(Company Number - SC172235)

(Charity Number - SC026041)

NAIRN COMMUNITY & ARTS CENTRE
(COMPANY LIMITED BY GUARANTEE)

DIRECTORS REPORT

AND

UNAUDITED FINANCIAL STATEMENTS

For the Year Ended 31 March 2024

NAIRN COMMUNITY & ARTS CENTRE

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

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NAIRN COMMUNITY & ARTS CENTRE

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

LEGAL AND ADMINISTRATIVE INFORMATION

DIRECTORS	James A M Clark Michael J Mitchell Gordon C M Forbes Daniel S Farrell Peter D Saggers Robert Ferenth Alastair Forsyth Brian Blackley
REGISTERED CHARITY NUMBER	SC026041
COMPANY SECRETARY	Michael J Mitchell
COMPANY NUMBER	SC172235
REGISTERED OFFICE	Nairn Community Centre King Street Nairn IV12 4BQ
INDEPENDENT EXAMINER	Kevin Leitch MA FCCA ATT Leitch Accountancy Services Limited 3 Beech Avenue Inverness IV2 4NN

DIRECTORS' REPORT

The directors present their annual report and unaudited financial statements for the year ended 31 March 2024.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), including the provisions of Section 1A relevant to small entities, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The directors who held office during the period from 1 April 2023 to the date the financial statements were approved were as follows:

James A M Clark
Michael J Mitchell
Gordon C M Forbes
Daniel S Farrell
Peter D Saggers
Robert Ferenth
Alastair Forsyth
Brian Blackley

The organisation is a charitable company limited by guarantee, incorporated in Scotland on 12 February 1997. The company was registered as a charity in March 1997. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. The Articles of Association were amended and lodged with Companies House in January 2023. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Nairn Community & Arts Centre is governed by its Board of Directors. The Board sets out the policies and objectives of the company. Members take part in the policy-making activities by discussing and passing resolutions at the Annual General Meeting.

Daily operational affairs and staffing are delegated to the Centre Manager, who in turn reports to the Chairman.

In accordance with OSCR recommendations the charity is aware of the requirement to formally train new directors in preparation for their roles as charity trustees.

The directors have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems are in place to mitigate our exposure to the major risks. The directors continue to monitor the risks and uncertainties arising from the volatility of global energy prices, ensuring the charity implements appropriate policies and procedures as appropriate.

Just Enterprise, an organisation supported by the Scottish Government, committed to the growth and sustainability of Scotland's third sector, were engaged to discuss the future of the charity and succession planning. Issues that were considered in particular:

~ a review of the charity's governing documents to ensure they are fit for purpose;
~ the directors may wish to consider including fixed tenure for trustees and office bearers;
~ an assessment of the current skills on the Board and consideration of any skills gap;
~ a review of roles and responsibilities of the individual directors;
~ succession planning, especially for the position of office bearers, and gender balance of the Board; and
~ succession planning for staff retirals.

The original aim of the charity was to achieve complete financial independence within 25 years but with the cut in funding from Highland Council the strategic aim now is to generate sufficient income to cover costs excluding annual depreciation charge. How to achieve this aim and knowing that the building is the charity's greatest asset is likely to require the testing of new ideas, creative thinking and the recruitment of fresh talent.

RECRUITMENT AND APPOINTMENT OF DIRECTORS

Under the company's Articles of Association the directors are not required to retire by rotation. However, each year, at the company's Annual General Meeting, the directors confirm that they will continue in office for the ensuing year. In light of the review undertaken by Just Enterprise, the Board are now actively looking to recruit new directors with particular expertise to enhance the current Board and with a view to succession planning. Two new directors were appointed in October 2022.

The directors consider the composition of the Board on a regular basis. As part of this the directors assess the current skills of the Board as well as the roles and responsibilities of individual directors. Potential new directors are considered for appointment based on the relevant skills and experience that they can offer.

OBJECTIVES AND ACTIVITIES

The objectives of the charitable company as set out in its memorandum and articles of association are as follows:

- To promote the benefit of the inhabitants of Nairn District, without distinction of sex or of political, religious or other opinions by associating the Local Authorities, voluntary organisations, other bodies of whatever status and inhabitants in a common effort to advance education and to provide, or assist in the provision of, facilities in the interests of social welfare for recreation or other leisure-time occupation with the object of improving the conditions of life of the said inhabitants; and
- To establish or secure the establishment of Nairn Community Centre and to maintain and manage the Centre for activities promoted by the company in furtherance of the above objects.

The principal activity of the company is to establish or secure the establishment of Nairn Community Centre and to maintain and manage the Centre for activities promoted by the company.

