NEW LANARK TRADING LIMITED

REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2026

Company Registration Number SC047195
Charity Number SC050735

NEW LANARK TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 January 2026

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NEW LANARK TRADING LIMITED

DIRECTORS' ANNUAL REPORT

For the year ended 31 January 2026

The directors, who are also trustees for the purposes of charity law, have pleasure in presenting their report and the financial statements of the company for the year ended 31 January 2026, prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, 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) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objects

The object for which the charity is established is the advancement of heritage by giving support to, contributing to, and participating in, (by means both of direct involvement or providing financial support) all of the objects of New Lanark Trust, as the Trust may from time to time determine, specifically (but without limitation) in relation to the buildings and grounds in New Lanark occupied or used by the charity.

Activities

The company seeks to achieve these objects by the operation of a visitor attraction with related activities that include generation of hydro-electricity (which it uses onsite, selling any excess to the main grid), the operation of a café and retail premises and the operation of New Lanark Mill Hotel including eight self-catering units known as the Waterhouse, and the Wee Row Hostel.

ACHIEVEMENTS AND PERFORMANCE

The site fully reopened after the Covid pandemic in May 2021 and the focus has been on trying to recover from the long period of having no trading whatsoever.

Trading in the hotel continues to improve and, at the time of signing these accounts, the leisure facility has returned to profitable trading. However, the hotel has suffered in terms of the ability to attract and retain kitchen staff which, the directors understand, is an issue that is common within the hotel sector.

Efforts have been made throughout the year to schedule in regular events in an effort to increase visitor numbers. Most notable of these was the Christmas pantomime and Santa grottos.

In the retail shop an effort has been made to reduce stock levels and to concentrate on higher quality, higher margin items and to promote retail wool more robustly.

NEW LANARK TRADING LIMITED

DIRECTORS' ANNUAL REPORT

For the year ended 31 January 2026

FINANCIAL REVIEW

The charity recorded a deficit for the year of £156,694 (2025: deficit £271,477). Total income amounted to £4,343,238 (2025: £4,270,268) and total expenditure amounted to £4,499,932 (2025: £4,541,745) including intercompany loan write back of £Nil (2025: write back of £80,320), all of which was attributable to unrestricted funds. As at the year end, the balance on unrestricted general funds amounted to a deficit of £1,762,578 (2025: deficit £1,605,884).

The directors of the company and the trustees of New Lanark Trust acknowledge that the company has been operating in very difficult trading circumstances for five years and that this has resulted in a significant cumulative deficit and an insolvent balance sheet at the year end. They are confident that the improved trading circumstances and the strategic changes will continue to drive revenues up and help the charity move back to a profitable position and solvent balance sheet.

Investment Policy

New Lanark Trading Limited operates a Treasury Management Policy to maximise interest on the charity's funds, using low risk investments. Surplus funds are deposited only with banks or building societies that have been approved by the Board of Directors, who continually monitor investment risk in respect of these deposits.

Reserves policy

It is anticipated that any surplus income at the close of the account will be transferred to New Lanark Trust. As such, the company has no requirement to hold reserves.

Risk management

A comprehensive Risk Register, covering all aspects of New Lanark's activities, is maintained and regularly reviewed by the Board of Trustees. Trustees seek to assess the likelihood of any adverse event and seek to mitigate any impact such an event might have on New Lanark Trading Limited.

The Trustees and Senior Management consider that the key risks and uncertainties for New Lanark Trading Limited are:-

Risk Description – a return of a Covid pandemic
Strategy to manage risk 1. A comprehensive programme of deep cleaning in both office areas and public areas **2.** Actively seeking to expand the hydro turbine scheme to generate revenues that are not staff dependent and, even with a Covid pandemic, could generate similar revenues for the company

Risk Description – another turbine failure
Strategy to manage risk 1. The implementation of a structured maintenance plan for the refurbished turbine to ensure that any mechanical issues are dealt with in a timely manner

Risk Description – a failure to generate sufficient funds to return the company to profitable trading
Strategy to manage risk 1. The introduction of a year-round marketing plan to drive visitor numbers and raise the profile of the retail offering

Risk Description – Staff turnover threatening the stability of the hotel and leisure operations
Strategy to manage risk 1. This is being mitigated with regular training being provided and the General Manager being back in post for two and a half years and stability returning to the operation.

