

Culture and Sport Glasgow

(a charity limited by guarantee)

**Report and Group Financial Statements
31 March 2011**

Registered number SC 313851 (registered in Scotland)

Scottish Charity number SC 037844

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Trustees' Report for the year ended 31 March 2011

The Directors, who are the Trustees for the purposes of charity law, are pleased to present their annual report and group financial statements for the year ended 31 March 2011. Culture and Sport Glasgow has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a charity registered in Scotland.

During the financial year we introduced a new brand name, Glasgow Life. This was launched in June 2010 alongside our shared values and vision and is now fully embedded across all of our services.

Reference and administrative information

Directors	Bailie Elizabeth Cameron (Chair) (resigned 24 June 2010) Councillor George Redmond (Chair) (appointed 24 June 2010) Dr Bridget McConnell (Chief Executive) Rt Hon the Lord Macfarlane of Bearsden Sir Angus Grossart Rt Hon George Reid Mr Mel Young Councillor Stephen Curran Councillor Allison Hunter Bailie Allan Stewart Councillor Gordon Matheson (resigned 24 June 2010) Bailie Jean McFadden (appointed 24 June 2010) Councillor Anne McTaggart
Registered office	Culture and Sport Glasgow 20 Trongate Glasgow G1 5ES
Auditors	KPMG LLP 191 West George Street Glasgow G2 2JL
Solicitors & Company Secretary	Burness 120 Bothwell Street Glasgow G2 7JL
Bankers	Royal Bank of Scotland Kirkstane House 139 St Vincent Street Glasgow G2 5JF
Company number	SC 313851 (registered in Scotland)
Scottish Charity number	SC 037844

Structure, Governance and Management

Charitable status

The charity is limited by guarantee, governed by its memorandum and articles of association consequently it does not have a share capital. Each member has undertaken to contribute an amount not exceeding one pound towards any deficit arising in the event of the charity being wound up. Glasgow City Council guarantee to accept liability for any unfunded costs which may arise with regard to Culture and Sport Glasgow relating to their membership of the Local Government Pension Scheme (LGPS) administered by Glasgow City Council should they cease to exist, withdraw from LGPS or otherwise be unable to continue to cover any unfunded liabilities. The charity has charitable status under Section 505 of the Income and Corporation Taxes Act 1988 and the Scottish Charity Number is SC 037844.

Directors

A list of current directors, including those who served during the year, can be found on page 1. The composition of the Board of Directors is as follows:

- The maximum number of directors shall be eleven of which: -
 - A maximum of six directors shall be "Partner Directors" i.e. any elected member of Glasgow City Council who is willing to act as a director, be appointed by Glasgow City Council
 - A maximum of four directors shall be "Independent" Directors
 - A maximum of one shall be the Executive Director

Glasgow City Council, so long as it remains a member of the Company, shall appoint both Partner and Independent Directors to the Board. In the case of Independent Directors, the Council shall be guided by a Nominations Committee, established by the Board of Culture and Sport Glasgow, in relation to the selection of appropriate individuals for appointment. With regard to the Executive Director, it is for the Directors, at the first meeting of Directors to be held after the appointment of any individual to the post of Chief Executive of the Company, to appoint that individual as a Director.

Policies and procedures for induction and training of directors

An induction training process is in place for all new directors, and this covers both the strategic and operational issues affecting the charity. The ongoing training needs of the directors are considered by the board and where appropriate internal and external training is provided.

Organisation Structure

The Board of Directors meets every two months with directors and senior management present. Decisions are taken to set the overall strategy for the business as well as to monitor its activities. Senior management are charged with the task of implementing these decisions. Responsibility for day to day operations of the charity has been delegated to the Chief Executive, who is also a director. The Audit and Performance Committee meets to consider the strategic management of the charity's financial resources, both capital and revenue. This includes liaison with internal and external auditors and consideration of risks.

The charity has a trading subsidiary, Culture and Sport Glasgow (Trading) CIC, the results of which are consolidated into the charity's financial statements. The subsidiary company provides services such as catering facilities, hire of conference facilities and the provision of retail shopping in the venues operated by the charity. Surpluses generated from these activities are paid over by gift aid to the charity during the year.