ACHIEVEMENTS AND PERFORMANCE

The year ended 31 March 2024 saw the charity's sixteenth full year in the new Community Centre. The facility is now fully operational after the coronovirus (COVID-19) pandemic. However it is still in recovery mode. The scale of charges, which were in line with the previous facility and policy, were last reviewed at the March 2022 Board meeting, and with the Board's approval, were increased slightly from 1 July 2022. This reaffirms the Board's commitment to make the Community Centre affordable to the many local community groups. A review of office rental income is underway to ensure that charges are comparable to other commercial entities.

The administration of Nairn Community Transport is provided by Nairn Community & Arts Centre. After successful discussions with a view to achieve a more realistic cost recovery for the service provided the fee was increased to £25,000 in 2023/24.

EXECUTIVE OVERVIEW

The current financial challenge of the Nairn Community and Arts Centre (NCAC) stems primarily from the reduction and subsequent termination of funding from Highland Council. Notably, the Council was fully aware of the impact of this funding cut, given that two of its members served on the Board until 2022. The challenges posed by Covid-19 further exacerbated the financial strain on the Centre. Over the years, NCAC has relied on securing grants from various funding organisations, implementing cost-saving measures, and striving for operational efficiencies. However, the ability to generate additional funds through the Centre's operations is limited, as we prioritise affordability for the community groups and charities that utilise our facilities.

The failure to secure a revenue grant in 2024 has underscored the fragility of our current financial model. In response, the Board of Directors, in collaboration with Centre management, has developed a comprehensive business plan to guide our future direction and address the significant challenges ahead.

The NCAC is at the heart of most of the community and charitable activities within the town and it is imperative that the Centre's future is secured to allow us to continue our vital support, thereby enriching the lives of Nairn's residents.

PLANS FOR FUTURE PERIODS

Future Income Generation:

Central to our strategy is our ongoing Community Asset Transfer request to Highland Council, aimed at securing the future of our Centre. Following assessment by Highland Council officials, we have received feedback and are actively addressing key areas:

Grant Applications: Pursuing revenue and capital funding bids from public and private entities. These applications underscore the Centre's pivotal role in community enrichment and cultural preservation.

Public Funding Campaign: Launching a public fundraising campaign to engage the broader community. Through online crowdfunding, individual donations, and local business contributions, we aim to foster community ownership and support for our Centre's revitalisation.

Corporate Sponsorship: Initiating discussions with local businesses for potential sponsorship opportunities. Tailored packages offer visibility and recognition as key supporters of our cultural initiatives.

Community Events and Initiatives: Planning fundraising events such as art exhibitions and cultural festivals to raise funds and foster community cohesion.

Partnerships with Arts Organisations: Exploring collaborations with regional and national arts organisations to leverage networks and secure additional funding.

Local Authority Funding: Engaging with local government authorities to secure financial backing for capital investment, particularly the roof replacement, emphasising the Centre's role as a cultural asset.

Naming Rights Opportunities: Offering naming rights for the renovated Centre to potential sponsors, providing lasting recognition for their support.

Philanthropic Contributions: Cultivating relationships with individuals passionate about community development and cultural preservation to seek major donations.

Diversification of Revenue Streams: Exploring alternative revenue sources like merchandise sales and exclusive memberships to complement traditional fundraising efforts.

Through these initiatives, we aim to ensure the sustainability and vibrancy of our Centre for years to come.

FINANCIAL REVIEW

This was the sixteenth full year of operations in the new Community Centre and the directors are greatly indebted to the Nairn Community and other funding bodies for their continued financial support. Our thanks also go to individuals, members and supporters for their unstinting support since the facility first opened in October 2007.

After the last four years impacted by COVID-19 and the consequential closure of the Centre, income streams have continued to recover in 2023/24. It is expected the 2024/25 financial year will see income streams returning, and indeed increasing, on pre COVID-19 levels. Investment, transport, donations and trading activity income streams for the year totalled £301,814 compared with £212,117 in 2022/23. The income received in the current reported year is up by £89,697 on that of 2022/23. This is very much welcomed given the ongoing challenges of recovering from the COVID-19 pandemic. Grant funding of £12,179 was received in the year from the Community Regeneration Programme, funded by both Scottish and UK Governments and managed by Highland Council on their behalf. The project consisted of scoping out costings for the improvement, enhancement and updating of the building infrastructure. The project was costed to allow the compilation of the costs involved in the improvements.

The directors consider that the company has adequate resources to continue its operational existence for the foreseeable future. In coming to this conclusion, the directors have paid particular attention to the period of one year from the date of approval of the financial statements.