Risk Description – Cost of living increases affecting customer spend adversely in hotel and leisure.
Strategy to manage risk 1. This is being mitigated by regular menu changes to attract more restaurant spend and a constant monitoring of food and beverage margins.

PLANS FOR THE FUTURE

The directors will continue to seek to maximise the income generated from New Lanark Trading Limited in carrying out the principal activities described in the Activities section of the report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The organisation is a charitable company limited by shares, incorporated on 15 January 1970, company number SC047195. It was recognised by the Office of the Scottish Charity Regulator as a charity on 1 February 2021, charity number SC050735. The company was established under a Memorandum of Association, which sets out 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 the amount, if any, unpaid on the shares held by them. The company is a wholly owned subsidiary of New Lanark Trust, charity number SC008552.

Recruitment and Appointment of Directors

The directors of the company are also charity trustees for the purposes of charity law and, under the charity's Articles, are known as the Board of Directors.

Unless otherwise determined by ordinary resolution of the charity, the number of Directors shall be a minimum of three and there shall be no maximum number.

The following persons only shall be eligible for appointment and to hold office as Directors of the charity:

(a) The Trustees for the time being of the Trust
(b) Any persons whose proposed appointment has been approved by the Trustees or any relevant Committee of Trustees of the Trust

The charity may by ordinary resolution appoint a person who is eligible and willing so to act to be a Director either to fill a vacancy or as an additional Director.

Directors' Induction and Training
Most of the directors are very familiar with the practical work of the charity. A Directors' Pack was distributed to all directors at the first meeting of New Lanark Trading Limited.

The Directors' Pack contains a copy of:

- Certificate of Incorporation of the Private Limited Company
- Memorandum and Articles of New Lanark Homes Limited
- Standing Orders
- Inter-Group Agreement between New Lanark Homes Limited and New Lanark Trust
- Code of Conduct information for Board Members

New directors are also provided with a copy of the Directors' Pack to familiarise themselves with the charity and the context within which it operates. The chairperson of the Board of Directors and the Managing Director carry out a 'questions and answers session' for the new directors.

Pay and Remuneration of Key Personnel
Senior and Operational Management staff are remunerated in line with industry norms along with any increments set out at time of recruitment, or awarded as a result of any additional training, qualifications or responsibility. Otherwise, increments are usually limited to annual cost of living increases across all pay scales. New Lanark Trading Limited operates a Defined Contribution pension scheme, open to employees over 25 years of age after three years' service. For most eligible staff the employee's contribution is matched by the employer up to a maximum of 5%. Otherwise, the Auto-Enrolment schemes are available to all employees in line with statutory requirements.

Organisation structure
The charity is administered by a Board of Trustees, who make the strategic decisions that shape the direction of the charity, and all of whom give their support to the charity on a voluntary basis. The Trustees appoint the Chief Executive and other Senior Management staff, who are responsible for the day-to-day running of the charity.

Related Parties
New Lanark Trading Limited is part of a group with parent entity New Lanark Trust and fellow subsidiary undertakings New Lanark Homes Limited, New Lanark Hotels Ltd and Snow Newco Limited, none of which traded during the year. New Lanark Trading Limited works closely with these other group entities to restore and preserve the historic UNESCO inscribed World Heritage village of New Lanark.

