(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 2026

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	Robert Ferenth Michael J Mitchell Alastair G M Forsyth Jemma G Galbraith Jennifer F Herbert Peter D Saggers
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

NAIRN COMMUNITY & ARTS CENTRE

DIRECTORS' REPORT

The directors present their annual report and unaudited financial statements for the year ended 31 March 2026.

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 2025 to the date the financial statements were approved were as follows:

Michael J Mitchell
Peter D Saggers
Robert Ferenth
Alastair G M Forsyth
Jennifer F Herbert
Lee Cruickshank (resigned 9 February 2026)
Jemma G Galbraith (appointed 10 March 2026)

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 December 2024. 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.

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 number directors shall not exceed twelve. Where immediately prior to an Annual General Meeting there are two vacancies on the board of directors, there shall be no requirement for any director to retire. Where there is one vacancy, the longest serving director shall retire at that meeting. Where there are no vacancies, the two longest serrving directors shall retire. All retiring directors shall be eligible for re-election.

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 2026 saw the charity's eighteenth full year in the new Community Centre. The scale of charges, which were in line with the previous facility and policy, are reviewed annually and increased in line with inflation. For the current year the inflationary increase became effective from 1 April 2025. This reaffirms the Board's commitment to make the Community Centre affordable to the many local community groups. A review of office rental income was undertaken by Allied Surveyors in 2024/25 who assessed the rents currently charged in comparison to fair market rents. The current income arising from tenants is £35,677. In the opinion of Allied Surveyors, the market rent would be £36,900. The current rents represent 97% of deemed market value.

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. There is no increase on the £25,000 for the 2025/26 financial year, however the fee will be reviewed annually to ensure cost recovery continues to be achieved.

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 eighteenth full year of operations in the new Community Centre and the directors are greatly indebted to the Nairn Community, Nairn Common Good 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.

Investment, transport, donations, revenue grants and trading activity income streams for the year totalled £426,714 compared with £444,974 in 2024/25. The income received in the current reported year is down by £18,260 on that of 2024/25. Donations were down from £48,182 to £29,832, a fall of £18,350, however encouragingly other trading activities have increased by £14,245 from £285,189 to £299,434. Charitable activities have fallen by £15,282 from £77,053 to £61,771. The bulk of the charitable activities comprises revenue grants, which due to their nature, can fluctuate between years.

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. 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. The total drawdown of funds requested and subsequently paid by the Nairn Common Good Fund was £45,064. £32,253 is included in revenue grants in 2024/25 with the remainder of £12,811 carried forward against committed expenditure incurred in 2025/26 financial year. Of this sum, £4,129 was revenue and £8,682 was capital.

FINANCIAL REVIEW (Continued)
One of conditions for the award of grant was the commissioning of a Feasibility Study. The Feasibility Study was undertaken by J Waugh MA(Hons) FCA of Garrion Consulting with report passed to Highland Council. The Study highlighted projected cash at bank is heavily reliant on grant funding being received - for 2026 this is estimated at £41,000, for 2027 £44,000 and for 2028 £48,000. This grant funding is based on the premise that Highland Council would be prepared to fund the Centre's utility costs, in line with other organisations that receive funding from Highland Council, towards running their facilities. The Council has confirmed that they will not grant fund the utility costs on the basis that this decision would set a precedent.

Restricted grant funding totalling £18,662 was received in the year. The grants received are for capital improvements and consist of £4,140 from the Davidson Trust for the completion of new upgraded sound equipment; £5,840 from Creative Scotland for the completion of the new Creative Hub space; £8,682 from Nairn Common Good for the installation of new blinds in the Centre's foyer and improvements to the Croileagan room.

Expenditure for the year totalled £454,088, slightly up on the previous year by £1,396. This compares to expenditure costs of £452,692 incurred in 2024/25. 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 very encouraging at 32%, however was a decrease from the 36% margin achieved in the previous year. After heating and lighting expenditure increased by £3,479 to £39,003 in 2024/25, due to the capital investment highlighted below the cost has reduced to £33,641 in 2025/26. However due to the current conflicts in Ukraine and the Middle East the volatilty in the energy market is likely to lead to higher energy costs in the future.

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.

