixed assets			
Investments	16	1	1
Tangible assets	15	7,943	-
		<u>7,944</u>	<u>1</u>
Current assets			
Debtors and prepayments	17	76,441	169,249
Cash at bank and in hand	18	1,330,383	1,167,471
		<u>1,406,824</u>	<u>1,336,720</u>
Liabilities			
Creditors: amounts falling due within one year	19	<u>(791,776)</u>	<u>(841,690)</u>
Net current assets		615,048	495,030
Pension liability	21	(1,379,000)	(3,850,000)
Total net liabilities		<u>(756,008)</u>	<u>(3,354,969)</u>
The funds of the charity			
Restricted funds	22	362,383	330,526
Unrestricted funds		(30,391)	(126,495)
Pension reserve		(1,088,000)	(3,559,000)
		<u>(756,008)</u>	<u>(3,354,969)</u>

The financial statements were approved by the Board of Trustees on 26 September 2018 and were signed on its behalf by:


W J H Elles

The notes form part of these financial statements

Culture Perth and Kinross Limited (a company limited by guarantee)

**Consolidated Statement of Cash Flows
for the Year Ended 31 March 2018**

	Notes	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash flows from operating activities:					
Net cash provided by operating activities	24	41,458	1,288,847	168,503	1,166,047
Cash flows from investing activities:					
Purchase of tangible fixed assets		(5,994)	(2,599)	(7,943)	-
Purchase of subsidiary undertaking		-	-	-	(1)
Interest received		2,349	1,477	2,352	1,425
Depreciation		(650)	-	-	-
Change in cash and cash equivalents in the reporting period		37,163	1,287,720	162,912	1,167,471
Cash and cash equivalents at the beginning of the reporting period		1,287,720	-	1,167,471	-
Cash and cash equivalents at the end of the reporting period		1,324,883	1,287,720	1,330,383	1,167,471

The notes form part of these financial statements

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparing the financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, as issued by the Financial Reporting Council, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They are prepared on the historical cost basis.

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgements in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Basis of consolidation

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

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

Going concern

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

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

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

Management's forecasts indicate the adequacy of working capital to allow the group to continue to pay its debts as they fall due for at least a year from the date of this report. Accordingly, and in view of the confirmed funding agreements in place for 2018/19 with Perth and Kinross Council, the board is satisfied that the group can continue to trade as a going concern for the foreseeable future.

1. ACCOUNTING POLICIES - continued

Recognition and allocation of income

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

Income from grants, donations and legacies

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

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

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

Income from charitable activities

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

Income from investments

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

Expenditure

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

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

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

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

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

1. ACCOUNTING POLICIES - continued

Pensions

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

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

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

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

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

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

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

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

Taxation

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

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

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

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

1. ACCOUNTING POLICIES - continued

Financial instruments

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

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

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

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

2. CRITICAL JUDGEMENTS AND ESTIMATES

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

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

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

3. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Group and company				
Crockart Foundation Fund	-	50,000	50,000	110,704
Place Partnership	-	-	-	7,627
Creative Learning Network	-	724	724	13,523
National Museum Scotland Acquisition Grants	-	4,303	4,303	4,513
Art Fund	-	1,925	1,925	-
Museum in Miniature	-	-	-	575
Small Grants - Library	-	-	-	920
Ferguson Gallery Reading Room	-	-	-	7,632
Living Community Project Fund	-	25,000	25,000	25,000
Museum Gallery Scotland (Collection Review)	-	15,269	15,269	14,850
Scottish Government Public Library Improvement Fund	-	-	-	12,220
Scottish Government Public Library Improvement Fund	-	-	-	14,000
Perth Theatre Archive Project	-	1,500	1,500	1,500
General Restricted Funds - Museums and galleries	-	-	-	146,023
General Restricted Funds - Library information services	-	-	-	63,437
Picts & Pixels	-	4,267	4,267	-
Artist rooms	-	12,825	12,825	-
Monarch of the Glen	-	12,267	12,267	-
Pipeline Project	-	13,500	13,500	-
Guildry Incorporation	-	5,000	5,000	-
Donations	5,390	-	5,390	17,213
Legacy - Hamish MacEwan	-	-	-	1,007
Legacy - Mrs A Robertson	-	-	-	5,000
	5,390	146,580	151,970	445,744
Gift aid donation from subsidiary (company only)	4,975	-	4,975	122,547
	10,365	146,580	156,945	568,291