NEW LANARK TRADING LIMITED

DIRECTORS' ANNUAL REPORT

For the year ended 31 January 2026

REFERENCE AND ADMINISTRATIVE INFORMATION

DIRECTORS:	Mr C D Ford	
KEY MANAGEMENT PERSONNEL:	Andrew Park	Assistant Catering Manager
	Clare Healy	Commercial Manager – Retail & Textiles
	Robynne McFetridge	Café Manager – Mill Café and Event Catering within Visitor Attraction
	John Stirrat	Head of Operations
	Richard Surgenor	Food & Beverage Manager

REGISTERED OFFICE AND OPERATING ADDRESS:

Mill Number Three
New Lanark Mill
Lanark
Lanarkshire
ML11 9DB

REGISTERED NUMBER: SC047195

CHARITY NUMBER: SC050735

SENIOR STATUTORY AUDITOR: Kevin Cattanach

INDEPENDENT AUDITORS:
Whitelaw Wells
9 Ainslie Place
Edinburgh
Midlothian
EH3 6AT

BANKERS:
Santander UK Plc
Bridle Road
Bootle
Merseyside
L30 4GB

SOLICITORS:
DWF LLP
No 2 Lochrin Square
96 Fountainbridge
Edinburgh
EH3 9QA

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report of the directors and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, for the financial period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and 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.

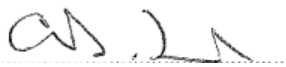
Statement as to Disclosure of Information to Auditors

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

This report has been prepared in accordance with the provision of Part 15 of the Companies Act 2006 applicable to small companies.

A resolution to re-appoint Whitelaw Wells as auditors for the ensuing year will be proposed.

Approved by the directors on 27 October 2026 and signed on their behalf by:



C Ford
Director

NEW LANARK TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS

For the year ended 31 January 2026

Opinion

We have audited the financial statements of New Lanark Trading Limited (the 'charitable company') for the year ended 31 January 2026, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 January 2026 and of its incoming resources and application of the resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Material uncertainty related to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw attention to notes 1.8 and 18 in the financial statements. As at the balance sheet date, the charity had made a deficit on unrestricted general funds of £156,694 for the year ended 31 January 2026, net current liabilities of £1,698,558 and net total liabilities of £1,762,578 but, as described at note 1.8, has received pledged support from its charitable parent entity. These conditions indicate the existence of a significant material uncertainty which casts doubt about the charity's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, included in the report of the trustees'.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' annual report;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors (who are also trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error.

From enquiries of those charged with governance, it was determined that the risk of material misstatement from fraud was low with little scope for fraud to occur. Our audit testing is designed to detect material misstatements from fraud where there is not high level collusion.

Our audit testing was designed to detect material misstatements from other irregularities that result from error where there is not high level concealment of the error. In this regard the following audit work was undertaken: applicable laws and regulations were reviewed and discussed with management; senior management meeting minutes were reviewed; internal controls were reviewed; detailed testing was carried out on income, expenditure and all balance sheet items in line with our testing plan and journals were reviewed. From this audit testing it was determined that the risk of material misstatement in this regard was low.

We carried out income testing and expenditure testing which was designed to identify any irregularities as a result of simple mistakes or human error. From this audit testing it was determined that the risk of material misstatement in this regard was low.

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

NEW LANARK TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS

For the year ended 31 January 2026

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and the trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Cattanach
Senior Statutory Auditor
for and on behalf of Whitelaw Wells, Statutory Auditors
9 Ainslie Place
Edinburgh
EH3 6AT

27 October 2026

Whitelaw Wells is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

NEW LANARK TRADING LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 January 2026

	Note	Unrestricted Funds £	Restricted Funds £	Total 2026 £	Total 2025 £
Income and endowments from:					
Charitable activities	3	4,343,238	-	4,343,238	4,269,932
Investments		-	-	-	336
Total income		4,343,238	-	4,343,238	4,270,268
Expenditure on:					
Charitable activities	4	4,499,932	-	4,499,932	4,622,065
Intercompany loan (write back)		-	-	-	(80,320)
Total expenditure		4,499,932	-	4,499,932	4,541,745
Net (expenditure) and movement in funds for the year	6	(156,694)	-	(156,694)	(271,477)
Reconciliation of funds:					
Total funds at 1 February 2025	14	(1,605,884)	-	(1,605,884)	(1,334,407)
Total funds at 31 January 2026	14	(1,762,578)	-	(1,762,578)	(1,605,884)

The company has no recognised gains or losses other than the results for the year as set out above.