Expenditure for the year totalled £405,512, up on the previous year by £69,671, which was expected given the lifting of restrictions coming out of the pandemic and the consequential recovery period. This compares to expenditure costs of £335,841 incurred in 2022/23. Major spending lines were in respect of salary costs, utility costs, repairs & maintenance, entertainment, catering costs and depreciation. The margins on functions/entertainment and catering sales/costs continue to be encouraging at 25%, and was an increase from the 22% margin achieved in the previous year. Due to increased workload in 2023/24 and the secondment of the Operations Supervisor for 5 months (funded by the Community Regeneration grant), an additional Centre Assistant position was established, resulting in a £17,071 increase in salary costs. There was a one-off professional fee of £5,400 incurred for VAT advice on the charity's income profile. This advice confirmed the charity's non-requirement for VAT registration. Due to the high energy costs, heating and lighting expenditure increased by £10,297 to £35,524 from £25,227 in the previous year. This would have been significantly higher had it not been for the capital investment highlighted below.

In 2019, Zero Waste Scotland conducted a survey of the building and helped develop a "Climate Programme" targeting energy efficiency. Completed in April/May 2021, the programme included installing an electric vehicle charging point, LED lighting upgrades, solar panels with battery storage, and a modernised heating system. Internal reconstruction also expanded rental space. Funded by grants of £160,000 and our own funds, the investment totalled approximately £180,000.

In 2022, environmental enhancements were finalised, prompting further investment for long-term sustainability. Grant funding from the Community Regenration Fund, managed by Highland Council, supported a project to assess and cost necessary improvements. Completed on 29 February 2024, this £1.641m project included building works (£0.746m) and fixture upgrades (£0.895m), covering audiovisual, flooring, seating/tables, and equipment. Included in the building works £0.746m is a cost of £0.570m for the urgent replacement of the roof. Initial design faults and 17 years of exposure to harsh Scottish weather has highlighted severe water ingress issues, compromising the building's structural integrity. A professional assessment indicates a complete redesign and replacement are imperative to prevent further leakage and ensure durability. This project aims to install a modern, energy-efficient roofing system, addressing persistent design flaws contributing to water ingress. Failure to address these issues would have severe consequences. This overall proposed capital investment supports the Centre's goal of energy efficiency, promoting environmental awareness, and benefitting community renewable energy schemes, continuing to serve Nairn's community and wider public.

Due to a delayed revenue grant application for the fiscal year ending 31 March 2024, the charity did not receive support from Creative Scotland as anticipated. While the budget relied on £45,000 in revenue funding, combined with received grants totalling £13,179, the charity would have achieved a small surplus before factoring in annual depreciation charges. Despite productive discussions with Creative Scotland throughout 2024, our application was unexpectedly declined in March. Although advised to resubmit, confirmation of success will take 12 weeks. To alleviate immediate cashflow concerns, Nairn Community Transport paid their administration fee of £25,000, and office rental invoices were issued for the next 6 months, including an invoice to Highland Council for annual kitchen facility use.

RESERVES POLICY

The Board were keen to generate sufficient annual income to cover costs including the annual depreciation charges, however with the cut in grant funding, and the impact of COVID-19 the aim is now to generate sufficient revenue to cover costs excluding the restricted funds annual depreciation charge of £53,864. The Board's original intention was by the end of its 25 year lease to be self-sufficient and the state of the building to be "as new" by the end of the lease. The cut in grant funding and the impact of COVID-19 will seriously place doubt in the Board achieving its original aim.

The principal funding sources for the charity are currently by way of income from activities for generating funds through hires and functions, rental income and bank interest received.

The major expenses are staff salaries, property and support costs.

The Unrestricted Reserve Fund represents funds arising from past operating results. It also represents the available reserves of the charity. The Directors are satisfied that the balance of Unrestricted Reserve Funds of £36,002 (2023 - £72,657) which includes general Unrestricted Funds of £34,940 (2023 - £71,595), and Designated Funds of £1,062 (2023 - £1,062), approximates to 2 months operating expenditure, excluding depreciation, to allow the continued operations of the charity for the immediate future and be able to fulfil its outstanding contract obligations. The Directors have examined the requirement to maintain free reserves and concluded that they are at a precarious level, coupled with the volatility of energy prices and with the coronovirus pandemic and the unknown impact this will have on the financial resources of the charity this may well be called into question regarding the viability of the charity in the long term.

Designated Funds are held for the purpose of meeting major repair, renewals and maintenance to ensure the fabric of the building is maintained to a high standard.

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by the donors. Total Restricted Funds at the reporting date amount to £399,811 (2023 - £453,675).

The trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Signed on behalf of the board of directors on 20 November 2024

Robert Ferenth
Chairman / Director

Independent Examiner's Report to the Trustees of Nairn Community & Arts Centre

I report to the charity trustees on my examination of the financial statements of the charity for the year ended 31 March 2024, which are set out on pages 6 to 16.