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Group				
Perth and Kinross Council service fees	3,379,118	100,000	3,479,118	3,331,358
Arts development	9,693	-	9,693	610
Museums and galleries	46,456	-	46,456	26,425
Libraries and information	45,258	-	45,258	33,993
	3,480,525	100,000	3,580,525	3,392,386

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

4. INCOME FROM CHARITABLE ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Company				
Perth and Kinross Council service fees	3,370,761	100,000	3,470,761	3,331,358
Donations and legacies	15,071	-	15,071	-
Arts development	12	-	12	610
Museums and galleries	46,456	-	46,456	26,425
Libraries and information	39,868	-	39,868	33,993
	<u>3,472,168</u>	<u>100,000</u>	<u>3,572,143</u>	<u>3,392,386</u>

5. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Group				
Cafeteria and trading activities	207,221	-	207,221	189,463
	<u>207,221</u>	<u>-</u>	<u>207,221</u>	<u>189,463</u>

6. INCOME FROM INVESTMENT

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Group				
Perth and Kinross Council loan interest	2,439	-	2,439	1,477
	<u>2,439</u>	<u>-</u>	<u>2,439</u>	<u>1,477</u>
Company				
Perth and Kinross Council loan interest	2,352	-	2,352	1,425
	<u>2,352</u>	<u>-</u>	<u>2,352</u>	<u>1,425</u>

7. EXPENDITURE ON FUND RAISING ACTIVITIES

	Direct costs £	Support costs £	Governance costs £	Total 2018 £	Total 2017 £
Group					
Cafeteria and trading activities	101,230	-	-	101,230	66,968
	<u>101,230</u>	<u>-</u>	<u>-</u>	<u>101,230</u>	<u>66,968</u>

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

8. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct costs £	Support costs £	Governance costs £	Total 2018 £	Total 2017 £
Group					
Museums and Galleries (including Arts development)	975,230	420,137	27,733	1,423,100	1,349,705
Libraries and information	1,862,897	310,642	126,548	2,300,087	2,352,144
	<u>2,838,127</u>	<u>730,779</u>	<u>154,282</u>	<u>3,723,187</u>	<u>3,701,849</u>
Company					
Museums and Galleries (including Arts development)	975,230	420,137	22,410	1,417,777	1,349,705
Libraries and information	1,862,897	310,643	22,410	2,195,950	2,352,144
	<u>2,838,127</u>	<u>720,780</u>	<u>44,820</u>	<u>3,613,727</u>	<u>3,701,849</u>

9. SUPPORT COSTS ALLOCATED TO ACTIVITIES

	Museums and Galleries (including Arts development) £	Libraries and information £	Total 2018 £	Total 2017 £
Group and company				
Promotion, publicity and sales	33,986	33,986	67,972	49,691
Supplies and services	67,736	67,736	135,472	149,327
Support services	318,415	208,920	527,335	757,005
	<u>420,137</u>	<u>310,642</u>	<u>730,779</u>	<u>956,023</u>

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

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

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

10. OTHER FINANCIAL ASSETS

	2018 £	2017 £
Interest on pension scheme liabilities	(281,000)	(262,000)
Return on pension scheme liabilities	178,000	188,000
	<u>(103,000)</u>	<u>(74,000)</u>

