

REGISTERED COMPANY NUMBER: SC091075 (Scotland)
REGISTERED CHARITY NUMBER: SC003287

REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2010
FOR
AN LANNTAIR LIMITED

FRIDAY



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COMPANIES HOUSE

CIB Audit
Statutory Auditor
63 Kenneth Street
Stornoway
Isle of Lewis
HS1 2DS

AN LANNTAIR LIMITED
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FOR THE YEAR ENDED 31 MARCH 2010

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AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2010. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC091075 (Scotland)

Registered Charity number

SC003287

Registered office

An Lanntair
Kenneth Street
Stornoway
Isle of Lewis
HS1 2DS

Trustees

J A Mackay	
A McCormack	
R Mackay	
Miss A Murray	- resigned 11.6.09
E Morrison	- resigned 9.10.09
A W Tearse	- resigned 28.10.09
C A Mackay	- appointed 28.10.09
A Macleod	- appointed 26.2.10
B D H Wilson	- appointed 28.10.09

Company Secretary

R Murray

Auditors

CIB Audit
Statutory Auditor
63 Kenneth Street
Stornoway
Isle of Lewis
HS1 2DS

Bankers

Clydesdale Bank plc
23 South Beach Street
Stornoway
Isle of Lewis
HS1 2BQ

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The organisation is a charitable company limited by guarantee, incorporated on 27 December 1984. 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.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The directors of the company are also charity trustees for the purposes of charity law. Under the requirements of the Memorandum and Articles of Association the directors are appointed at the Annual General Meeting. One third of the directors must retire by rotation at each Annual General Meeting.

The board aims to ensure that the challenges of a large organisation delivering an arts programme in a modern venue are met through the recruitment of directors with an interest in the arts who bring a broad range of skills and contacts within education, finance and local and national politics.

The charity intends to operate through a fit-for-purpose Board with committed and motivated staff resulting in significantly enhanced corporate governance.

Induction and training of new trustees

The charity undertakes training for trustees to ensure awareness and understanding of:-

- the responsibilities of directors;
- the organisational structure of the charity;
- the financial position of the charity; and
- the future plans and objectives of the charity.

Organisational structure

The Board consists of voluntary directors who manage the affairs of the charity through regular meetings. The charity has reviewed its corporate governance structure and has created a number of sub-committees to assist in the effective management of the organisation. Decisions from the Board and sub-committees are implemented by the senior management comprising Director, General Manager and Programme Manager. The charity appointed professional advisers to assist in the management of the construction of the new centre.

The commercial trading activities of An Lantair Limited are undertaken by a wholly owned subsidiary An Lantair Trading Limited.

Wider network

The charity has established links with other organisations and agencies to foster the aims and objectives of the organisation.

Related parties

The bar, cafe, restaurant and book and gift shop within the new arts centre are operated by a wholly owned subsidiary, An Lantair Trading Limited. Full details of the charity's subsidiary are included in note 14 to the financial statements.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to the operations and finances of the charity, and are satisfied that systems are in place to mitigate their exposure to the major risks.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010

OBJECTIVES AND ACTIVITIES

An Lantair Vision Statement

"We will be a beacon for artistic activity in the Western Isles, we will celebrate and encourage creativity in all its forms, we will be a genuine centre for our community, and we will represent and support Gaelic culture."

The vision encompasses the charity's three main areas of activity:-

- Visual Arts
- Performing Arts and Cinema
- Education and Outreach

It frames a commitment to excellence, diversity, access, inclusion, participation and cultural identity. It declares an intention to provide a better, more varied arts programme, accessed by more people, more often, to greater and deeper benefit.

Objectives and aims

The main objectives of the charity are:-

- To promote the study, practice and knowledge of the arts for the public benefit; and
- To present, promote, organise, provide, manage and produce exhibitions, films, recordings, broadcasts and entertainments whether on any premises of the organisation or elsewhere as are conducive to the promotion, maintenance, improvement and advancement of education or to the encouragement of the arts.

The charity aims to:-

- Present and represent the best of the visual and performing arts - locally, nationally and internationally.
- Provide variety and diversity, with an emphasis on quality.
- Provide opportunities to participate in the arts.
- Provide a forum and support infrastructure for local artists/artistes.
- Promote contemporary Gaelic culture.
- Educate, illuminate and inform.
- Challenge, inspire and entertain.
- Deliver an integrated education and outreach programme across a range of art forms.
- Engage and develop audiences.