All activities are classed as continuing.

The notes on pages 15 to 26 form part of the financial statements.

NEW LANARK TRADING LIMITED

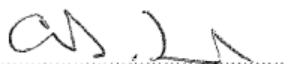
BALANCE SHEET

As at 31 January 2026

	Notes	2026 £	2025 £
CURRENT ASSETS			
Stocks	8	61,469	93,711
Debtors	9	116,218	119,742
Cash at bank and in hand		11,118	72,511
		188,805	285,964
CREDITORS			
Amounts falling due within one year	10	(1,887,363)	(1,811,780)
NET CURRENT (LIABILITIES)		(1,698,558)	(1,525,816)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,698,558)	(1,525,816)
CREDITORS			
Amounts falling due after more than one year	11	(64,020)	(80,068)
NET (LIABILITIES)	15	(1,762,578)	(1,605,884)
Funds			
Called up share capital	13	100	100
General funds		(1,762,678)	(1,605,984)
	14	(1,762,578)	(1,605,884)

These accounts are prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The financial statements were approved by the Board of Directors and authorised for issue on 27 October 2026 and were signed on its behalf by:



C Ford
Director

The notes on pages 15 to 26 form part of the financial statements.

NEW LANARK TRADING LIMITED

CASH FLOW STATEMENT

For the year ended 31 January 2026

	2026 £	2025 £
Cash flows from operating activities:		
Net cash (used in) operating activities below	(61,393)	(83,602)
Change in cash and cash equivalents in the reporting period	(61,393)	(83,602)
Cash and cash equivalents brought forward	72,511	156,113
Cash and cash equivalents carried forward	11,118	72,511

ANALYSIS OF CASH AND CASH EQUIVALENTS

	2026 £	2025 £
Instant access bank deposits	11,118	72,511

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2026 £	2025 £
Net (expenditure) for the year (as per Statement of Financial Activities)	(156,694)	(271,477)
Adjusted for:		
Decrease in stock	32,242	114,257
Decrease in debtors	3,524	35,674
Increase in creditors	59,535	37,944
Net cash (used in) operating activities	(61,393)	(83,602)

1. ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements have been prepared in accordance with 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 (FRS102) (effective 1 January 2019) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity.

The charitable company is a wholly owned subsidiary of New Lanark Trust, the consolidated accounts of which are publicly available on request.

The functional and presentational currency of the financial statements is the Pound Sterling (£) and amounts are rounded to the nearest £.

1.2 Income

All income is included in the Statement of Financial Activities when the charity has entitlement and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Donations and income from investments are included in full in the Statement of Financial Activities when receivable.
- Income from charitable activities is received by the way of grants and contracts for services. Where entitlement is not conditional on the delivery of a specific performance by the charity, income is recognised when the charity becomes unconditionally entitled. Where related to performance and specific deliverables, income is accounted for as the charity earns the right to consideration by its performance.
- Income from other trading activities represents entry to a visitor centre, hydroelectric power income, retail shop sales, the provision of catering, excluding value added tax. Income from the visitor centre and shop is recognised at the point of sale. Other income is recognised in the period in which the goods and services were provided. Income from the hotel operations represents net invoiced sales of accommodation, food, beverages, and the provision of a leisure facility, excluding value added tax. It is recognised in the period in which the goods or services were provided.

1.3 Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. Expenditure includes any VAT which cannot be fully recovered and is reported as part of expenditure to which it relates.