Respective responsibilities of trustees and examiner
The charity's trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity trustees consider that the audit requirement of Regulation 10 (1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the financial statements as required under section 44 (1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement
My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

Independent examiner's statement
In the course of my examination, no matter has come to my attention:

(a) which gives me reasonable cause to believe that in any material respect the requirements:
- (i) to keep accounting records in accordance with section 44 (1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
- (ii) to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations;

have not been met; or

(b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Use of our report
This report is made to the company's board of directors, as a body, in accordance with the terms of engagement. My work has been undertaken to enable me to undertake an independent examination of the company's financial statements on behalf of the company's board of directors and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's board of directors as a body, for my work or for this report.

Kevin Leitch MA FCCA ATT

Leitch Accountancy Services Limited
3 Beech Avenue
Inverness
IV2 4NN

NAIRN COMMUNITY & ARTS CENTRE

STATEMENT OF FINANCIAL ACTIVITIES

(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2024

	Note	Restricted Funds £	Designated Funds £	Unrestricted Funds £	2024 Total £	2023 Total £
INCOME FROM:						
Donations and legacies	3	-	-	492	492	505
Charitable activities	4	-	-	38,179	38,179	48,825
Other trading activities	5	-	-	243,898	243,898	164,230
Investments	6	-	-	32,424	32,424	31,882
TOTAL INCOME		-	-	314,993	314,993	245,442
EXPENDITURE ON:						
Raising funds	7	-	-	(87,849)	(87,849)	(56,681)
Charitable activities	8 & 9	(53,864)	-	(263,799)	(317,663)	(279,160)
TOTAL EXPENDITURE		(53,864)	-	(351,648)	(405,512)	(335,841)
Net income/(expenditure) for the year		(53,864)	-	(36,655)	(90,519)	(90,399)
Transfer Between Funds		-	-	-	-	-
NET MOVEMENT IN FUNDS		(53,864)	-	(36,655)	(90,519)	(90,399)
RECONCILIATION OF FUNDS						
TOTAL FUNDS AT 1 APRIL 2023		453,675	1,062	71,595	526,332	616,731
TOTAL FUNDS AT 31 MARCH 2024	19	399,811	1,062	34,940	435,813	526,332

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006

NAIRN COMMUNITY & ARTS CENTRE

BALANCE SHEET

AS AT 31 MARCH 2024

	Note	2024 £	2023 £
FIXED ASSETS			
Tangible Assets	12	447,597	505,393
CURRENT ASSETS			
Debtors	13	43,594	26,326
Cash at Bank and in Hand		15,905	26,393
TOTAL CURRENT ASSETS		59,499	52,719
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(62,256)	(20,629)
NET CURRENT ASSETS		(2,757)	32,090
TOTAL ASSETS LESS CURRENT LIABILITIES		444,840	537,483
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(9,027)	(11,151)
NET ASSETS	19	435,813	526,332
FUNDS OF THE CHARITY			
Unrestricted Funds	16	34,940	71,595
Designated Funds	17	1,062	1,062
Restricted Funds	18	399,811	453,675
TOTAL FUNDS	19	435,813	526,332

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006 relating to small companies, for the year ended 31 March 2024.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;

- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board on 20 November 2024

Michael J Mitchell
Director

The notes on pages eight to sixteen form part of the financial statements

1. Accounting policies

Company information
Nairn Community & Arts Centre is a charitable company limited by guarantee incorporated in Scotland. The company is also a charity registered in Scotland with OSCR. The registered office is Nairn Community & Arts Centre, King Street, Nairn, IV12 4BQ.

1.1 Accounting convention
These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”), including the provisions of Section 1A relevant to Small Entities, 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), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

The charity is a Public Benefit Entity as defined by FRS 102.

The charity has availed itself of s396 of the Companies Act 2006, as permitted in paragraph 4 (1) of Schedule 1 of SI 2008 No 409, and adapted the Companies Act formats to reflect the special nature of the charity's activities.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern
At the date of approving the financial statements, the directors continue to closely monitor the financial position of the charity, in particular securing ongoing funding subsidies through grant applications, increase current and generate new income streams, and the impact of new global energy price increases. The potential impact will depend on the Government support on the gas and electricity prices. The charity submitted a grant application of £50,000 to Nairn Common Good Fund in June 2024, which was subsequenlty approved at a Special Meeting of the Nairnshire Committee held on 24 June 2024. Tthe grant application was approved for one-off emergency funding up to a maximum of £50,000 based on the significant importance for Nairn.

Whilst ongoing activity relies on certain factors that remain uncertain, the directors are satisfied that the company has access to sufficient working capital to allow it to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly the financial statements are prepared on a going concern basis.