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 Regeneration 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. During 2026/27 the figures will be updated to take account of inflation and price increases. Included in the building works £0.746m is a cost of £0.570m for the urgent replacement of the roof. Initial design faults and 18 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.

In 2025, the Centre completed Zero Waste Scotland/Energy Efficient Scotland recommendations in reducing energy efficient initiatives. There are 3 elements to the project, all designed to reduce electricity costs within the Centre. The first was for works to the heating system (wi-fi enabled thermostatic valves). The second was the installation of 3 destratification units in the theatre/main hall. The third and final project element was the installation of PIR (passive infrared) sensors in various parts of the building.

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 element of the annual depreciation charge of £62,795. 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, community donations and revenue grants.

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

RESERVES POLICY (Continued)

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 £124,708 (2025 - £89,213) which includes general Unrestricted Funds of £123,646 (2025 - £88,151), and Designated Funds of £1,062 (2025 - £1,062), approximates to 4 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 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 £365,404 (2025 - £409,537).

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 15 June 2026

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 2026, which are set out on pages 7 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

27/7/26

NAIRN COMMUNITY & ARTS CENTRE

STATEMENT OF FINANCIAL ACTIVITIES

(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2026

	Note	Restricted Funds £	Designated Funds £	Unrestricted Funds £	2026 Total £	2025 Total £
INCOME FROM:						
Donations and legacies	3	-	-	29,832	29,832	48,182
Charitable activities	4	18,662	-	61,771	80,433	147,708
Other trading activities	5	-	-	299,434	299,434	285,189
Investments	6	-	-	35,677	35,677	34,550
TOTAL INCOME		18,662	-	426,714	445,376	515,629
EXPENDITURE ON:						
Raising funds	7	-	-	(98,692)	(98,692)	(94,301)
Charitable activities	8 & 9	(62,795)	-	(292,601)	(355,396)	(358,391)
TOTAL EXPENDITURE		(62,795)	-	(391,293)	(454,088)	(452,692)
Net income/(expenditure) for the year		(44,133)	-	35,421	(8,712)	62,937
Transfer Between Funds		-	-	-	-	-
NET MOVEMENT IN FUNDS		(44,133)	-	35,421	(8,712)	62,937
RECONCILIATION OF FUNDS						
TOTAL FUNDS AT 1 APRIL 2025		409,537	1,062	88,151	498,750	435,813
TOTAL FUNDS AT 31 MARCH 2026	19	365,404	1,062	123,572	490,038	498,750

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 2026

	Note	2026 #	2025 £
FIXED ASSETS			
Tangible Assets	12	408,437	454,583
CURRENT ASSETS			
Debtors	13	14,785	22,024
Cash at Bank and in Hand		95,135	91,978
TOTAL CURRENT ASSETS		109,920	114,002
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(23,540)	(62,932)
NET CURRENT ASSETS		86,380	51,070
TOTAL ASSETS LESS CURRENT LIABILITIES		494,817	505,653
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(4,779)	(6,903)
NET ASSETS	19	490,038	498,750
FUNDS OF THE CHARITY			
Unrestricted Funds	16	123,572	88,151
Designated Funds	17	1,062	1,062
Restricted Funds	18	365,404	409,537
TOTAL FUNDS	19	490,038	498,750

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 2026.

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 15 June 2026

Michael J Mitchell
Director

The notes on pages nine 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.

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 £66,285 and the carrying value of fixed assets at the year end amounts to £408,437.

3 Donations and legacies

	Restricted	Unrestricted	2026 Total	2025 Total
	£	£	£	£
Community Donations	-	29,832	29,832	48,182

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

4 Charitable activities

	Restricted	Unrestricted	2026 Total	2025 Total
	£	£	£	£
Government Grants				
Community Regeneration Fund	-	-	-	32,060
Highland Council	-	4,748	4,748	5,550
Other Grants				
Creative Scotland	5,840	18,706	24,546	7,185
Davidson Trust	4,140	-	4,140	25,860
National Lottery Community Fund	-	-	-	9,000
Touring Network	-	-	-	3,000
Nairn Common Good	8,682	4,129	12,811	32,253
Hugh Fraser Foundation	-	6,000	6,000	6,000
Arnold Clark Community Fund	-	-	-	300
Friends of Highland Music	-	-	-	1,000
Co-op Food Group Community Fund	-	2,188	2,188	500
Benefact Group	-	1,000	1,000	-
Operating Support				
Nairn Community Transport	-	25,000	25,000	25,000
	18,662	61,771	80,433	147,708

Income received on charitable activities in the previous year totalled £147,708: £70,655 were attributable to restricted funds and £77,053 were attributable to unrestricted funds.