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

11. GOVERNANCE COSTS ALLOCATED TO ACTIVITIES

	Museums and Galleries (including Arts development)	Libraries and information	Total 2018	Total 2017
	£	£	£	£
Group and company				
Accountancy and audit fees	7,847	7,847	15,694	28,520
Wages and salaries	19,810	19,810	39,620	38,531
Other	165	165	330	1,019
Irrecoverable VAT	(5,412)	(5,412)	(10,824)	13,858
	<u>22,410</u>	<u>22,410</u>	<u>44,820</u>	<u>81,928</u>

12. NET MOVEMENT OF FUNDS

	Group 2018	Group 2017	Company 2018	Company 2017
				£
This is stated after charging:				
Auditor's remuneration	6,800	4,200	6,800	4,200
	<u>6,800</u>	<u>4,200</u>	<u>6,800</u>	<u>4,200</u>

13. BOARD MEMBERS

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

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

14. EMPLOYEES

Number of employees

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

	Group 2018 number	Group 2017 number	Company 2018 number	Company 2017 number
Museums and Galleries (including Arts development)	39	38	39	38
Libraries and Information	80	79	80	79
Catering and Trading activities	4	5	-	-
	123	122	119	117

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

Museums and Galleries (including Arts development)	28	27	28	27
Libraries and Information	58	54	58	54
Catering and Trading activities	4	4	-	-
	90	85	86	81

Employment costs

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	2,651,379	2,076,572	2,651,379	2,076,572
Social security costs	174,424	158,810	174,424	158,810
Pension costs	488,905	546,126	488,905	546,126
	3,314,708	2,781,508	3,314,708	2,781,508

Two employees received total employee benefits (excluding employer pension costs) between £60,000 and £70,000. The amount fell within the £60,000 - £70,000 band. One employee received benefits (excluding employer pension costs) between £70,000 and £80,000.

The key management personnel of the group comprise the Chief Executive and the senior management team detailed on page 13. The employee benefits for key management, included within employment costs above, totalled £195,980 (2017 - £188,858).

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

15. TANGIBLE FIXED ASSETS

	Plant and machinery £	Total £
Group		
Cost		
At 1 April 2017	2,599	2,599
Additions	7,943	7,943
At 31 March 2018	10,542	10,542
Depreciation		
At 1 April 2017	-	-
Charge for year	650	650
At 31 March 2018	650	650
Net book value		
At 31 March 2018	9,892	9,892
At 31 March 2017	2,599	2,599
	Plant and machinery £	Total £
Company		
Cost		
At 1 April 2017	-	-
Additions	7,943	7,943
At 31 March 2018	7,943	7,943
Depreciation		
At 1 April 2017	-	-
Charge for year	-	-
At 31 March 2018	-	-
Net book value		
At 31 March 2018	7,943	7,943
At 31 March 2017	-	-

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

16. FIXED ASSET INVESTMENTS

Company	Unlisted investments £
At 31 March 2017 and 31 March 2018	<u>1</u>

Unlisted investments relate entirely to Culture Perth and Kinross Limited's beneficial interest in its trading subsidiary, Culture Perth and Kinross Trading Limited. It is represented by one £1 ordinary share held in Culture Perth and Kinross Trading Limited (company number: SC526979).

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

Net assets of Culture Perth and Kinross Trading Limited at 31 March 2018 totalled £1 which comprised fixed assets of £1,949, current assets of £46,030, and liabilities of £47,978. Relevant financial information regarding Culture Perth and Kinross Trading Limited for the year ended 31 March 2018 is as follows:

	2018 £	2017 £
Turnover	207,309	189,515
Cost of sales	(89,575)	(49,999)
Gross profit	<u>117,646</u>	<u>136,516</u>
Administrative expenses	(121,116)	(98,748)
Other operating income	8,357	81,779
Profit on ordinary activities before taxation	<u>4,975</u>	<u>122,547</u>
Tax on profit on ordinary activities	-	-
Profit for the financial period	<u>4,975</u>	<u>122,547</u>

17. DEBTORS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	25,537	19,885	14,773	7,191
Sundry debtors	56,379	53,341	51,694	39,511
Gift aid debtor	-	-	9,974	122,547
	<u>81,916</u>	<u>73,226</u>	<u>76,441</u>	<u>169,249</u>