Significant activities

The charity's efforts over recent years have resulted in it being awarded Foundation status by the Scottish Arts Council. This is a significant achievement by the organisation in the national context. Foundation status had originally meant an increased five year commitment in Scottish Arts Council revenue funding from 2007/2008, although with the advent of Creative Scotland, this is under review.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010

ACHIEVEMENT AND PERFORMANCE

Charitable activities

In progressing its aims and objectives, An Lanntair will:-

- Host touring exhibitions.
- Create, promote and tour original exhibitions.
- Deliver a performing arts programme of excellence across a range of art forms.
- Programme work that has relevance to the community.
- Develop relationships with key partners and arts providers (artists/artistes, organisations, education agencies, private companies and others who share our aspirations).
- Build community links through the arts.
- Respond to the artistic needs of the community.
- Represent, reflect and promote Gaelic arts.
- Encourage and support professional promotion of the performing arts in the Western Isles.
- Support and promote Western Isles artists/artistes on a national and international level.
- Encourage the personal development of local artists/artistes through collaboration and originating of new work and specific projects.
- Provide a platform for high quality performance.
- Promote equal opportunities and social inclusion within the arts programme.
- Promote under-represented art forms and social groups through programming.
- Promote the use of An Lanntair as a key education resource for the Western Isles.
- Programme work for children and young people.
- Provide creative learning opportunities.
- Provide a framework for educational and outreach activities.

The education and outreach programme will have four strategic development areas:

- **Arts Centre Programme** (ancillary to exhibitions, events happening at An Lanntair)
- **Formal Education Sector** (curriculum, creative links officers, cultural co-ordinators)
- **Outreach** (community halls, schools, gala days etc)
- **Social Inclusion** (day care centres, people with learning difficulties e.g. Ardseileach, Grianan).

Investment performance

The market value of the charity's equity investments has increased by 22% during the year to 31 March 2010.

Internal and external factors

Risk assessment policies and procedures have been agreed and implemented to mitigate the impact of factors which are outside the charity's control.

The corporate governance structure of the charity has been improved including the creation of Audit and Chairs sub-committees. Financial information systems and health and safety procedures have also been upgraded to reflect the increased activity levels of the organisations.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010

FINANCIAL REVIEW

Reserves policy

The board has established a policy that revenue expenditure each year should not exceed income. The charity is dependent upon the continuing support of its principal funders (Scottish Arts Council and Comhairle nan Eilean Siar) to continue the activities of the charity.

The charity's programme and funding historically have made it difficult to establish any surplus on general reserves.

The Board has examined the charity's requirements for reserves in light of the main risks to the charity. It considers that three to six months of the budgeted expenditure should be carried in unrestricted reserves which would equate to £160,000 to £320,000 for 2009/2010. The current level of unrestricted reserves falls significantly short of this level. The strategy is to build reserves through planned operating surpluses and the board is aware that the achievement of the target level of reserves is a long-term strategy.

During the year the charity's resources expended exceeded incoming resources resulting in net expenditure of £215,423 for the period (2009 - net expenditure of £254,990). Unrealised gains on the charity's investment at 31 March 2010 amounted to £25. This represents an increase of £38,108 in unrestricted funds and an overall decrease of £253,506 in restricted funds. The deficit on the general fund has been eliminated and unrestricted reserves now total £4,414.

Principal funding sources

The principal funders of the core arts programme of the charity for the year under review are:-

	£
Scottish Arts Council	390,870
Comhairle nan Eilean Siar	<u>73,000</u>
	<u>463,870</u>

Both organisations are committed to ongoing financial support in the future.

The results for the year and financial position of the charity are as shown in the annexed financial statements and further details can be found in the notes to the financial statements.

Investment policy and objectives

The historical financial constraints under which the charity has operated have not generated funds available for long-term investment. Surplus funds when available are placed on deposit with the charity's bankers.

The existing fixed asset investments represents funds received by way of a legacy and comprises equity stocks and shares listed on a recognised stock exchange.

FUTURE DEVELOPMENTS

Following significant board and staffing review and restructure, An Lantair will firmly establish itself as a significant venue for the performing and visual arts on an international stage, without in any way compromising its vitally important community benefit and investment. An Lantair will also fully exploit all opportunities for engagement with the commercial sector.

