

(Company Number - 219539)

(Charity Number - SC019425)

NAIRN MUSEUM LIMITED

DIRECTORS REPORT

AND

FINANCIAL STATEMENTS

For the year ended 31 March 2012



NAIRN MUSEUM LIMITED

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

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NAIRN MUSEUM LIMITED

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

COMPANY INFORMATION

DIRECTORS	Iain A Bain (Chairman) Kathleen J Barnett William Logan John C Urquhart Alan B Barron Ronald D Gordon Joan C Anderson Hazel A Macfarlane
TREASURER	Hazel A Macfarlane
PART-TIME MANAGER	Yvonne Cotter
CHARITY NUMBER	SC019425
COMPANY SECRETARY	Alan B Barron
COMPANY NUMBER	219539
REGISTERED OFFICE	Viewfield House Viewfield Drive Nairn IV12 4EE
COMPANY BANKERS	The Royal Bank of Scotland 20 High Street Nairn IV12 4AY
INDEPENDENT EXAMINER	Alex Stephen Chartered Public Finance Accountant 61 Dawson Drive Westhill AB32 6NS

NAIRN MUSEUM LIMITED

DIRECTORS' REPORT

*The Directors present their report and the financial statements
of the company for the year ended 31 March 2012*

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

GOING CONCERN

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.

PRINCIPAL ACTIVITY

The principal activity of the company is to advance and promote the education of the general public in a common effort to preserve the Nairn Museum for the inhabitants of Nairn and its environs.

DIRECTORS

The Directors who held office during the year ended 31 March 2012 were:

Iain A Bain
Kathleen J Barnett
William Logan
Alan B Barron
Ronald D Gordon
John C Urquhart
Joan C Anderson
Hazel A Macfarlane

The Directors are not required to retire by rotation.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the year. (2011/12 - £nil)

GOVERNING DOCUMENT

The organisation is a charitable company limited by guarantee, incorporated in Scotland on 24 May 2001. The charity number was transferred in 2001 from Nairn Museum, the former organisation, which was registered as a charity in the early 1980s. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

ORGANISATION AND DECISION MAKING /

NAIRN MUSEUM LIMITED

DIRECTORS' REPORT (Continued)

ORGANISATION AND DECISION MAKING

Nairn Museum is run by a Board of Directors of Nairn Museum Limited. The Directors are responsible for the management of the Nairn Museum collection.

Meetings are attended by Provost Laurie Fraser, Highland Council representative.

The Directors of the Museum are fully aware of the need to continue to update all the Museum records, with particular regard to registration work and disabled access, and have taken advice in respect of this and other matters, including conservation issues, from Scottish Museums Council staff. The Directors hold regular monthly meetings and receive reports at these meetings from the Honorary Treasurer and the Museum Manager.

ADMINISTRATION

The Directors employ a part-time manager. The Museum is run by the manager and by a group of volunteers who staff the reception desk and carry out numerous tasks associated with the day to day running of the Museum, including work on a comprehensive local photograph archive.

Apart from the part-time manager there is no administrative staff. The principal office bearers assist with administration and staff selection.

The manager is a paid part-time employee and receives a salary and expenses in accordance with the rules and regulations determined by the Directors.

POLICIES

The Directors have adopted appropriate Collection and Disposals Policies. These policies are reviewed annually or as required by Museums Galleries Scotland. The Directors have adopted the Child Protection Policy format which was devised by Highland Council. In 2006 the Directors adopted an Emergency Plan and in 2007 two further policies were adopted, the Recruitment of Ex Offenders Policy and the Storage, Handling, Use and Retention of Disclosure Information Policy.

ACTIVITIES

The Museum is currently pursuing the policy of running permanent exhibitions, reflecting local history, in five exhibition rooms. The Library Room is used to stage changing local history exhibitions that have encompassed a number of themes. Local groups have been encouraged to take part in the exhibitions and the Directors have also actively encouraged the participation of local people in the identification of photographs that are being built up into a substantial Local Archive that is being scanned on to a computer.

In addition, the Museum houses a successful children's area with children's educational toys and games, and a Family and Local History facility run in conjunction with Cawdor Heritage Group has been established in the area for over twenty years and is recognised as an educational charity. The Directors have agreed a more formal arrangement with the Cawdor Heritage Group for the mutual benefit of both organisations.

The Museum is actively engaged in outreach work with local schools and various other organisations and will be working with Nairn Academy and the Primary Schools on individual projects with outreach visits and visits to the Museum. The Museum has developed a series of "memories" boxes which are used by residential homes specialising in the care of the elderly in the area. There are two resource rooms available for educational projects and for use as additional exhibition rooms.