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

18. CASH AND CASH EQUIVALENTS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	1,324,883	1,287,720	1,330,383	1,167,471
	<u>1,324,883</u>	<u>1,287,720</u>	<u>1,330,383</u>	<u>1,167,471</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	598,959	268,274	595,289	262,171
Taxes and social security costs	163,601	182,438	156,966	174,958
Other creditors	48,817	430,541	39,521	403,161
Amount due to Perth and Kinross Council	-	1,400	-	1,400
	<u>811,377</u>	<u>882,653</u>	<u>791,776</u>	<u>841,690</u>

20. FINANCIAL INSTRUMENTS

	Group 2018 £	Group 2018 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets measured at amortised cost	81,916	73,226	76,441	169,249
	<u>81,916</u>	<u>73,226</u>	<u>76,441</u>	<u>152,298</u>
Financial liabilities				
Financial liabilities measured at amortised cost	647,776	700,215	634,810	666,732
	<u>647,776</u>	<u>700,215</u>	<u>634,810</u>	<u>666,732</u>

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

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

21. PENSION AND OTHER POST-RETIREMENT BENEFITS

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

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

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the fund will be carried out as at 31 March 2018 and will set contributions for the period from 1 April 2019 to 31 March 2022. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

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

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

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

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

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

Perth and Kinross Council provides underwriting and a guarantee to Culture Perth and Kinross Limited's admitted employees' membership of the LGPS, Scotland, administered by Dundee City Council.

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

The estimated asset allocation for Culture Perth and Kinross as at 31 March 2018 is as follows:

Asset breakdown	31 Mar 2018		31 Mar 2017	
	£000s	%	£000s	%
Equities	5,615	69%	4,414	72%
Gilts	431	5%	406	7%
Other bonds	941	12%	605	10%
Property	958	12%	605	10%
Cash	180	2%	101	2%
Alternatives	1	0%	n/a	n/a
Total	8,126	100%	6,131	100%

We have estimated the bid values where necessary. Please note that the individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100%. The final asset allocation of the Fund assets as at 31 March 2018 is likely to be different from that shown due to estimation techniques. Based on the above, the Employer's share of the assets of the Fund is less than 1%.

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

Assumptions as at	31 Mar 2018	31 Mar 2017	1 Apr 2016
	% p.a.	% p.a.	% p.a.
Discount rate	2.60%	2.80%	3.90%
Pension increases	2.30%	2.70%	2.50%
Salary increases	3.30%	3.70%	4.30%

These assumptions are set with reference to market conditions as at 31 March 2018.

Our estimate of the Employer's past service liability duration is 25 years.

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

Net pension asset as at	31 Mar 2018	31 Mar 2017	1 Apr 2016
	£000s	£000s	£000s
Present value of defined benefit obligation	9,505	9,981	6,660
Fair value of Fund assets (bid value)	8,126	6,131	4,590
Deficit / (Surplus)	1,379	3,850	2,070
Present value of unfunded obligation	-	-	-
Unrecognised past service cost	-	-	-
Impact of asset ceiling	-	-	-
Net defined benefit liability / (asset)	1,379	3,850	2,070

The amounts recognised in the profit and loss statement are:	Year to	Year to
	31 Mar 2018	31 Mar 2017
	£000s	£000s
Service cost	843	542
Net interest on the defined liability / (asset)	103	74
Administration expenses	2	2
Total loss / (profit)	948	618

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 Mar 2018 £000s	Year to 31 Mar 2017 £000s
Opening defined benefit obligation	9,981	6,660
Current service cost	843	542
Interest cost	281	262
Change in financial assumptions	(473)	2,400
Change in demographic assumptions	(426)	-
Experience loss / (gain) on defined benefit obligation	(819)	-
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(9)	-
Past service costs, including curtailments	-	-
Contributions by Scheme participants and other employers	127	117
Unfunded pension payments	-	-
Closing defined benefit obligation	9,505	9,981