5 Other trading activities

	Restricted	Unrestricted	2026 Total	2025 Total
	£	£	£	£
Income from hires, catering, etc.	-	277,254	277,254	265,806
Electric charging point income	-	6,570	6,570	8,597
50/50 Club income	-	12,746	12,746	9,146
In-house MIDAS training income	-	2,864	2,864	1,640
	-	299,434	299,434	285,189

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

6 Investments

	Restricted £	Unrestricted £	2026 Total £	2025 Total £
Rental Income	-	35,677	35,677	34,550

Income received from investments in the previous year was unrestricted.

7 Raising funds

	Restricted £	Unrestricted £	2026 Total £	2025 Total £
Lease of Equipment	-	1,631	1,631	1,111
Equipment Hire	-	413	413	755
Catering Costs	-	16,824	16,824	15,713
50/50 Club Prizes	-	6,832	6,832	3,358
Function Licences	-	210	210	140
Function Entertainment	-	72,782	72,782	73,224
	-	98,692	98,692	94,301

Expenditure on raising funds in the previous year was unrestricted.

8 Charitable activities

	Restricted £	Designated £	Unrestricted £	2026 Total £	2025 Total £
Staff Costs (see note 11)	-	-	185,642	185,642	186,751
Heating and Lighting	-	-	33,641	33,641	39,003
Water Rates	-	-	8,472	8,472	9,398
Cleaning Materials	-	-	4,327	4,327	5,343
Refuse Collection Charges	-	-	2,658	2,658	2,559
Repairs and Maintenance	-	-	21,047	21,047	15,376
Small Purchases and Accessories	-	-	1,354	1,354	857
Depreciation	62,795	-	3,490	66,285	64,546
	62,795	-	260,631	323,426	323,833
Share of support costs	-	-	31,970	31,970	34,558
	62,795	-	292,601	355,396	358,391

Expenditure on charitable activities in the previous year totalled £323,833. £60,929 were attributable to restricted funds and £262,904 were attributable to unrestricted funds.

There were no repairs deemed chargeable to designated funds in 2026 (2025 - £nil).

9 Support costs

	Restricted £	Unrestricted £	2026 Total £	2025 Total £
Administration Costs	-	27,288	27,288	25,008
Governance Costs	-	4,682	4,682	9,550
	-	31,970	31,970	34,558

Administration costs greater than £1,000 include: insurance of £9,786 (2025 - £8,680), staff training of £200 (2025 - £1,344), postage and stationery of £917 (2025 - £2,140), telephone £2,029 (2025 - £2,507), licences of £6,840 (2025 - £6,421), credit charges of £2,572 (2025 - £1,618), subscriptions £1,440 (2025 - £1,200), in-house MIDAS training costs £2,426 (2025 - £407).

Governance costs included accountancy fees of £2,040 (2025 - £1,950) and professional fees of £2,642 (2025 - £7,600). 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.

Jennifer Herbert hires facilities in the Centre under the name of Mellow Yellow. The total hires in 2025/26 was £5,178. There was an outstanding balance owed to the Centre at 31 March 2026 of £1,816. The outstanding balance at the date of signing the accounts on 15 June 2026 was £910.

11 Employees

	Restricted £	Unrestricted £	2026 Total £	2025 Total £
Salaries	-	170,074	170,074	173,806
Social Security Costs	-	10,263	10,263	8,217
Staff Pension Scheme	-	5,305	5,305	4,728
	-	185,642	185,642	186,751

The average numbers of paid staff for the period were:	2026	2025
Centre Manager	1	1
Centre Co-ordinator/Operations Supervisor	1	1
Centre Assistants	6	5
	8	7

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 £5,305 (2025 - £4,728).

Pension contributions outstanding at the year end amounted to £3,076 (2025 - £1,110).