1.3 Charitable funds
The funds of the charity consist of the following:

Unrestricted funds
Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.

Restricted funds
Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or funds which were raised for particular purposes. The aim of each restricted fund is set out in note 18.

Designated funds
Designated funds have been set aside out of unrestricted funds by the directors for particular purposes.

1.4 Income
All income is included in the statement of financial activities when the charity is entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Income from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

- Unless incapable of financial measurement, legacies are credited as income in the year in which they are receivable. The Trustees have determined that they do not regard a legacy as receivable until probate has been granted in respect of the legatee's estate.

- Income from other trading activities is recognised at the point of delivery of the goods and services.

- The value of services provided by volunteers has not been included in these financial statements.

- Interest and rental income received is included when receivable.

Accounting policies **(continued)**

1.5 Expenditure
Expenditure is recognised on an accrual basis and is recognised when there is a legal or constructive obligation to pay, when it is probable that a transfer of economic benefits will arise and when the amount can be measured reliably.

Staff costs includes all salaries and contributions to a pension scheme.

Property costs comprise all costs related to the running of the building.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include training expenditure and costs linked to the strategic managemennt of the charity.

Support costs include all administration costs.

All costs have been directly attributed to one of the functional categories of expenditure in the Statement of Financial Activities. The charity is not VAT registered and accordingly expenditure is shown to include irrecoverable VAT.

1.6 Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold property	4% straight line derived from length of 25 year lease term
Leasehold property improvements	10% straight line derived from remainder of lease term
Mid scale arts venue	4% straight line derived from length of 25 year lease term
Mid scale arts venue improvements	10% straight line derived from remainder of lease term
Furniture and fittings	10% straight line

1.7 Impairment of fixed assets
At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents
Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-termliquid investments with original maturities of three months or less.

1.9 Financial instruments
The charity has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity’s balance sheet when the charity becomes party to the contractual provisions of the instrument.

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting end date.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled.

Basic financial liabilities
Basic financial liabilities, including creditors, are initially recognised at transaction price and are subsequently carried at amortised cost, using the effective interest method. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Derecognition of financial liabilities
Financial liabilities are derecognised when the charity’s contractual obligations expire or are discharged or cancelled.

Accounting policies **(continued)**

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense in the period in which the employee's services are received.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in a separately administered fund. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

1.12 Taxation

As a charity registered with HMRC, Nairn Community & Arts Centre is exempt from Corporation Tax on its charitable activities.

1.13 Leasing

Rentals payable under operating leases are charged against expenditure on a straight line basis over the lease term.

2 Critical accounting estimates and judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Depreciation - useful life and residual value of tangible fixed assets

The depreciation of tangible fixed assets is a key area of estimation. The useful life and residual value of fixed assets is considered and a depreciation rate applied accordingly. Details of the depreciation policies applied can be found in the accounting policies section of the notes to the financial statements. The depreciation charge for the year amounts to £57,796 and the carrying value of fixed assets at the year end amounts to £447,596.

3 Donations and legacies

	Restricted £	Unrestricted £	2024 Total £	2023 Total £
Community Donations	-	492	492	505

Income received from donations & legacies in the previous year was unrestricted.

4 Charitable activities

	Restricted £	Unrestricted £	2024 Total £	2023 Total £
Government Grants				
Community Regeneration Fund	-	12,179	12,179	-
Other Grants				
Creative Scotland	-	-	-	32,325
Arnold Clark Community Fund	-	1,000	1,000	1,000
Just Giving	-	-	-	500
Operating Support				
Nairn Community Transport	-	25,000	25,000	15,000
	-	38,179	38,179	48,825

Income received on charitable activities in the previous year was unrestricted.

5 Other trading activities

	Restricted £	Unrestricted £	2024 Total £	2023 Total £
Income from hires, catering etc.	-	228,034	228,034	160,450
Electric charging point income	-	11,644	11,644	1,530
In-house MIDAS training income	-	4,220	4,220	2,250
	-	243,898	243,898	164,230

Income received from other trading activities in the previous year was unrestricted.

6 Investments

	Restricted £	Unrestricted £	2024 Total £	2023 Total £
Bank Interest Received	-	42	42	-
Rental Income	-	32,382	32,382	31,882
	-	32,424	32,424	31,882

Income received from investments in the previous year was unrestricted.

7 Raising funds

	Restricted £	Unrestricted £	2024 Total £	2023 Total £
Lease of Equipment	-	832	832	832
Equipment Hire	-	669	669	-
Catering Costs	-	16,756	16,756	9,345
Function Licences	-	150	150	110
Function Entertainment	-	69,442	69,442	46,394
	-	87,849	87,849	56,681

Expenditure on raising funds in the previous year was unrestricted.