Culture Perth and Kinross Limited (a company limited by guarantee)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to	Year to
	31 Mar 2018	31 Mar 2017
	£000s	£000s
Opening fair value of Fund assets	6,131	4,590
Interest on assets	178	188
Return on assets less interest	172	911
Other actuarial gains / (losses)	1,172	-
Administration expenses	(2)	(2)
Contributions by employer including unfunded	357	327
Contributions by Scheme participants and other employers	127	117
Estimated benefits paid plus unfunded net of transfers	(9)	-
Settlement prices received / (paid)	-	-
Closing fair value of Fund assets	8,126	6,131

Remeasurement of the net assets / (defined liability)	Year to	Year to
	31 Mar 2018	31 Mar 2017
	£000s	£000s
Return on Fund assets in excess of interest	172	911
Other actuarial gains / (losses) on assets	1,172	-
Change in financial assumptions	473	(2400)
Change in demographic assumptions	426	-
Experience gain / (loss) on defined benefit obligation	819	-
Changes in effect of asset ceiling	-	-
Remeasurement of the net assets / (defined liability)	3,062	(1,489)

22. RESTRICTED FUNDS (GROUP AND COMPANY)

	Movement in funds			Balance at 31 March 2018 £
	Balance at 31 March 2017 £	Income £	Expenditure £	
Group and company				
Crockart Foundation Fund	55,109	50,000	60,606	44,503
Creative Learning Network	4,714	724	2,025	3,413
National Museum Scotland Acquisition Grants	405	4,303	4,303	405
Art fund	-	1,925	1,925	-
Small Grants - Library	768	-	-	768
Living Community Project Fund	19,224	25,000	10,474	33,750
Museum Gallery Scotland (Collection Review)	13,354	15,269	28,623	-
Scottish Government Public Library Improvement Fund	8,840	-	8,840	-
Scottish Government Public Library Improvement Fund	14,000	-	14,000	-
Perth Theatre Archive Project	1,500	1,500	3,000	-
Picts & Pixels	-	4,267	4,267	-
Cultural Redevelopment Project	-	100,000	15,679	84,321
Artist Rooms	-	12,825	12,825	-
Monarch of the Glen	-	12,267	12,267	-
Pipeline Project	-	13,500	6,245	7,255
Guildry Incorporation	-	5,000	-	5,000
General Restricted Funds - Museums and galleries	146,023	-	22,395	123,628
General Restricted Funds - Library information services	63,437	-	4,698	58,739
Legacy – Hamish MacEwan	1,007	-	1,007	-
Legacy – Mrs A Robertson	2,145	-	1,545	600
	330,526	246,580	214,723	362,383

The Crockart Foundation

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

Creative Learning Network

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

National Funding for Acquisitions Grants

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

Art Fund

Grant received towards a third of the cost of "Dreaming Ophelia", by Philip Braham, a contemporary Scottish artist and Programme Director for Art & Philosophy at Duncan of Jordanstone College of Art. The figurative nature of Braham's painting "Dreaming Ophelia" complements other works in the collection at Perth Museum and Art Gallery that have been purchased over the last few years such as "Orion" by Alison Watt. National Funding for Acquisitions also granted a third of the cost of the painting, with the remaining third funded by Hamish MacEwan legacy and Culture Perth and Kinross own funds.

22. RESTRICTED FUNDS (GROUP AND COMPANY) – continued

Living Community Project Fund

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

Museums Galleries Scotland (Collection Review)

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

Scottish Government Public Library Improvement Fund – Digital Skills project

A grant to develop the use of volunteers and deliver digital skills tuition to members of the public in Perth through the public libraries network, along with the employment of a temporary volunteer coordinator to ensure that the framework is in place to upskill staff and volunteers.