12 Tangible fixed assets

	Leasehold Property	Mid Scale Arts Venue	Furniture & Fittings	Total
Cost	£	£	£	£
At 1 April 2025	764,360	286,609	251,286	1,302,255
Additions	-	-	20,139	20,139
Disposals	-	-	-	-
At 31 March 2026	764,360	286,609	271,425	1,322,394
Accumulated Depreciation				
At 1 April 2025	504,352	194,170	149,150	847,672
Charge for Period	36,718	12,754	16,813	66,285
Disposals	-	-	-	-
At 31 March 2026	541,070	206,924	165,963	913,957
Net Book Value				
At 31 March 2026	223,290	79,685	105,462	408,437
At 31 March 2025	260,008	92,439	102,135	454,582

Most of the tangible fixed assets have been financed by Restricted funds of £365,404 (note 18 - "Restricted funds") as detailed at note 19.

All tangible fixed assets are used for or to support charitable purposes. There were no capital commitments contracted for as at 31 March 2026 (2025 - £19,424).

13 Debtors

Amounts falling due within one year:	2026 £	2025 £
Trade Debtors	7,187	15,833
Other Debtors	7,598	6,191
	14,785	22,024

14 Creditors: amounts falling due within one year

	2026	2025
	£	£
Energy Savings Trust Loan	2,124	2,124
Trade Creditors	1,037	18,603
Other Creditors	20,379	42,205
	23,540	62,932

15 Creditors: amounts falling due after more than one year

	2026	2025
	£	£
Energy Savings Trust Loan	4,779	6,903
Amounts Repayable:		
Within 2 to 5 years	4,779	6,903

16 Unrestricted funds

	2026
	£
Fund at 1 April 2025	88,151
Income	426,714
Expenditure	(391,293)
Fund at 31 March 2026	123,572

Comparative

	2025
	£
Fund at 1 April 2024	34,940
Income	444,974
Expenditure	(391,763)
Fund at 31 March 2025	88,151

17 Designated funds

	2026
	£
Fund at 1 April 2025	1,062
Income	-
Expenditure	-
Fund at 31 March 2026	1,062

Comparative

	2025
	£
Fund at 1 April 2024	1,062
Income	-
Expenditure	-
Fund at 31 March 2025	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	276,853	-	(42,348)	-	234,505
EB Scotland	14,400	-	(2,400)	-	12,000
Keep Scotland Beautiful	7,930	-	(1,322)	-	6,608
CARES Local Energy Scotland	23,479	-	(3,913)	-	19,566
Davidson Trust	40,074	4,140	(5,800)	-	38,414
Energy Savings Trust	4,385	-	(731)	-	3,654
Robertson Trust	2,100	-	(350)	-	1,750
Community Regenration Fund	28,854	-	(3,206)	-	25,648
Creative Scotland	6,467	5,840	(1,302)	-	11,005
Highland Council	4,995	-	(555)	-	4,440
Nairn Common Good	-	8,682	(868)	-	7,814
Total	409,537	18,662	(62,795)	-	365,404

Comparative

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2025 £
Community Centre	319,201	-	(42,348)	-	276,853
EB Scotland	16,800	-	(2,400)	-	14,400
Keep Scotland Beautiful	9,252	-	(1,322)	-	7,930
CARES Local Energy Scotland	27,392	-	(3,913)	-	23,479
Davidson Trust	19,600	25,860	(5,386)	-	40,074
Energy Savings Trust	5,116	-	(731)	-	4,385
Robertson Trust	2,450	-	(350)	-	2,100
Community Regenration Fund	-	32,060	(3,206)	-	28,854
Creative Scotland	-	7,185	(718)	-	6,467
Highland Council	-	5,550	(555)	-	4,995
Total	399,811	70,655	(60,929)	-	409,537

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. 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. Grants received in 2025 are for capital improvements and consist of new upgraded sound equipment; installation of wi-fi enabled radiator valves; installation of destratification units in the theatre/main hall reducing heating requirements; installation of PIR sensors in varuios parts of the building; and repurposing the former Youth Café into a new Creative Hub space. Grants received in 2026 are for capital improvements and consist of the completion of new upgraded sound equipment; completion of the new Creative Hub space; installation of new blinds in the Centre's foyer; and improvements to the Croileagan room. All of the 2025 and 2026 capital improvements are included in furniture and fittings (note 12).