FINANCIAL REVIEW /

NAIRN MUSEUM LIMITED

DIRECTORS' REPORT (Continued)

FINANCIAL REVIEW

Visitor figures for 2012 (5,280) showed an decrease from the figures for 2011 (7,606). The Museum was open from the end of March until the end of October on a daily basis, with the exception of Sundays.

In 2011-2012 the Museum Directors have actively pursued all areas of alternative funding in order to keep the Museum open and accessible to the public for as long and as often as possible. There has been no increase in admission charges and the Museum has a range of items, for sale including books by local authors.

In addition, the Directors have reviewed all running costs associated with the Museum and will maintain links with local Trust bodies in order to supplement future funding.

Total income of £26,125 (2010/11 £32,379), a decrease of £6,254 on the previous year mainly as a result of well attended exhibitions in 2010/11. Total expenditure of £23,842 (2010/11 £28,055), a decrease of £4,214 on the previous year, mainly as a result of staff costs.

A surplus of £2,211 was achieved against a surplus in 2010/11 of £4,324.

The principal funding sources for the charity are currently by way of grant from Highland Council, donations, functions/sales and bank interest receivable. 57% of the Museum's revenue is in the form of a public sector grant, there is uncertainty concerning the continuance of this level of grant funding due to UK public sector spending cuts. The Directors are aware of the risk that this funding may be withdrawn/reduced and continue to closely monitor the situation.

The major expense continues to be staff wages and property costs.

FUTURE DEVELOPMENTS

Current policies are likely to be repeated in the next financial year, although the Museum Directors will review a number of fund raising activities. The Museum is housed in a building owned by the Highland Council and receives a service agreement payment also from the Highland Council. The Museum Directors have adopted the financial year in line with the Highland Council accounting period.

RISK MANAGEMENT

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.

INVESTMENT POLICY

Aside from retaining a prudent amount in reserves each year most of the charity's funds are to be spent in the short term so there are few funds for long term investment. The Directors have elected to place funds not required for day to day operations in a 1 year fixed bonds with the Royal Bank of Scotland.

RESERVES POLICY

The Unrestricted Reserve Fund represents funds arising from post operating results. It also represents the free reserves on the charity. The Directors are satisfied that the balance of the fund (£47,429) approximates to the equivalent of thirteen months operating expenditure, which is satisfactory given the revenue funding secured with the local authority and the contractual obligations to staff and the ongoing daily expenditure. The Directors have examined the requirement to maintain free reserves and concluded that the most appropriate level is at least twelve months of operational expenditure.

EXEMPTIONS

The report of the Directors has been prepared in accordance with the 2005 Charities SORP and of the Companies Act 2006 relating to small companies. Detail of audit exemption are detailed on page 6.

The Directors acknowledge these accounts have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

On behalf of the Board of Directors dated 1 September 2012

Alan B Barron
Director / Secretary



NAIRN MUSEUM LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

(Including INCOME AND EXPENDITURE ACCOUNT)

For the Year ended 31 March 2012

	<u>Note</u>	<u>Restricted Funds</u> £	<u>Unrestricted Funds</u> £	<u>2012 Total</u> £	<u>2011 Total</u> £
<u>INCOMING RESOURCES</u>					
Grants Received	2	451	14,561	15,012	16,062
Souvenir and Memento Sales		-	2,026	2,026	4,773
Fund Raising Income		-	1,285	1,285	1,273
Donations/Admission Charges		-	7,003	7,003	9,832
Interest Receivable		-	799	799	439
<u>TOTAL INCOMING RESOURCES</u>		<u>451</u>	<u>25,674</u>	<u>26,125</u>	<u>32,379</u>
<u>RESOURCES EXPENDED</u>					
Staff Costs	3	-	(11,578)	(11,578)	(14,145)
Stock for Resale		-	(1,129)	(1,129)	(1,213)
Exhibition Costs	4	(1,124)	(314)	(1,438)	(2,844)
Governance Costs	5	-	(771)	(771)	(1,053)
Support Costs	6	-	(8,898)	(8,898)	(8,800)
<u>TOTAL RESOURCES EXPENDED</u>		<u>(1,124)</u>	<u>(22,690)</u>	<u>(23,814)</u>	<u>(28,055)</u>
<u>NET MOVEMENT IN FUNDS</u>		<u>(673)</u>	<u>2,984</u>	<u>2,311</u>	<u>4,324</u>
<u>TOTAL FUNDS AT 1 APRIL 2011</u>	10 & 11	<u>2,371</u>	<u>44,445</u>	<u>46,816</u>	<u>42,492</u>
<u>TOTAL FUNDS AT 31 MARCH 2012</u>	10 & 11	<u>1,698</u>	<u>47,429</u>	<u>49,127</u>	<u>46,816</u>

All amounts derive from continuing activities.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

Movements in Funds are disclosed in Notes 10 to 12 in the financial statements.