- Expenditure on raising funds comprises those costs incurred by the charity in the delivery of its activities. It comprises both costs that can be allocated directly to such activities and those of an indirect nature necessary to support them, including governance costs. Indirect costs are allocated based on staff time.
- Governance costs are those costs associated with meeting constitutional and statutory requirements, including audit fees and costs linked to the strategic management of the charity.

1. Accounting policies (continued)

1.4 Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.5 Pensions

The company operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable are charged to the Statement of Financial Activities in the year they are payable.

1.6 Funds

Unrestricted funds are those funds which are expendable at the discretion of the directors in furtherance of the charity's objectives. Where part of an unrestricted fund is allocated by the directors for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only and does not legally restrict the directors' discretion to apply the fund.

Restricted funds are funds to be used for specific purposes as laid down by the funder, although still within the wider objects of the charity. Expenditure that meets these criteria is charged to the fund together with a fair allocation of support costs.

1.7 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, including loans from parent entity, since there are repayable on demand.

1.8 Going concern

The charity relies upon retail and hotel income from outside sources in order to meet its day to day working capital requirements. The Directors have prepared financial projections until the end of October 2027. The income projections are based upon past trading performances together with reasonable estimates of other income that is projected, whilst expenditure forecasts are based upon known fixed costs together with reasonable estimates of expected costs based on prior experience. These projections indicate that the charity should increase the surplus position for the forthcoming year and will be able to operate within their available facilities.

The Directors continue to review all costs of the organisation and ensure that these are kept to a minimum. They also continue to consider ways to increase the future funding of the charity both through improving income streams.

Financial projections have been prepared until the end of October 2027 on a prudent basis. The Directors have no reason to believe that their principal income sources will be materially reduced, or that the existing cost base will increase significantly and have prepared the projections on this basis. The parent entity, New Lanark Trust, has pledged support to the charity. Based upon these assumptions, they are of the opinion that the charity should again be in a position to ensure that all expenditure is covered by income receivable during the year.

1. Accounting policies (continued)

The charity's free reserves have been decreasing over the past years due to the impact of Covid-19. On the basis of the projections, the charity's results since the financial year end, the continued support of the parent charity, if required, the Directors consider that the charity will be able to meet its liabilities as they fall due. The financial statements do not include any adjustments that would result if the company was unable to operate within the available facilities.

The accounts have been prepared on the going concern basis. The Trustees are of the opinion that the charity can continue to meet its obligations as they fall due. The operating climate and cash flow financing continues to be challenging. Further detail on this is contained in note 18.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand. In the cash-flow statement, cash and cash equivalents are shown net of any bank overdrafts.

1.10 Stocks

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

1.11 Debtors

Debtors are recognised at the statement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

1.12 Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

1.13 Provisions

Provisions are recognised where the company has a present obligation as a result of a past event, it is probable the company will be required to settle the obligations, and a reliable estimate can be made of the obligations. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1. Accounting policies (continued)

1.14 Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

In preparing the financial statements, trustees make estimates and assumptions which affect reporting results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. Critical judgements made in preparing these financial statements comprise; the timing of recognition of income in accordance with Charities SORP FRS102 and the valuation of stock, including the estimation of net realisable value, assessment of slow-moving or obsolete items.

2. TAXATION

The company has charitable status and so is exempt from corporation tax on its charitable activities.

3. INCOME FROM CHARITABLE ACTIVITIES

PRIMARY PURPOSE TRADING	**Total 2026 £**	**Total 2025 £**
Catering sales	394,990	378,380
Shop sales	227,438	181,297
Wool sales	-	159,409
Ice Cream sales	-	38,533
Hydro-Electric Power	446,036	433,932
Car Park income	40,059	40,539
Tours and admissions	432,337	407,386
Hotel accommodation	1,202,710	1,138,099
Waterhouse accommodation	259,622	250,150
Food sales	751,229	722,672
Beverage sales	327,117	292,277
Leisure income	212,188	194,551
Sundry income	2,037	16,238
Other income	-	13,008
Recharged expenses	47,475	3,461
	4,343,238	4,269,932

During the current and previous years all income from charitable activities was unrestricted.