An Lantair will be at the forefront of developing the Gaelic language and culture through the medium of all art forms. It will also play a key role in developing the language through music and maintain partnerships with the Gaelic arts organisations and as a key venue for festivals/performance opportunities, such as Hebcelt.

It will also develop the relationship and partnership with Comhairle nan Eilean Siar (Western Isles Council) and lead in community outreach programming for the Western Isles that could lead to effective partnerships with both formal and informal sector deliverers, particularly in education across all art forms.

AN LANNTAIR LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of An Lanntair Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Charity law requires the trustees to prepare group financial statements for charity and its subsidiary undertakings. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for the year. In preparing those financial statements, the trustees 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 charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, CIB Audit, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

ON BEHALF OF THE BOARD:



R Mackay - Trustee

25 October 2010

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF
AN LANNTAIR LIMITED**

We have audited the group and charity financial statements of An Lanntair Limited for the year ended 31 March 2010 consolidated statement of financial activities, the consolidated and parent charity balance sheets and the related notes.

The financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and, in respect of the group financial statements, to the charity's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an 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 charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities on page six.

We have been appointed auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Report of the Trustees is consistent with those financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept proper accounting records, if the charitable company's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity and other members of the group is not disclosed.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available to Small Entities, in the circumstances set out in note 24 to the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF
AN LANNTAIR LIMITED

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 March 2010 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
the parent charitable company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent charitable company's affairs as at 31 March 2010;
- The financial statements have been properly prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Report of the Trustees is consistent with the financial statements.



Calum Macdonald (Senior Statutory Auditor)

for and on behalf of CIB Audit

Statutory Auditor

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

63 Kenneth Street

Stornoway

Isle of Lewis

HS1 2DS

27 October 2010

AN LANNTAIR LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	Unrestricted funds £	Restricted funds £	31.3.10 Total funds £	31.3.09 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	529,119	26,211	555,330	525,566
Activities for generating funds	3	478,029	1	478,030	484,078
Investment income	4	-	4	4	1,251
Incoming resources from charitable activities					
Arts programme	5	118,463	-	118,463	113,728
Total incoming resources		1,125,611	26,216	1,151,827	1,124,623
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	6	474,114	-	474,114	532,277
Charitable activities					
Charitable expenditure	7	631,723	279,747	911,470	858,206
Governance costs	8	5,566	-	5,566	7,045
Total resources expended		1,111,403	279,747	1,391,150	1,397,528
NET INCOME/(EXPENDITURE) FOR THE YEAR		14,208	(253,531)	(239,323)	(272,905)
Unrealised gains/losses on investment assets		-	25	25	(435)
Net movement in funds		14,208	(253,506)	(239,298)	(273,340)
RECONCILIATION OF FUNDS					
Total funds brought forward		(86,011)	5,102,970	5,016,959	5,290,299
TOTAL FUNDS CARRIED FORWARD		(71,803)	4,849,464	4,777,661	5,016,959

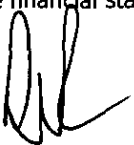
The notes form part of these financial statements

AN LANNTAIR LIMITED

**CHARITY AND CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 2010**

		31.3.10		31.3.09	
		Group	Charity	Group	Charity
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	13	4,975,330	4,975,330	5,215,741	5,215,741
Investments	14	<u>140</u>	<u>141</u>	<u>115</u>	<u>116</u>
		4,975,470	4,975,471	5,215,856	5,215,857
CURRENT ASSETS					
Stocks		22,265	96	25,606	81
Debtors: amounts falling due within one year	15	40,488	52,203	34,285	26,835
Cash at bank and in hand		<u>17,793</u>	<u>15,061</u>	<u>12,068</u>	<u>4,649</u>
		80,546	67,360	71,959	31,565
CREDITORS					
Amounts falling due within one year	16	(229,296)	(139,894)	(220,499)	(127,789)
NET CURRENT ASSETS/(LIABILITIES)		(148,750)	(72,534)	(148,540)	(96,224)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,826,720	4,902,937	5,067,316	5,119,633
CREDITORS					
Amounts falling due after more than one year	17	(49,059)	(49,059)	(50,357)	(50,357)
NET ASSETS/(LIABILITIES)		<u>4,777,661</u>	<u>4,853,878</u>	<u>5,016,959</u>	<u>5,069,276</u>
FUNDS	21				
Unrestricted funds		(71,803)	4,414	(86,011)	(33,694)
Restricted funds		<u>4,849,464</u>	<u>4,849,464</u>	<u>5,102,970</u>	<u>5,102,970</u>
TOTAL FUNDS		<u>4,777,661</u>	<u>4,853,878</u>	<u>5,016,959</u>	<u>5,069,276</u>