The notes on pages seven to ten form part of the financial statements

NAIRN MUSEUM LIMITED

BALANCE SHEET

As at 31 March 2012

	<u>Note</u>	2012 £	2011 £
<u>FIXED ASSETS</u>			
Tangible Assets	8	<u>2,240</u>	<u>3,562</u>
<u>CURRENT ASSETS</u>			
Debtors	10	1,185	-
Cash in Hand		75	75
Cash at Bank		48,048	45,828
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	9	<u>(2,421)</u>	<u>(2,649)</u>
<u>NET CURRENT ASSETS</u>		<u>46,887</u>	<u>43,254</u>
<u>NET ASSETS</u>	13	<u>49,127</u>	<u>46,816</u>
<u>FUND BALANCES</u>			
Unrestricted Funds	11	47,429	44,445
Restricted Funds	12	1,698	2,371
<u>TOTAL FUNDS</u>	13	<u>49,127</u>	<u>46,816</u>

For the year ending 31/03/2012 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts 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 1 September 2012

Director
Iain A Bain



Director / Secretary
Alan B Barron



The notes on pages seven to ten form part of the financial statements

NAIRN MUSEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2012

1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently in dealing with items which are considered to be material to the financial statements for the year under review and the preceding year.

a) Basis of Preparation of Accounts

The financial statements are prepared in accordance with applicable accounting standards using the historical cost convention and in accordance with the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements reflect the requirements of the Statement of Recommended Practice: (SORP) Accounting and Reporting by Charities issued in March 2005, and comply with the Charity and Trustee Investment (Scotland) Act 2005 and in conjunction with the Charities Accounts (Scotland) Regulations 2006 and the Charities References in Documents (Scotland) Regulations 2007.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

b) Funds

The Funds of the Museum consist of the following:

(i) Unrestricted Funds

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

(ii) Restricted Funds

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

c) Incoming Resources

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

- (i)** Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.
- (ii)** 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.
- (iii)** The value of services provided by volunteers has not been included in these accounts.
- (iv)** Interest received is included when receivable.

d) Resources Expended

Expenditure is recognised on an accrual basis as a liability is incurred.

- (i)** All staff costs, governance costs and the majority of exhibition costs and support costs are items of expenditure allocated solely to unrestricted funds. Only the depreciation element for certain fixed assets is charged to restricted funds.
- (ii)** 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 management of the charity.
- (iii)** Support costs include all property and administration costs. The Directors have taken the view not to allocate these costs between restricted and unrestricted funds on the basis that the costs would have to be incurred by the charity whether it was in receipt of grants from the public sector or not.

e) Collections and Artefacts /

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 March 2012

e) **Collections and Artefacts**

Collections and artefacts in the possession and/or ownership of the Museum have not been included as fixed assets in the financial statements as is common practice within this sector of business.

f) **Depreciation**

Depreciation is provided at rates calculated to write off the cost of fixed tangible assets, less their estimated residual value, over their expected useful lives on the following basis:

Fixtures and Fittings	10% Straight Line Basis
Computer Equipment	Straight Line Basis over 3 Years

2. **GRANTS RECEIVED**

	Restricted	Unrestricted	2012 Total	2011 Total
	£	£	£	£
Highland Council	50	14,561	14,611	15,511
Creative Scotland (Receivable)	401	-	401	551
	<u>451</u>	<u>14,561</u>	<u>15,012</u>	<u>16,062</u>

3. **STAFF COSTS**

	Restricted	Unrestricted	2012 Total	2011 Total
	£	£	£	£
Wages and Salaries	-	8,931	8,931	11,499
Social Security Costs	-	2,647	2,647	2,646
	<u>-</u>	<u>11,578</u>	<u>11,578</u>	<u>14,145</u>

The average numbers of paid staff for the period were:

Part-time Manager	<u>1</u>	<u>1</u>
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No remuneration directly or indirectly out of the funds of the organisation was paid or repayable for the period to any director or to any person or persons known to be connected with any of them.

No reimbursement of expenses has been made or is due to be made to any of the directors in respect of the period.