Scottish Government Public Library Improvement Fund – Lads and Dads project

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

Perth Theatre Archive Project

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

Museums Galleries Scotland (Picts & Pixels)

Awarded from the Museums Galleries Scotland small project fund, this grant was awarded to support the engagement programme for Picts & Pixels, the major summer exhibition at Perth Museum and Art Gallery. The engagement programme included a museum late event, a family event, a mini lecture series and a series of digital workshops. The project aimed to address the need to open up the visitor experience at Perth Museum and Art Gallery, and showcase the venue differently. Working in partnership with University of St Andrews Computer Science Dept., and Perth & Kinross Heritage Trust, an innovative and immersive visitor experience was created.

Artist Rooms

Grants received from Artist Rooms and Museums Galleries Scotland, to support the learning and audience engagement activities related to the ARTIST ROOMS: Louise Bourgeois exhibition at Perth Museum and Art Gallery.

Monarch of the Glen

Funds received from National Galleries of Scotland to cover the costs of enabling and promoting the "Monarch of the Glen" exhibition. Funds were used to cover the costs of the learning and engagement programme, marketing activities relating to the display of the painting and the learning and engagement programme, and interpretation.

Pipeline Project

Income to deliver the Pipeline project. Total value of the contract is £36,000 (2 year project). This programme aims to inspire young people to consider a career in the creative industries, and support establishing a creative business. It is open to all aged 16+, who are not currently in education, employment or training.

The Guildry Incorporation of Perth

Funding from the Guildry Incorporation of for the Perth Press Photo digitising project. The funds used towards digitising Louis Flood Senior photographs.

Culture Perth and Kinross Limited (a company limited by guarantee)

Notes to the Financial Statements - continued for the Year Ended 31 March 2018

22. RESTRICTED FUNDS (GROUP AND COMPANY) – continued

General Restricted Funds - Museums and galleries

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

General Restricted Funds - Library information services

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

Legacy – Hamish MacEwan Trust

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

Legacy – Mrs Anne S Robertson

A bequest of artwork consisting of an oil painting of her father, John McMillan Marshall, by J D Fergusson and a £5,000 cash legacy. The artwork was added to the Council's permanent collection, which Culture Perth and Kinross administers. The expenditure to date has been on the conservation of the piece.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Group				
Fund balances as at 31 March 2018 are represented by:				
Tangible fixed assets	9,892	-	9,892	2,599
Current assets	1,424,477	-	1,424,477	1,375,085
Creditors: amounts falling due within one year	(1,173,760)	362,383	(811,377)	(882,653)
Pension scheme deficit	(1,379,000)	-	(1,379,000)	(3,850,000)
	<u>(1,118,391)</u>	<u>362,383</u>	<u>(756,008)</u>	<u>(3,354,969)</u>
Company				
Fund balances as at 31 March 2018 are represented by:				
Tangible fixed assets	7,943	-	7,943	-
Investments	1	-	1	1
Current assets	1,406,824	-	1,406,824	1,336,720
Creditors: amounts falling due within one year	(1,154,159)	362,383	(791,776)	(841,690)
Pension scheme deficit	(1,379,000)	-	(1,379,000)	(3,850,000)
	<u>(1,118,391)</u>	<u>362,383</u>	<u>(756,008)</u>	<u>(3,354,969)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

24. RECONCILIATION OF NET INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Net income for the reporting period (as per the statement of financial activities)	2,598,961	(3,354,969)	2,598,961	(3,354,969)
Adjustments for:				
Movement in defined pension benefit liability	(2,471,000)	3,850,000	(2,471,000)	3,850,000
Interest received	(2,349)	(1,477)	(2,352)	(1,425)
Depreciation	(650)	-	-	-
(Increase)/Decrease in stocks	(3,538)	(14,139)	-	-
(Increase)/Decrease in debtors	(8,690)	(73,226)	92,808	(169,249)
Increase/(Decrease) in creditors	(71,276)	882,658	(49,914)	841,690
Net cash provided by operating activities	<u>41,458</u>	<u>1,288,847</u>	<u>168,503</u>	<u>1,166,047</u>

25. RELATED PARTIES

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

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

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

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

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

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

26. COMPANY STATUS

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