The financial statements were approved by the Board of Trustees on 25 October 2010 and were signed on its behalf by:



R Mackay -Trustee

The notes form part of these financial statements

AN LANNTAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2010**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

The results of An Lantair have been consolidated on a line by line basis in the Statement of Financial Activities and the Balance Sheet. No separate Statement of Financial Activities or Income and Expenditure Account have been presented for the charity alone as permitted by paragraph 397 of the Statement of Recommended Practice.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:-

- Voluntary income is received by way of grants, donations and membership fees and is included in full in the Statement of Financial Activities when receivable. Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.
- Grants receivable are credited to the Statement of Financial Activities when receivable where entitlement is not conditional on the delivery of a specific performance by the charity. Grants related to performance and specific activities are accounted for when the charity has completed the related undertakings. Grants received which are related to capital expenditure are held within restricted funds and are utilised to fund the future depreciation of the related capital expenditure.
- Activities for generating funds includes incoming resources from fundraising activities which are accounted for when earned.
- Incoming resources from charitable activities includes income from events which are accounted for when earned.
- Investment income is accounted for in the period the charity is entitled to receipt.

Resources expended

Expenditure is accounted for on an accruals basis as a liability is incurred and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Allocation and apportionment of costs

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. estimated usage.

Cost of generating funds

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its objects and activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. The allocation of direct and support costs are analysed in the notes to the financial statements.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

AN LANNTAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land and buildings	- 4% on cost and - no depreciation on land
Plant and machinery etc	- 20% on cost

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £100 are not capitalised.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the statement of financial activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Financial Activities as incurred.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable for the year are charged in the Statement of Financial Activities.

Investments

Investments held as fixed assets are revalued at the balance sheet date and any gains or losses are taken to the Statement of Financial Activities.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

2. VOLUNTARY INCOME

	31.3.10	31.3.09
	£	£
Donations	400	50
Grants	552,402	516,763
Membership fees	2,528	2,868
Insurance claim	-	<u>5,885</u>
	<u>555,330</u>	<u>525,566</u>

Grants received, included in the above, are as follows:

	31.3.10	31.3.09
	£	£
Scottish Arts Council	420,840	392,070
Comhairle nan Eilean Siar	97,745	46,637
Highlands and Islands Special Transitional Programme	-	56,993
The Robertson Trust	5,000	-
The Hugh Fraser Foundation	2,000	-
Lloyds TSB Foundation for Scotland	7,775	7,538
Scottish Natural Heritage	-	5,670
Acair	-	750
The Islands Book Trust	-	1,000
Heritage Lottery Fund	2,512	4,105
Hebridean Celtic Festival	-	2,000
Claire Duffield Foundation	6,530	-
Highland Council	<u>10,000</u>	<u>-</u>
	<u>552,402</u>	<u>516,763</u>

3. ACTIVITIES FOR GENERATING FUNDS

	31.3.10	31.3.09
	£	£
Fundraising	28,016	16,094
Commercial trading operations	<u>450,014</u>	<u>467,984</u>
	<u>478,030</u>	<u>484,078</u>

4. INVESTMENT INCOME

	31.3.10	31.3.09
	£	£
Listed investments	-	-
Deposit account interest	<u>4</u>	<u>1,251</u>
	<u>4</u>	<u>1,251</u>

All investment income arises from assets held within the UK.