4. EXPENDITURE

	Leisure	Hotel	Shop	Catering	Hydro	Visitor Centre	Total 2026	Total 2025
	£	£	£	£	£	£	£	£
Costs directly allocated to activities								
Staff costs (note 7)	112,163	1,131,407	60,712	189,972	-	303,813	1,798,067	1,868,581
Purchases	2,727	388,061	118,950	146,458	-	-	656,196	817,039
Turbine rent	-	-	-	-	186,832	-	186,832	165,322
Rent	15,104	208,871	17,096	22,939	3,084	37,038	304,132	290,478
Rates and water	7,100	26,256	623	1,990	-	3,779	39,748	36,754
Insurance	8,395	75,558	15,054	10,036	6,690	35,125	150,858	133,937
Light and heat	45,167	93,182	16,140	19,528	-	57,780	231,797	223,350
Repairs and maintenance	15,021	61,511	3,574	6,766	-	13,557	100,429	92,521
IT, phone, stationery and admin	-	8,043	402	-	-	705	9,150	7,949
Advertising, exhibitions and events	457	34,716	1,057	914	-	70,243	107,387	80,302
Travel and subsistence	-	257	-	10	-	66	333	2,427
Staff training	50	925	-	175	-	475	1,625	1,826
Entertainment	-	19,473	-	-	-	1,525	20,998	21,606
Equipment hire	10,465	56,170	-	15	-	-	66,650	36,739
Hotel Supplies	-	23,029	-	100	-	-	23,129	29,735
Uniforms	-	1,222	-	-	-	99	1,321	1,978
Computer maintenance	10,234	76,184	6,627	12,437	-	10,115	115,597	121,066
Cleaning materials	2,400	29,298	-	12,461	-	875	45,034	45,799
Bank charges	911	48,989	4,091	7,278	-	15,308	76,577	74,243
Recharges	-	1,982	85	-	-	3,408	5,475	-
Professional fees	3,683	39,576	4,423	3,923	82,079	9,769	143,453	100,892
Room hire & Commissions	-	159,211	-	-	-	5,213	164,424	186,372
Sundry	-	-	-	-	-	125	125	13,208
Waste disposal	-	34,791	3,363	4,239	-	-	42,393	38,630
Subscriptions	175	900	-	-	-	1,192	2,267	(54)
Postage	-	170	5,314	-	-	296	5,780	9,760
Recruitment	-	-	-	-	-	-	-	253
Bad debt provision written off	-	855	-	-	-	-	855	25,042
Management fee	11,388	99,288	6,516	21,156	27,000	14,652	180,000	180,000
Governance costs								
Auditors' remuneration	3,216	3,217	3,217	3,217	3,216	3,217	19,300	16,310
Total expenditure	248,656	2,623,142	267,244	463,614	308,901	588,375	4,499,932	4,622,065

All expenditure was unrestricted in both the current and previous years.

5. SUMMARY ANALYSIS OF EXPENDITURE AND RELATED INCOME FOR ACTIVITIES

	Leisure	Hotel	Shop	Catering	Hydro	Visitor Centre	Total 2026	Total 2025
	£	£	£	£	£	£	£	£
Expenditure	(248,656)	(2,623,142)	(267,244)	(463,614)	(308,901)	(588,375)	(4,499,932)	(4,622,065)
Charitable Activities	212,188	2,590,190	227,438	394,990	446,036	472,396	4,343,238	4,350,252
Investments	-	-	-	-	-	-	-	336
Total	(36,468)	(32,952)	(39,806)	(68,624)	137,135	(115,979)	(156,694)	(271,477)

6. NET (EXPENDITURE) FOR THE YEAR

This is stated after charging:	2026 £	2025 £
Auditors' remuneration: Audit fees	19,300	16,310
Rental Charge by New Lanark Trust	490,964	455,800

7. STAFF COSTS

	2026 £	2025 £
Wages and salaries	1,584,431	1,636,720
Redundancy Costs	-	37,914
Social security costs	142,053	104,785
Pension costs	25,769	27,470
Other staff costs – agency staff	45,814	61,692
	1,798,067	1,868,581

The policy for redundancy follows the statutory redundancy provisions.