The ultimate parent undertaking, who consolidate the results of the charity and its group, is Glasgow City Council.

Risk

The company applies a significant level of corporate governance to the identification and management of business risk.

A detailed risk register is maintained and reviewed regularly by the Senior Management Team and includes, amongst others, areas ranging from employee engagement and management, health and safety, financial risk, corporate compliance, service delivery and property management.

The risk register has been presented to the Audit and Performance Committee for scrutiny during the year to ensure that risk is drawn to the attention of the Trustees, and that appropriate arrangements are established to mitigate identified risks. The Director of Corporate Services and Community Planning has responsibility for ensuring all risks identified are managed to the agreed outcomes.

The top 5 risks identified are recession affecting availability of funding; investment in the Burrell roof; completion of the inventory project; employee relations and successful implementation of Service Reform plans.

Disclosure of information to auditors

The directors who held office at the date of the approval of this Trustees' Report confirm that, so far as each director is aware, there is no relevant audit information of which the auditors are unaware; and each director has taken the appropriate steps that they ought to have taken as a director to make themselves aware of any such information and to establish that the auditors are aware of it.

Objectives and Activities

Principal activity

The principal activity of the charity is the provision of cultural, recreation and leisure facilities on behalf of Glasgow City Council in accordance with the following charitable objectives to:

- Provide or assist in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare for the general public and in particular in connection with the local authority area of The City of Glasgow as defined in the Local Government etc (Scotland) Act 1994 with the object of improving the conditions of life for the Community;
- Provide, whilst providing or assisting in the provision of such facilities for the Community, special facilities for persons who by reason of their youth, infirmity or disability, poverty or social and economic circumstances may need special facilities; and
- Promote good health among the Community through education, healthy eating and standards of nutrition together with exercise and play.

Vision Statement

"To inspire Glasgow's citizens and visitors to lead richer and more active lives through culture and sport".

Strategic Objectives

We will encourage participation, involvement and engagement in culture and sport for all:

- to enhance the health and wellbeing of people who live, work and visit the City
- to create an environment where enterprise, work and skills development are encouraged
- to provide opportunities for making positive life choices in a safe, attractive and sustainable environment
- to create a culture of learning and creativity that lets people flourish in their personal, family, community and working lives
- to enhance and promote the City's local, national and international image, identity and infrastructure
- to demonstrate the ongoing improvement in the quality, performance and impact of the services and opportunities we provide.

A Vision Statement and revised Strategy Objectives were agreed by the Board on 28 October 2009.

2010/11 PERFORMANCE

Culture and Sport Glasgow (CSG) is committed to providing the best possible services to Glasgow's citizens and visitors. As a charity, we are committed publicly to reporting on how well we provide these services.

This is our fourth Report and Group Financial Statements and as we embark on a new financial year with challenging times ahead, it is crucial that we remain focussed on our remit of increasing our commitment to public service, while offering the best possible value to the taxpayer.

Review of headline targets and performance

CSG sets annual headline targets against strategic objectives which are linked to our Services Agreement with Glasgow City Council, Glasgow's Single Outcome Agreement and the Council Plan as well as our internal Performance Management Framework.

Performance during 2010/11 against each of the headline indicators is detailed below.

To enhancing the health and wellbeing of people who live, work and visit the city.

- *Target: To increase the number of attendances at the indoor and outdoor sport, leisure and recreational facilities to 5,762,500.*

5,442,841 attendances were recorded at indoor and outdoor sport and leisure facilities during 2010/11, missing the target by 5.4%. This demonstrates an increase of 0.2% against last year's total attendance figure of 5,431,917.

Although overall attendance is slightly up on last year the overall results were severally impacted by the extreme weather experienced in December 2010 and by the Industrial action which took place during the year. During December outdoor sport and leisure facilities were closed for almost the entire month and although disruption to indoor facilities was minimised the wider problems caused by the weather (e.g. disruption to the transport network) resulted in 47% fewer attendances than would normally be expected during December.