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Activity	31.3.10	31.3.09
		£	£
Events	Arts programme	<u>118,463</u>	<u>113,728</u>

6. COSTS OF GENERATING FUNDS

	31.3.09	31.3.09
	£	£
Fundraising expenses	1,635	3,755
Trading costs of the subsidiary	<u>472,479</u>	<u>528,522</u>
	<u>474,114</u>	<u>532,277</u>

7. CHARITABLE ACTIVITIES COSTS

	Arts Programme £	Capital fund £	Total 31.03.10 £	Total 31.03.09 £
Direct Costs				
Staff costs	347,785	-	347,785	345,482
Exhibitions	16,945	-	16,945	11,634
Events	47,384	-	47,384	47,369
Cinema rental and costs	33,287	-	33,287	29,179
Education and outreach projects	63,210	-	63,210	49,029
Marketing and development	23,436	-	23,436	22,558
Training costs	1,636	-	1,636	753
Repairs and maintenance	17,860	658	18,518	22,018
Computer and website expenses	1,020	-	1,020	2,159
Legal and professional fees	1,265	-	1,265	2,285
Depreciation	2,778	277,566	280,344	273,665
Finance costs	5,643	-	5,643	3,052
	<u>562,249</u>	<u>278,224</u>	<u>840,473</u>	<u>809,183</u>
Support costs				
Light and heat	16,469	-	16,469	1,787
Insurance	11,061	1,523	12,584	9,636
Telephone, fax and internet	6,226	-	6,226	4,804
Postages, stationery and advertising	6,978	-	6,978	6,285
Recruitment expenses	-	-	-	799
Travel expenses	1,040	-	1,040	294
Cleaning expenses	27,224	-	27,224	23,227
Publications and subscriptions	425	-	425	613
General charges	51	-	51	1,578
	<u>69,474</u>	<u>1,523</u>	<u>70,997</u>	<u>49,023</u>
Total	<u>631,723</u>	<u>279,747</u>	<u>911,470</u>	<u>858,206</u>

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

8. GOVERNANCE COSTS

	31.3.10	31.3.09
	£	£
Accountancy	1,156	2,845
Auditors' remuneration	4,410	<u>4,200</u>
	<u>5,566</u>	<u>7,045</u>

9. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.3.10	31.3.09
	£	£
Auditors' remuneration	4,410	4,200
Depreciation - owned assets	279,947	273,665
Depreciation - assets on hire purchase contracts and finance leases	<u>397</u>	<u>-</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2010 nor for the year ended 31 March 2009.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 March 2010 nor for the year ended 31 March 2009.

11. STAFF COSTS

	31.3.10	31.3.09
	£	£
Wages and salaries	528,929	562,904
Social security costs	41,694	44,772
Other pension costs	<u>9,823</u>	<u>8,693</u>
	<u>580,446</u>	<u>616,369</u>

The average number of employees during the year was 41 (2009 - 43).

No employees had emoluments in excess of £60,000 (2009 - Nil).

12. SUMMARY RESULTS OF CHARITY

The summary results of the charity are as follows:

	31.3.10	31.3.09
	£	£
Total incoming resources	701,813	656,593
Total resources expended	<u>(917,236)</u>	<u>(911,583)</u>
Net incoming/(outgoing) resources	(215,423)	(254,990)
Unrealised gains/(losses) on investment assets	<u>25</u>	<u>(435)</u>
Net movement in funds	(215,398)	(255,425)
Funds brought forward	<u>5,069,276</u>	<u>5,324,701</u>
	<u>4,853,878</u>	<u>5,069,276</u>

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

13. TANGIBLE FIXED ASSETS – Group and Charity

	Freehold land £	Arts Centre £	Fixtures and fittings £	Office equipment £	Totals £
COST					
At 1 April 2009	122,386	5,995,950	136,652	47,279	6,302,267
Additions	-	237	10,962	28,732	39,931
At 31 March 2010	122,386	5,996,187	147,614	76,011	6,342,198
DEPRECIATION					
At 1 April 2009	-	947,306	101,103	38,115	1,086,524
Charge for year	-	239,847	28,272	12,225	280,344
At 31 March 2010	-	1,187,153	129,375	50,340	1,366,868
NET BOOK VALUE					
At 31 March 2010	122,386	4,809,034	18,239	25,671	4,975,330
At 31 March 2009	122,386	5,048,644	35,549	9,164	5,215,743

Loan interest of £237 has been capitalised during the year ended 31 March 2010. The total interest capitalised to that date is £14,705.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Office equipment £
COST	
At 1 April 2009	1,986
DEPRECIATION	
At 1 April 2009	397
NET BOOK VALUE	
At 31 March 2010	1,589
At 31 March 2009	-