8 Charitable activities

	Restricted £	Designated £	Unrestricted £	2024 Total £	2023 Total £
Staff Costs (see note 11)	-	-	164,303	164,303	147,232
Heating and Lighting	-	-	35,524	35,524	25,227
Water Rates	-	-	5,784	5,784	4,057
Cleaning Materials	-	-	4,913	4,913	4,796
Refuse Collection Charges	-	-	2,085	2,085	1,615
Repairs and Maintenance	-	-	13,861	13,861	10,692
Small Purchases and Accessories	-	-	1,901	1,901	745
Depreciation	53,864	-	3,932	57,796	58,385
	53,864	-	232,303	286,167	252,749
Share of support costs	-	-	31,496	31,496	26,411
	53,864	-	263,799	317,663	279,160

Expenditure on charitable activities in the previous year totalled £252,749. £53,864 were attributable to restricted funds and £198,885 were attributable to unrestricted funds.

There were no repairs deemed chargeable to designated funds in 2024 (2023 - £nil).

9 Support costs

	Restricted £	Unrestricted £	2024 Total £	2023 Total £
Administration Costs	-	24,366	24,366	24,789
Governance Costs	-	7,130	7,130	1,622
	-	31,496	31,496	26,411

Administration costs greater than £1,000 include: insurance of £8,711 (2023 - £7,675), staff training of £346 (2023 - £1,300), advertising of £1,386 (2023 - £1,635), postage and stationery of £2,098 (2023 - £2,641), telephone of £3,343 (2023 - £2,526), licences of £5,283 (2023 - £4,386), credit charges of £1,418 (2023 - £1,217), subscriptions of £1,080 (2023 - £780), and sundry expenses of £199 (2023 - £1,919). Included in sundry expenses is the provision in-house MIDAS training courses at a cost totalling £199 (2023 - £1,318).

Governance costs included accountancy fees of £1,730 (2023 - £1,622) and professional fees of £5,400 (2023 - £nil). Accountancy fees represent the independent examiner's fee. There were no other services provided by the independent examiners.

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration, reimbursed expenses or expenses incurred on their behalf during the current or prior year.

11 Employees

	Restricted	Unrestricted	2024 Total	2023 Total
	£	£	£	£
Salaries	-	154,299	154,299	136,653
Social Security Costs	-	6,070	6,070	6,552
Staff Pension Scheme	-	3,934	3,934	4,027
	-	164,303	164,303	147,232

The average numbers of paid staff for the period were:

	2024	2023
Centre Manager	1	1
Operations Supervisor	1	-
Centre Assistants	5	5
	7	6

There were no employees whose annual remuneration was £60,000 or more.

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £3,934 (2023 - £4,027).

Pension contributions outstanding at the year end amounted to £801 (2023 - £nil).

12 Tangible fixed assets

	Leasehold Property	Mid Scale Arts Venue	Furniture & Fittings	Total
Cost	£	£	£	£
At 1 April 2023	764,360	286,609	179,754	1,230,723
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2024	764,360	286,609	179,754	1,230,723
Accumulated Depreciation				
At 1 April 2023	430,916	168,662	125,752	725,330
Charge for Period	36,718	12,754	8,324	57,796
Disposals	-	-	-	-
At 31 March 2024	467,634	181,416	134,076	783,126
Net Book Value				
At 31 March 2024	296,726	105,193	45,678	447,597
At 31 March 2023	333,444	117,947	54,002	505,393

Most of the tangible fixed assets have been financed by Restricted funds of £399,811 (note 18 - "Restricted funds") as detailed at note 20.

All tangible fixed assets are used for or to support charitable purposes. There were no capital commitments contracted for as at 31 March 2024 (2023 - £nil).

13 Debtors

	2024	2023
Amounts falling due within one year:	£	£
Trade Debtors	36,155	24,037
Other Debtors	7,439	2,289
	43,594	26,326

14 Creditors: amounts falling due within one year

	2024 £	2023 £
Energy Savings Trust Loan	2,124	2,124
Trade Creditors	4,106	410
Other Creditors	56,026	4,628
	62,256	7,162

15 Creditors: amounts falling due after more than one year

	2024 £	2023 £
Energy Savings Trust Loan	9,027	11,151
Amounts Repayable:		
Within 2 to 5 years	8,496	8,496
After 5 years	531	2,655
	9,027	11,151

16 Unrestricted funds

	2024 £
Fund at 1 April 2023	71,595
Income	314,993
Expenditure	(351,648)
Fund at 31 March 2024	34,940

Comparative	2023 £
Fund at 1 April 2022	83,130
Income	245,442
Expenditure	(281,977)
Transfer from Designated Funds	25,000
Fund at 31 March 2023	71,595

17 Designated funds

	2024 £
Fund at 1 April 2023	1,062
Income	-
Expenditure	-
Fund at 31 March 2024	1,062

Comparative	2023 £
Fund at 1 April 2022	26,062
Income	-
Expenditure	-
Transfer to Unrestricted Funds	(25,000)
Fund at 31 March 2023	1,062

The designated fund has been established to meet major repairs, renewals and maintenance which will be required to ensure the fabric of the building is maintained to a high standard.