19 Analysis of net assets between funds

	Restricted Funds £	Unrestricted Funds £	Designated Funds £	Total Funds £
Fixed Assets	365,404	48,033	-	413,437
Current Assets	-	108,858	1,062	109,920
Current Liabilities	-	(23,540)	-	(23,540)
Long Term Liabilities	-	(4,779)	-	(4,779)
Total	365,404	128,572	1,062	495,038

Comparative

	Restricted Funds £	Unrestricted Funds £	Designated Funds £	Total Funds £
Fixed Assets	409,537	45,046	-	454,583
Current Assets	-	112,940	1,062	114,002
Current Liabilities	-	(62,932)	-	(62,932)
Long Term Liabilities	-	(6,903)	-	(6,903)
Total	409,537	88,151	1,062	498,750

20 Financial Commitments

At 31 March 2026 the charity was committed to making the following payments under non-cancellable operating leases:

	2026	2025
	£	£
Within one year	2,189	2,189
Between two and five years	5,391	7,580
	7,580	9,769

Total lease payments recognised as an expense amount to £2,189 (2025 - £2,189).

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:

	2026	2025
	£	£
Centre Manager	44,561	41,381

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.

NAIRN COMMUNITY & ARTS CENTRE

THE FOLLOWING PAGE IS FOR THE USE OF MANAGEMENT ONLY

NAIRN COMMUNITY & ARTS CENTRE

For the Year ended 31 March 2026

	Restricted £	Designated £	Unrestricted £	2026 £	2025 £
INCOME					
Grants Received	18,662	-	36,771	55,433	122,708
Community Donations	-	-	29,832	29,832	48,182
Hires	-	-	142,358	142,358	122,178
Functions	-	-	104,089	104,089	113,794
Catering Sales	-	-	27,107	27,107	24,952
Rental Income	-	-	35,677	35,677	34,550
Nairn Community Transport	-	-	25,000	25,000	25,000
50/50 Club Income	-	-	12,746	12,746	9,146
Electric Charging Point Income	-	-	6,570	6,570	8,597
In-house MIDAS Training Income	-	-	2,864	2,864	1,640
Sundry Income	-	-	3,700	3,700	4,882
	18,662	-	426,714	445,376	515,629
EXPENDITURE					
Salaries	-	-	180,337	180,337	182,023
Staff Pension Scheme	-	-	5,305	5,305	4,728
Staff Clothing	-	-	159	159	394
Staff Training	-	-	200	200	1,344
Heating and Lighting	-	-	33,641	33,641	39,003
Water Rates	-	-	8,472	8,472	9,398
Cleaning Materials	-	-	4,327	4,327	5,343
Refuse Collection Charges	-	-	2,658	2,658	2,559
Repairs and Maintenance	-	-	21,047	21,047	15,376
Small Purchases and Accessories	-	-	1,354	1,354	857
Lease of Equipment	-	-	1,631	1,631	1,111
Equipment Hire	-	-	413	413	755
Catering Costs	-	-	16,824	16,824	15,713
Function Licences	-	-	210	210	140
Entertainment	-	-	72,782	72,782	73,224
50/50 Club Prizes	-	-	6,832	6,832	3,358
Insurance	-	-	9,786	9,786	8,680
Advertising	-	-	429	429	297
Postage and Stationery	-	-	917	917	2,140
Telephone	-	-	2,029	2,029	2,507
Professional Fees	-	-	2,642	2,642	7,600
Independent Examination Fee	-	-	2,040	2,040	1,950
Subscriptions	-	-	1,440	1,440	1,200
Licences	-	-	6,840	6,840	6,421
Credit Charges	-	-	2,572	2,572	1,618
In-house MIDAS Traing Costs	-	-	2,426	2,426	407
Sundry Expenses	-	-	490	490	-
Depreciation	62,795	-	3,490	66,285	64,546
	62,795	-	391,293	454,088	452,692
SURPLUS / (DEFICIT) FOR YEAR	(44,133)	-	35,421	(8,712)	62,937