The average number of employees, on a head count basis, was as follows:

	2026 No.	2025 No.
Management staff	1	1
Catering staff	13	10
Hotel staff	55	41
Leisure staff	6	4
General staff	10	11
Sales staff	4	2
	89	69

Staff numbers are calculated on a head count basis.

One employee earned £70,000 - £80,000 in the current year (2025: One) . No other employee earned £60,000 or more in either the current or previous years. Key management personnel received total remuneration amounting to £220,482 (2025: £186,480) during the year, including employer pension contributions.

No director received remuneration in the current or previous year. No directors were reimbursed in respect of travel expenses for attendance at board meetings in the current or previous year. The company paid £1,394 for the purchase of indemnity insurance to protect the charity from loss arising from the neglect or default of its Trustees, employees or other officers (2025: £1,726).

8. STOCKS

	2026	2025
	£	£
Stocks	61,469	93,711

9. DEBTORS: amounts falling due within one year

	2026	2025
	£	£
Trade debtors	30,600	46,428
Prepayments and accrued income	81,059	69,968
Other debtors	4,559	3,346
	116,218	119,742

10. CREDITORS: amounts falling due within one year

	2026	2025
	£	£
Trade creditors	204,314	265,985
Amounts owed to group undertakings	1,039,155	1,098,841
Social security and other taxes	30,156	81,514
Pension contributions	5,676	5,966
Accruals and deferred income	129,310	119,790
VAT	206,867	141,199
Other creditors	127,067	98,485
Bank Overdraft	144,818	-
	1,887,363	1,811,780

10. CREDITORS: amounts falling due within one year (continued)

Deferred Income	2026	2025
	£	£
Balance at 31 January 2025	1,998	-
Released to Statement of Financial Activities	(1,998)	-
Amounts received and deferred during the year	5,103	(1,998)
Total	5,103	1,998

Deferred income represents leisure subscriptions received in advance.

The company has a £150,000 overdraft with Santander to support short term working capital requirements. As part of the financing of the hotel conversion works (see note 18) Allica Bank will provide a term loan facility that will repay the Santander overdraft. It is anticipated that this repayment will take place in the final quarter of 2026. As at the reporting date, the overdraft balance stood at £144,818 (2025: £Nil), against an approved overdraft limit of £150,000. The overdraft is repayable on demand and is subject to interest at the bank's prevailing rates.

11. CREDITORS: amounts falling due after more than one year

	2026	2025
	£	£
Trade creditors	64,020	80,068
	64,020	80,068

12. RELATED PARTY TRANSACTIONS

Amounts owed from/(to) group companies

	2026	2025
	£	£
New Lanark Trust	(1,039,155)	(1,098,841)

During the year the Trust recharged expenses of £727,808 (2025: £673,413); received rent of £490,964 (2025: £455,800) and received gift aided profit of £nil (2025: £nil) from New Lanark Trading Limited. At the year-end £1,039,155 (2025: £1,098,841) was due to the Trust from the company.

No other transactions with related parties were undertaken in either the current or previous year such as are required to be disclosed under FRS102.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number	Class:	Nominal Value	2026 £	2025 £
100	Ordinary shares	£1	100	100

Each share is entitled to one vote in any circumstances, has equal rights to dividends and is entitled to participate in a distribution arising from a winding up of the company.