18 Restricted funds

	Balance at 1 April £	Income £	Expenditure £	Transfers £	Balance at 31 March £
Community Centre	361,549	-	(42,348)	-	319,201
EB Scotland	19,200	-	(2,400)	-	16,800
Keep Scotland Beautiful	10,574	-	(1,322)	-	9,252
CARES Local Energy Scotland	31,305	-	(3,913)	-	27,392
Davidson Trust	22,400	-	(2,800)	-	19,600
Energy Savings Trust	5,847	-	(731)	-	5,116
Robertson Trust	2,800	-	(350)	-	2,450
Total	453,675	-	(53,864)	-	399,811

Comparative

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2023 £
Community Centre	403,897	-	(42,348)	-	361,549
EB Scotland	21,600	-	(2,400)	-	19,200
Keep Scotland Beautiful	11,896	-	(1,322)	-	10,574
CARES Local Energy Scotland	35,218	-	(3,913)	-	31,305
Davidson Trust	25,200	-	(2,800)	-	22,400
Energy Savings Trust	6,578	-	(731)	-	5,847
Robertson Trust	3,150	-	(350)	-	2,800
Total	507,539	-	(53,864)	-	453,675

Expenditure represents depreciation on capital spend.

The restricted fund relates to the company's Community Centre development comprising the leasehold property and mid scale arts venue. The fund also includes grants received in respect of capital improvements incurred in 2021 and 2022 as shown above. The capital improvements consist of upgrading both internal and external building lighting, including the mid scale arts venue to LED technology; installation of Solar PV (Photovoltaic) and battery storage to create the ability to generate green electricity; upgrade the heating system to a modern and more efficient technology; and certain items of furniture and fittings (note 12).

19 Analysis of net assets between funds

	Restricted Funds £	Unrestricted Funds £	Designated Funds £	Total Funds £
Fixed Assets	399,811	47,786	-	447,597
Current Assets	-	58,437	1,062	59,499
Current Liabilities	-	(62,256)	-	(62,256)
Long Term Liabilities	-	(9,027)	-	(9,027)
Total	399,811	34,940	1,062	435,813

Comparative

	Restricted Funds £	Unrestricted Funds £	Designated Funds £	Total Funds £
Fixed Assets	453,675	51,718	-	505,393
Current Assets	-	51,657	1,062	52,719
Current Liabilities	-	(20,629)	-	(20,629)
Long Term Liabilities	-	(11,151)	-	(11,151)
Total	453,675	71,595	1,062	526,332

20 Financial Commitments

At 31 March 2024 the charity was committed to making the following payments under non-cancellable operating leases:

	2024	2023
	£	£
Within one year	760	760
Between two and five years	1,330	2,090
	2,090	2,850

Total lease payments recognised as an expense amount to £760 (2023 - £760).

21 Members' liability

Every member of the Company undertakes to contribute such amount as may be required (not exceeding £1) to the Company's assets if it should be wound up while he is a member or within one year after he ceases to be a member for payment of the Company's debts and liabilities contracted before he ceases to be a member and of the cost, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves.

22 Control

The charity is controlled by the directors on behalf of the members of the charity.

23 Related party transactions

Total employee benefits paid by the charity in relation to key management personnel constituted:

	2024	2023
	£	£
Centre Manager	38,704	37,590

Total employee benefits disclosed include gross pay, employers national insurance contributions and employers pension contributions.

There are no other related party transactions to be disclosed.

24 Contingent liabilities

Certain grants received by the company are repayable should the company breach major underlying terms and conditions imposed by the relevant grant giving body.

25 Events after the reporting date

As highlighted in note 1.2, the directors continue to closely monitor the financial position of the charity, in particular securing ongoing funding subsidies through grant applications, and the impact of new global energy price increases. However those risks continue to be carefully monitored and action taken wherever possible to mitigate their effect on the charity.

The charity submitted a grant application of £50,000 to Nairn Common Good Fund in June 2024. The funding is required to support the Centre's financial position and allow it to continue to operate. It will augment the current operating income and support ongoing costs through to the end of the 2024 calendar year. The funding of £50,000 will support the increased salary costs due to paying the real living wage, increase in utility costs, and the increase in repairs due to an aging building.