4. **EXHIBITION COSTS**

	Restricted	Unrestricted	2012 Total	2011 Total
	£	£	£	£
General Exhibition Costs	451	204	655	1,911
Depreciation	674	109	783	933
	<u>1,125</u>	<u>313</u>	<u>1,438</u>	<u>2,844</u>

5. **GOVERNANCE COSTS /**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 March 2012

5. GOVERNANCE COSTS

	Restricted	Unrestricted	2012 Total	2011 Total
	£	£	£	£
Subscriptions	-	279	279	281
Accountancy Fees	-	203	203	199
Highland Museum Services	-	275	275	550
Disclosure Scotland	-	-	-	23
Other Governance Costs	-	14	14	-
	-	771	771	1,053

6. SUPPORT COSTS

	Restricted	Unrestricted	2012 Total	2011 Total
	£	£	£	£
Property Costs	-	4,583	4,583	4,790
Administration Costs	-	3,776	3,776	3,471
Depreciation	-	539	539	539
	-	8,898	8,898	8,800

7. TAXATION

As a charity, Nairn Museum Limited is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

8. TANGIBLE ASSETS

	Fixtures and Fittings	Computer Equipment	Total
<u>Cost</u>	£	£	£
At 1 April 2011	7,502	4,324	11,826
Additions	-	-	-
At 31 March 2012	7,502	4,324	11,826
<u>Accumulated Depreciation</u>			
At 1 April 2011	5,066	3,198	8,264
Charge for Year	598	724	1,322
At 31 March 2012	5,664	3,922	9,586
<u>Net Book Value</u>			
At 31 March 2012	1,838	402	2,240

All tangible fixed assets are used for or to support charitable purposes. There were no capital commitments contracted for as at 31 March 2012.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Other Creditors	2,421	2,649

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR/

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 March 2012

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Other Debtors	<u>1,185</u>	<u>-</u>

11 UNRESTRICTED FUNDS

	£
Fund at 1 April 2011	44,445
Income	25,674
Expenditure	(22,690)
Fund at 31 March 2012	<u>47,429</u>

12 RESTRICTED FUNDS

	£
Fund at 1 April 2011	2,371
Income	451
Expenditure	(1,124)
Fund at 31 March 2012	<u>1,698</u>

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Net Current Assets	<u>47,429</u>	<u>1,698</u>	<u>49,127</u>

14 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.

NAIRN MUSEUM LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the Year ended 31 March 2012

	<u>Restricted</u> <u>Funds</u> £	<u>Unrestricted</u> <u>Funds</u> £	<u>2012</u> <u>Total</u> £	<u>2011</u> <u>Total</u> £
<u>INCOME</u>				
Grants Received	451	14,561	15,012	16,062
Admission Charges and Friends	-	5,937	5,937	6,459
Sales	-	2,026	2,026	4,773
Donations	-	1,038	1,038	3,373
Fund Raising Income	-	1,285	1,285	1,273
Sundry Income	-	28	28	-
Bank Interest Received	-	799	799	439
	<u>451</u>	<u>25,674</u>	<u>26,125</u>	<u>32,379</u>
<u>EXPENDITURE</u>				
Wages and NI	-	11,578	11,578	14,145
Heating and Lighting	-	3,174	3,174	3,352
Postage, Stationery and Advertising	-	2,483	2,483	2,245
Telephone	-	715	715	676
Cleaning	-	399	399	678
Professional Fees	-	492	492	772
Insurance	-	294	294	283
Stock for Resale	-	1,129	1,129	1,213
Repairs and Maintenance	-	990	990	477
General Exhibition Expenses	-	206	206	1,910
Subscriptions	-	279	279	281
Sundry Expenses	450	303	753	550
Depreciation	674	648	1,322	1,473
	<u>1,124</u>	<u>22,690</u>	<u>23,814</u>	<u>28,055</u>
(DEFICIT) / SURPLUS FOR YEAR	<u>(673)</u>	<u>2,984</u>	<u>2,311</u>	<u>4,324</u>

NAIRN MUSEUM LIMITED

Independent Examiner's Report to the Directors on the Unaudited Financial Statements

I report on the financial statements for the year ended 31 March 2012 set out on pages 5 to 11.

Respective Responsibilities of Directors and Independent Examiner

As described on page 6, the company's directors are responsible for the preparation of the financial statements and they consider that the company is exempt from an audit.

The directors are also responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Charities References in Documents (Scotland) Regulations 2007. The directors 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.

In order to assist you to fulfil your statutory responsibilities, you have instructed me to undertake an independent financial review of the annual financial statements based on the accounting records maintained by the company and the information and explanations supplied to me.

Basis of Independent Examiner's Statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. 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 directors 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.

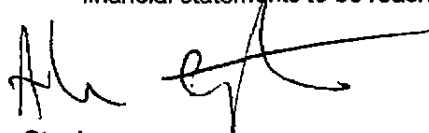
Independent Examiner's Statement

In the course of my examination, no matter has come to my attention

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - a) to keep accounting records in accordance with section 44 (1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
 - b) to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations and Regulation 4 of the 2007 Documents Regulations

have not been met, or

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



Alex Stephen
Chartered Public Finance Accountant

18 October 2012