14. FUNDS

	Balance at 1 February 2025 £	Income £	Expenditure £	Transfer between reserves £	Balance at 31 January 2026 £
Unrestricted funds					
General Fund	(1,605,884)	4,343,238	(4,499,932)	-	(1,762,578)
	(1,605,884)	4,343,238	(4,499,932)	-	(1,762,578)

	Balance at 1 February 2024 £	Income £	Expenditure £	Transfer between reserves £	Balance at 31 January 2025 £
Unrestricted funds					
General Fund	(1,334,407)	4,270,268	(4,541,745)	-	(1,605,884)
	(1,334,407)	4,270,268	(4,541,745)	-	(1,605,884)

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

In the current and previous year, all assets and liabilities of the charitable company are included in unrestricted general funds.

16. OPERATING LEASE COMMITMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:-

	2026 £	2025 £
Within one year	75,000	75,000
	75,000	75,000

The company rents its premises from New Lanark Trust as a base rental of £65,000 (2025: £65,000), which is included above, plus a percentage of annual turnover. The company also rents its turbine premises from New Lanark Trust at a base rental of £10,000 (2025: £10,000), which is included above, plus a percentage of annual turbine turnover.

17. ULTIMATE PARENT

The company is a 100% subsidiary undertaking of New Lanark Trust, which is an unincorporated charity recognised by the Office of the Scottish Charity Regulator, charity number SC008552, whose principal place of business is Mill Number Three, New Lanark Mills, Lanark, Scotland and main objective is to achieve the restoration, preservation, interpretation and presentation, for public use and access, of the historic, UNESCO inscribed World Heritage village of New Lanark. The Trust seeks to be innovative, progressive and pioneering in the use of historic buildings, in community co-operation and development. New Lanark offers private housing for rent, as well as business accommodation. It is committed to maintaining the site as a living, working community.

The Trust seeks to achieve the main objective by:

- maintaining the vitality of the village by ensuring that all buildings are occupied and put to appropriate use, including the residential accommodation in the village;
- engaging in appropriate commercial activity to generate income to support the core objective; and
- raising funds from outside sources to enable major restoration and preservation works to be
- undertaken and to supplement income earned from commercial activities

Consolidated financial statements are available on request.

18. GOING CONCERN

As highlighted in note 1, the accounts have been prepared on a going concern basis.

The impact of the Covid pandemic on the general economy and tourism and hospitality industries has had a serious impact on the operational activities of the Trust and its subsidiaries. Management and the board have taken steps to mitigate the risks imposed by these trading conditions, specifically, the improvement in the quality of retail stocks, an improved internal process for identifying and securing grant funding, an improved leisure facility offering and a major project to convert hotel conference rooms into 18 new bedrooms.

Work to expand the hotel's room capacity is scheduled to commence in the final quarter of 2026. Building warrant and listed building consent have been granted and the hotel bedroom capacity will increase from 38 to 56. It is anticipated that this will have a positive impact not only on the hotel's performance but will also increase general footfall to the site and benefit the cafe, retail shop and visitor attraction.

Projections and forecasts have been prepared that indicate liabilities can be met as they fall due. The trustees are satisfied that mitigation taken to date provides reasonable assurance that the charity can continue to operate for at least 12 months from the approval of these financial statements and that it has the full financial support of its parent charity New Lanark Trust to continue operations. However given the challenging economy and the dependence on its parent charity and outside sources outlined above, a material uncertainty exists that may cast significant doubt on the charity’s ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

19. POST BALANCE SHEET EVENT

On 29 July 2026 the company entered into a Settlement Agreement with the liquidator of New Lanark Hotels Limited following a lengthy dispute. The settlement was met in full by the company's insurer at no cost to the company. This Settlement Agreement is a full and final settlement of any sums due in this dispute and there is no further liability to the company.

As at the date of the signing of these accounts the company has a loan offer from Allica Bank totalling £2.7m. The loan carries a fixed interest rate of 6.5% for a period of 60 months. The loan facility will be used for the increase in hotel capacity. The loan is secured by a first standard security over certain buildings owned by the Trust. Draw down of the loan is expected to be made in the final quarter of 2026.