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Listed investments £	Totals £
MARKET VALUE			
At 1 April 2009 and 31 March 2010	<u>1</u>	<u>11,463</u>	<u>11,464</u>
PROVISION			
Provision b/f	-	11,348	11,348
Provision for year	-	(25)	(25)
At 31 March 2010	-	<u>11,323</u>	<u>11,323</u>
NET BOOK VALUE			
At 31 March 2010	<u>1</u>	<u>140</u>	<u>141</u>
At 31 March 2009	<u>1</u>	<u>115</u>	<u>116</u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

An Lanntair Trading Limited

Nature of business: Bar and catering

	%		
Class of share:	holding		
Ordinary	100		
		31.3.10	31.3.09
		£	£
Aggregate capital and reserves		(76,216)	(52,316)
Profit/(loss) for the year		(23,901)	(17,915)

A summary of the trading results is given below. The information is taken from the audited accounts of An Lanntair Trading Limited.

	31.03.10 £	31.03.09 £
Sales	450,014	511,972
Expenses	<u>473,915</u>	<u>529,887</u>
Net (loss)/profit	<u>(23,901)</u>	<u>(17,915)</u>
 Assets	 31,223	 40,394
Liabilities	<u>(107,439)</u>	<u>(92,710)</u>
Net Assets	<u>(76,216)</u>	<u>(52,316)</u>

An Lanntair continues to provide financial support to An Lanntair Trading Limited through the challenging period being encountered in establishing the bar and catering operations of the centre. Management have implemented future strategies to eliminate the deficit on the general fund.

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

14. FIXED ASSET INVESTMENTS - continued

Market value at 31 March 2010 is represented by:

	Shares in group undertakings £	Listed investments £	Totals £
Valuation at 31 March 2010	-	140	140
Cost at 31 March 2010	1	-	1
	<u>1</u>	<u>140</u>	<u>141</u>

Listed investments at market value comprised:

	31.03.10 £	31.03.09 £
Equities	140	115
Fixed interest securities	-	-
	<u>140</u>	<u>115</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.10		31.3.09	
	Group £	Charity £	Group £	Charity £
Trade debtors	14,915	9,508	15,083	8,123
Group debtors	-	18,037	-	-
Other debtors	1,329	414	1,252	762
Grants receivable	3,659	3,659	705	705
Recoverable taxation	1,907	1,907	1,906	1,906
VAT	13,800	13,800	12,039	12,039
Prepayments and accrued income	<u>4,878</u>	<u>4,878</u>	<u>3,300</u>	<u>3,300</u>
	<u>40,488</u>	<u>52,203</u>	<u>34,285</u>	<u>26,835</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.10		31.3.09	
	Group £	Charity £	Group £	Charity £
Bank loans and overdrafts	65,626	38,762	95,237	49,711
Other loans	1,619	1,619	915	915
Trade creditors	101,848	62,015	43,219	22,737
Other creditors	9,715	2,320	4,747	549
Tax and social security	30,374	15,064	29,938	7,434
Accruals	<u>20,114</u>	<u>20,114</u>	<u>46,443</u>	<u>46,443</u>
	<u>229,296</u>	<u>139,894</u>	<u>220,499</u>	<u>127,789</u>

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.10	31.3.09
	£	£
Bank loans - 1-2 years	-	1,272
Other loans - 1-2 years	1,008	960
Other loans - 2-5 years	3,338	3,179
Other loans more 5yrs instal	43,779	44,946
Hire purchase	934	-
	<u>49,059</u>	<u>50,357</u>

Amounts falling due in more than five years:

Repayable by instalments:		
Other loans more 5yrs instal	<u>43,779</u>	<u>44,946</u>

18. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	31.3.10	31.3.09
	£	£
Expiring:		
Within one year	1,596	-
Between one and five years	4,788	-
	<u>6,384</u>	<u>-</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.10	31.3.09
	£	£
Bank loans	<u>1,224</u>	<u>11,190</u>

Comhairle nan Eilean Siar have provided guarantees for 70% of the loan of £50,000 advanced by The Royal Bank of Scotland under the Business Loan Scheme.

A standard security over the Louise Carnegie site, Kenneth Street, Stornoway, Isle of Lewis has been granted to the Scottish Arts Council as part of the funding agreement for the new Arts Centre.