- *Target: To achieve 162,000 juvenile free swim attendances and 110,000 60+ free swim attendances.*

Free swims totalled 253,714 during 2010/11. The number of juvenile free swims at 150,608 is 7.0% below target, and the number of 60+ free swims at 103,106 is 6.3% below target.

Although the overall free swim attendances are 6.7% below target, there has again been an increase in the uptake in free swims during the year with an improved overall attendance of 0.9% against 2009/10. This increase is despite the impact of the industrial action throughout the year and the severe weather in December.

- *Target: To achieve a total of 1,350,000 juvenile attendances at indoor and outdoor sports facilities.*

Juvenile attendances at indoor and outdoor sports facilities exceeded target by 0.8%. A total of 1,360,710 junior attendances were recorded during 2010/11.

- *Target: To increase the number of attendances per 1,000 population at pools to 2,998.*

The number of attendances per 1,000 population at pools is 2,728 which is 9.0% below target and is a 4.3% below overall attendances when compared to 2009/10.

- *Target: To increase the number of attendances per 1,000 population at indoor leisure facilities (excluding pools) to 5,224.*

The number of attendances per 1,000 population at indoor leisure facilities increased to 4,961 which is 5.0% below target. This compares to an 1.7% increase in overall attendances in comparison to 2009/10.

To create an environment where enterprise, work and skills development are encouraged

- *Target: To attract a total of £850,000 in voluntary income.*

Despite the difficult financial environment we secured £811,340 of support for core business and new work across the organisation from a range of corporate sponsors, grant making trusts and individual donors. This was 4.5% below target. During the year a further £982,100 was also raised to support the Riverside Museum Appeal.

During 2010/11, CSG provided 31 Modern Apprenticeship Contracts to young people from across the city offering them training opportunities in the areas of Creative and Cultural Skills, Customer Services and Play work. The Modern Apprentices will train with CSG for a period of 2 years resulting in formal accreditation upon completion of the programme.

To provide opportunities for making positive life choices in a safe, attractive and sustainable environment

- *Target: To increase the number of visits at directly managed community facilities to 1,359,500.*

A total of 1,280,140 attendances were recorded across the network of directly managed community facilities which is 5.8% below target. The industrial action throughout the year and the severe December weather had a significant impact on the number of visitors to these facilities.

- *Target: To increase the number of Glasgow Young Scot card holders to 39,000.*

The Glasgow Young Scot team continue to increase card uptake with 2010/11 figures at 38,910 which is marginally below target but a 2.4% increase on 2009/10. The team have also generated advertising income of £16,000 this year via the Grid and Wee Grid magazines which are distributed to 65,000 young people three times per annum.

To create a culture of learning and creativity that lets people flourish in their personal, family, community and working lives

- *Target: To increase the number of visits to libraries to 4,562,000.*

There were 4,304,986 visits to Glasgow libraries which is 5.6% below target. This again is largely attributed to the industrial action during the year and the severe December weather. During the year new software was implemented which allowed us to record the number of unique online visits to the Library catalogue by people using their own PC's at home. From October to March there were 200,684 unique visits and from 2011/12 these will be included within the performance management framework.

- *Target: To increase the number of times terminals are used to 1,250,000.*

The number of times terminals were used reduced to 1,213,046 which is 2.9% below target.

- *Target: To increase the number of active borrowers to 118,700*

Active borrowers increased to 112,137 which is 1.8% above last year although 5.5% below target. .

- *Target: To maintain the number of educational visits to museums at 165,000.*

There were 163,774 recorded attendances at 5,438 sessions. This was 0.7% below target

- *Target: To deliver our contribution of 7,500 adults participating in the Adult Literacy and Numeracy programmes.*

A total of 6,566 adults participated in CSG's Adult Literacy and Numeracy programmes which is 12.5% below the target.

To enhance the promotion of the city's local national and international image, identity and infrastructure

- *Target: To attract a total of 1,350,000 visits to Kelvingrove Museum and Art Gallery.*

Kelvingrove Museum and Art Gallery attracted 1,050,189 visitors which is 22.2% below target. The progressive downturn in attendances at Kelvingrove were exacerbated by the Industrial action which occurred during the year and also by the exceptionally bad weather experienced in December 2010.