At a Special Meeting of the Nairnshire Committee held on 24 June 2024 the grant application was approved for one-off emergency funding up to a maximum of £50,000 based on the significant importance for Nairn subject to the following conditions of grant:

1. The Grant award is agreed in principle subject to the applicant providing financial statements to a standard that meet with the satisfaction of the Council, which inter-alia clearly evidence the requirement for the release of grant funding to ensure the continuance of essential service provision. The release of funds only being actioned after being agreed by officers in consultation with the Nairnshire Committee.
2. The release of funds up to £50,000 also being dependent on the NCAC Management Board, agreeing in writing to commission a feasibility study (the Study) regarding establishing a sustainable management model for the NCAC the terms of which will be subject to the prior written approval of the Council. Compliance of any recommendations made by the Study, will be on a timescale at the discretion of the Council, the Council also reserving all its powers in respect of its ability to manage and control the premises occupied, being the Nairn Community and Arts Centre, and managed by the NCAC Management Board.
3. The Feasibility Study to be completed by 31st December 2024 and an evaluation report provided to the Council.

25 Events after the reporting date (continued)

Despite productive discussions with Creative Scotland throughout 2024, our application was unexpectedly declined in March. After discussions with Creative Scotland we were advised to resubmit our application taking cognisance of their suggested amendments to our application. The application was successful and was awarded a total of £33,802. The first tranche £25,352 of grant was received on 14 August 2024 with the final tranche £8,450 to be received on receipt and approval of end of project monitoring report on or before 10 October 2025. The grant is ring-fenced and can only be used for Arts Programme 2024/25 and developing a community 'Creative Hub'.

The charity submitted a grant application to the Davison Trust for the purchase of a new sound system at an estimated cost of £35,550. The Trustees advised our application was successful and have awarded a grant of £30,000 which was received on 7 August 2024. A grant application for the balance of £5,550 was submitted on 20 August 2024 to the Highland Council's Nairnshire Ward Discretionary Fund.

NAIRN COMMUNITY & ARTS CENTRE

THE FOLLOWING PAGE IS FOR THE USE OF MANAGEMENT ONLY

NAIRN COMMUNITY & ARTS CENTRE

For the Year ended 31 March 2024

	Restricted £	Designated £	Unrestricted £	2024 £	2023 £
INCOME					
Grants Received	-	-	13,179	13,179	33,325
Community Donations	-	-	492	492	1,005
Hires	-	-	109,794	109,794	87,408
Functions	-	-	88,492	88,492	54,665
Catering Sales	-	-	25,879	25,879	16,883
Rental Income	-	-	32,382	32,382	31,882
Nairn Community Transport	-	-	25,000	25,000	15,000
Electric Charging Point Income	-	-	11,644	11,644	1,530
In-house MIDAS Training Income	-	-	4,220	4,220	2,250
Sundry Income	-	-	3,869	3,869	1,494
Bank Interest Received	-	-	42	42	-
	-	-	314,993	314,993	245,442
EXPENDITURE					
Salaries	-	-	160,369	160,369	143,205
Staff Pension Scheme	-	-	3,934	3,934	4,027
Staff Clothing	-	-	356	356	535
Staff Training	-	-	346	346	1,300
Heating and Lighting	-	-	35,524	35,524	25,227
Water Rates	-	-	5,784	5,784	4,057
Cleaning Materials	-	-	4,913	4,913	4,796
Refuse Collection Charges	-	-	2,085	2,085	1,615
Repairs and Maintenance	-	-	13,861	13,861	10,692
Small Purchases and Accessories	-	-	1,901	1,901	745
Lease of Equipment	-	-	832	832	832
Equipment Hire	-	-	669	669	-
Catering Costs	-	-	16,756	16,756	9,345
Function Licences	-	-	150	150	110
Entertainment	-	-	69,442	69,442	46,394
Insurance	-	-	8,711	8,711	7,675
Advertising	-	-	1,386	1,386	1,635
Postage and Stationery	-	-	2,098	2,098	2,641
Telephone	-	-	3,343	3,343	2,526
Computer Costs	-	-	146	146	175
Professional Fees	-	-	5,400	5,400	-
Independent Examination Fee	-	-	1,730	1,730	1,622
Subscriptions	-	-	1,080	1,080	780
Licences	-	-	5,283	5,283	4,386
Credit Charges	-	-	1,418	1,418	1,217
Sundry Expenses	-	-	199	199	1,919
Depreciation	53,864	-	3,932	57,796	58,385
	53,864	-	351,648	405,512	335,841
DEFICIT FOR YEAR	(53,864)	-	(36,655)	(90,519)	(90,399)