Comhairle nan Eilean Siar have provided loan funds as part of their revenue funding for 2008/2009. The funds advanced in this regard at 31 March 2010 were £49,085 (2009 - £50,000) and this balance is included in Other Loans. An Lannfair Limited has provided a disposition to Comhairle nan Eilean Siar in respect of 1/5 of the land on which the arts centre is built.

20. PENSION COMMITMENTS

The charity operates a defined contribution pension scheme. At the balance sheet date unpaid contributions of £4,227 (2009 - £4,306) were due to the scheme and are included in other creditors and accrued expenses.

AN LANNTAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

21. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	31.3.10 Total funds £	31.3.09 Total funds £
Fixed assets	7,662	4,967,668	4,975,330	5,215,741
Investments	-	140	140	115
Current assets	78,560	1,986	80,546	71,959
Current liabilities	(157,091)	(72,205)	(229,296)	(220,499)
Long term liabilities	(934)	(48,125)	(49,059)	(50,357)
	<u>(71,803)</u>	<u>4,849,464</u>	<u>4,777,661</u>	<u>5,016,959</u>

22. MOVEMENT IN FUNDS

	At 1.4.09 £	Net movement in funds £	Transfers between funds £	At 31.3.10 £
Unrestricted funds				
General fund	(40,195)	40,886	(3,938)	(3,247)
General fund - Equipment and Fittings	<u>6,501</u>	<u>(2,778)</u>	<u>3,938</u>	<u>7,661</u>
	(33,694)	38,108	-	4,414
Subsidiary trading company	<u>(52,317)</u>	<u>(23,900)</u>	-	<u>(76,217)</u>
	(86,011)	14,208	-	(71,803)
Restricted funds				
Capital and development fund	5,102,970	(253,506)	-	4,849,464
TOTAL FUNDS	<u>5,016,959</u>	<u>(239,298)</u>	<u>-</u>	<u>4,777,661</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	675,597	(634,711)	-	40,886
General fund - Equipment and Fittings	-	<u>(2,778)</u>	-	<u>(2,778)</u>
	675,597	(637,489)	-	38,108
Subsidiary trading company	<u>450,014</u>	<u>(473,914)</u>	-	<u>(23,900)</u>
	1,125,611	(1,111,403)	-	14,208
Restricted funds				
Capital and development fund	26,216	(279,747)	25	(253,506)
TOTAL FUNDS	<u>1,151,827</u>	<u>(1,391,150)</u>	<u>25</u>	<u>(239,298)</u>

AN LANNTAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010

22. MOVEMENT IN FUNDS - continued

FUNDS

General fund - Arts Programme

The general fund represents unrestricted funds which the trustees are free to use in accordance with the charitable objects.

General fund - Equipment and Fittings

This represents unrestricted funds designated by the trustees to assist with the purchase of equipment and fittings.

Capital and development fund

This represents the funds raised from various organisations to assist in the building of a new arts centre. The recent tranches of funding agreed included a recognition of the costs of establishing the bar and catering functions. The support provided by the charity is charged to restricted funds.

Transfers between funds

An amount of £3,938 was transferred from unrestricted funds to designated funds in respect of equipment and fittings purchased through the General fund during the year.

23. RELATED PARTY DISCLOSURES

An Lantair Trading Limited is a wholly owned trading subsidiary of An Lantair Limited which operates the bar, cafe, restaurant and book and gift shop within the new arts centre.

During the year ended 31 March 2010 An Lantair Limited made sales of £Nil (2009 - £19,987) to An Lantair Trading Limited and purchased services of £Nil (2009 - £7,547) from An Lantair Trading Limited. The amount owed to An Lantair Limited by its subsidiary at 31 March 2010 was £18,037 (2009 - Nil).

Assistance of £Nil (2009 - £43,942) has been provided as support for An Lantair Trading Limited in establishing the bar and catering operations.

An Lantair Limited has provided a guarantee of £30,000 in respect of the overdraft facilities advanced to An Lantair Trading Limited by the Clydesdale Bank.

24. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

25. LIMITED BY GUARANTEE

The company is limited by guarantee and has no share capital. The liability of each member in the event of the company being wound up is restricted to £1.

26. PERMANENT ENDOWMENTS

The charity does not have any permanent endowments.