- *Target: To attract a total of 1,280,000 visits to Glasgow's Museums (excl Kelvingrove).*

Glasgow's Museums (excl Kelvingrove) attracted 1,294,174 visitors which exceeds the target by 1.1%.

- *Target: To achieve a total of 4,824 visits to/usages of Council funded or part funded museums per 1,000 population.*

The visits to/usages of Council funded or part funded museums per 1,000 population was 4,198. This is mainly due to the progressive downturn in visitors to Kelvingrove Art Gallery and Museum and the impact on visitors to all museums during the industrial action and the adverse weather conditions in December.

- *Target: To achieve a total of 4,688 visits/usages of Council funded or part funded museums per 1,000 population in person*

Similarly, the target to achieve a total of 4,688 visits/usages of Council funded or part funded museums per 1,000 population in person was not met. The actual figure for 2010/11 is 4,098.

- *Target: To meet the £5m income target for the Riverside Museum Appeal during its final year*

Despite the very difficult economic environment, the Riverside Museum Appeal has currently achieved over 90% of its target. The Museum opens to the Public in June but the Appeal will remain opened until the Royal opening of the Museum in Autumn 2011.

- *Target: To commence the following capital projects during 2010/11:*

Kelvingrove Lawn Bowls – September 2010

Tollcross new training swimming pool – February 2011

Capital Projects reported the following:

- The refurbishment of Kelvingrove Lawn Bowls which includes upgrading the bowling greens, replacing the existing pavilion with a legacy of 5 international standard greens and a new pavilion for lawn bowls and tennis. Phase 1 of this project is due to complete in May 2011, with Phase 2 due to complete in May 2012.
- Tollcross Aquatic Centre will be refurbished and extended to provide an additional 6 lane warm-up pool, an additional 1,500 permanent seats, a further 2,500 temporary seats with an overall capacity of 5,000. The venue will be closed from January 2012 with works due for completion by January 2013.
- Construction of the National Indoor Sports Arena is well underway and currently on schedule for handover and opening to the public during 2012.

To demonstrate ongoing improvement in the quality, performance and impact of the services and opportunities we provide

- *Target: To improve upon the level of sickness absence recorded during 2009/10.*

Sickness absence across the company was 3.88% during 2010/11. While this is slightly above the 3.66% achieved during 2009/10 it still represents a 23% improvement in absence rates since 2007/08.

- *Target: To achieve Customer Service Excellence accreditation for Glasgow Museums.*

Glasgow Museums successfully made the transition from Chartermark to achieve Customer Service Excellence during the year with accreditation being granted in April 2010.

- *Target: To initiate the review of Glasgow's Cultural Strategy.*

With the development of the Commonwealth Games 2014 Cultural Strategy, which is being led by Glasgow Life on behalf of Glasgow City Council, it was deemed more appropriate to delay this review until the Cultural Strategy was developed to ensure consistency.

- *Target: To participate in the national pilot of the self assessment model How Good is our Culture and Sport? Developed as the quality improvement framework for local authority cultural and sports provision.*

During the year the Company adopted the How Good is our Culture and Sport self assessment framework as the driver for continuous improvement across the organisation. This framework has been designed specifically for culture and sport providers and through implementation of the model we will coordinate all improvement activity and areas of best practice.

- *To launch the new CSG trading brand and values through "Vision Values Brand" briefings for all staff in the organisation during June 2010.*

Following extensive consultation, in June 2010, Culture & Sport Glasgow introduced a new customer focused brand name; Glasgow Life. The brand was launched alongside the company's shared values and vision and is now embedded across all Glasgow Life services. The new brand is supported by 8 customer brands which allows us to communicate more effectively with customers, partners and stakeholders about the full range of services we deliver.

The roll out of the re-branding has gone exceptionally well, and the brand has enjoyed success at the recent Transform Awards, an elite European brand award scheme which attracts high calibre entries. Glasgow Life won 3 awards; gold for *Best External Stakeholder Relations during a Rebrand*, silver for *Best Re-brand of a Region* and silver for *Best Brand Architecture Solution*. Glasgow Life also won silver at the recent Marketing Society Scotland Star awards in the Strategic Brand Development category.

- *To launch a new intranet, internet and co-ordinated digital strategy for CSG in June 2010.*

The Glasgow Life brand launch was supported by the introduction of a state-of the-art internet and a new intranet developed for staff. The website went live in June 2010 and has recorded impressive statistics with over 2.6 million unique visits and 7.6 million pages viewed.

Supplementary Performance Information 2010/11

Glasgow's citizens and visitors continue to lead richer and more active lives through the diverse range of cultural and sporting activities delivered by Glasgow Life.

Following a review by Glasgow City Council it was decided that the services previously provided by Glasgow Cultural Enterprises would now be delivered by Glasgow Life from 1st April 2010. This involved taking responsibility for the programming and management of Glasgow Royal Concert Hall, The City Halls and the Old Fruitmarket. Trading activities such as Catering and Retail within these venues was also taken over by the Trading CIC. This has increased turnover within the Group by approximately £7m during the year and has turned a £500k budget deficit from GCE into a breakeven position for these venues.

During 2010/11 there were 14,397,776 attendances recorded across our services, including 13,372,330 visits to museums, libraries, community facilities and sport and leisure facilities, 458,718 attendances at Glasgow Music venues, 316,000 attendances recorded at Tramway and Trongate 103 and 250,728 attendances at key events in the city during the year.

Our expanding portfolio of 154 directly managed facilities now includes the Glasgow Music network of the Royal Concert Hall, City Halls and the Old Fruitmarket. Glasgow Sport opened Maryhill Leisure Centre in April 2010, Drumoyne Sports Centre in June 2010 and added Petershill Community Sports Centre to its list of venues in April 2010.

Glasgow's well-loved Museum of Transport closed its doors in April 2010 and is relocating to the Riverside Museum, the spectacular waterfront landmark designed by internationally-renowned architect, Zaha Hadid. The building was handed over to Glasgow Life in December 2010 for internal exhibition preparations and successfully opened to the public in June 2011. The new museum displays Glasgow's rich industrial heritage, which stems from the River Clyde and aims to attract 1.4 million visitors during the first two full years of operation.

Glasgow Life's significant role in the development of the National Indoor Sports Arena and Velodrome continues as the construction of this impressive new facility proceeds in the east end of Glasgow. The project commenced in January 2010 and is due for completion in March 2012. The indoor sports arena will include a 5,000-seated complex with a 200m hydraulic running track and facilities for other major athletic disciplines. The Velodrome will boast a 250m track and permanent seating for 2,000 spectators. NISA will host the badminton and indoor track cycling competitions for the 2014 Commonwealth Games.

Glasgow's international reputation for staging world class events reached a global audience in October 2010 during the Handover Ceremony at the Delhi 2010 Commonwealth Games Closing Ceremony. Glasgow Life organised a spectacular cultural finale at the Jawaharlal Nehru Stadium in New Delhi which was broadcast to over one billion viewers. "Mesmerising", "stunning" and "spectacular" were quotes used in the media to describe the Handover which was delivered by 350 volunteers from across Scotland.

Every local authority area in the country was represented and the cast who ranged in age from 18 – 60 years old, included apprentice electricians, volunteers, teachers, students and office workers.

7 current and former pupils of the Glasgow School of Sport represented Team Scotland at the 2010 Commonwealth Games in Delhi including swimmer Michael Jamieson who won a silver medal in the 200 metres breaststroke. Robbie Renwick, a member of the City of Glasgow Swim Team, won gold medal in the 200 metres freestyle swimming competition and silver for his performance in the 4x200 metre freestyle relay competition.

In order to document and learn from the Delhi Handover Ceremony, Glasgow Life commissioned three strands of related research in order to explore: the general volunteer experience; the experiences of disabled volunteers; and the skills legacy for Glasgow Life staff and the local cultural and creative sector. The results of these studies will help highlight any good practice along with areas for improvement in order to help to inform future planning in the lead up to the 2014 Commonwealth Games. The studies are due for completion in summer of 2011.

The 2010 Bank of Scotland Great Scottish Run attracted the highest number of entries for the second year in succession. 23,386 people signed up for the race, an increase of 11% on the previous year ensuring the event retained its crown of being the largest mass participation sporting event in the Scotland.

The Glasgow Boys art exhibition held at Kelvingrove Art Gallery and Museum from April to September 2010 received significant press and media coverage boosting the national profile of Glasgow Life. Visitor numbers exceeded target with a total of 123,289 visitors, making it the most visited art exhibition held at Kelvingrove. Income also exceeded target, generating £439,196 in ticket sales and a further £390,665 in retail sales.

Glasgow Music's Celtic Connections celebrated a bumper 18th year in January 2011. For the 4th year running, attendances reached approximately 100,000 and gross ticket sales topped £1 million, as the festival scored major coups with a programme which featured Sir Tom Jones, The Waterboys, Mavis Staples and a one night only Love and Money reunion show. Music fans attended 300 concerts, ceilidhs, talks, free events, late night sessions and workshops, which took place in 20 venues across Glasgow over 18 days involving over 2,100 artists.

The diverse and ambitious programme explored the connections between Celtic music and cultures across the globe, bringing musicians from all over the world to Glasgow, with acts from India, Cameroon, Japan, Israel, Argentina, South Africa, Senegal, Cuba, Bahrain, as well as from across Europe, the USA and Canada taking part in the festival. Celtic Connections continues to attract international visitors, expanding the profile of Glasgow as a major tourist destination. The result of an economic impact survey carried out at the 2011 festival revealed that Celtic Connections generated a total £4.7 million of income for Glasgow and a further £3.6 million of income for Scotland.

Aye Write! Glasgow's 2011 Book Festival attracted over 43,000 visitors. The festival, which is now in its 6th year, included authors Alasdair Gray, Alexander McCall Smith, Denise Mina, Louise Welsh, Val McDermid and James Robertson. There were talks by politician Shirley Williams and the ex-Prime Minister's wife Sarah Brown and a standing ovation from a packed Mitchell Theatre for Clarence B. Jones who co-wrote the famous 'I have a dream' speech by Martin Luther King. The 2011 festival concluded with a full house tribute to Jimmy Reid as part of the Re-imagining Scotland programme.

The main festival included 117 programme sessions with a further 20 free community events attended by 3,069 visitors, an increase of 136% on 2010. There were 13 events for families during the festival and 13,500 school children took part in this year's free schools programme which was delivered to 90 schools across Glasgow.

The School Libraries and Education Resource Service transferred to Glasgow Libraries in October 2010. The transfer involves library provision to 29 secondary schools in addition to all early years and assisted learning establishments as well as all primary schools in the city. The integration will enable Glasgow Libraries to directly support and contribute to information literacy in the schools curriculum and provide direct access to a wide range of books.

The Glasgow Household Survey results for 2010 report that Glasgow Life services are by some margin the top performing services in the city in terms of levels of satisfaction amongst users. Trend analysis profiles the increased improvement in satisfaction levels for services delivered by Glasgow Life since 2007.

Of particular interest is the score for Glasgow Museums and Art Galleries who have the highest satisfaction rate of all services delivered by, or on behalf of, Glasgow City Council at 98%. Glasgow Libraries satisfaction rating is 97%, Glasgow Sport and Leisure Centres is 94% and Community Facilities is 84%.

Glasgow Museums achieved the Cabinet Office standard for Customer Service Excellence during 2010 and Kelvingrove Art Gallery and Museum was awarded a 5-star grading by Visit Scotland which is the highest grading available.

GoMA was one of the 3 winners of the international 2010 Drawing Inspiration Award for their innovative Big Draw event in October 2010, 'Make Your Mark on GoMA'. The 2-day event attracted over 280 families, with 800 participants and saw off competition from 1,500 events that celebrated drawing in the United Kingdom and 20 other competing countries.

Glasgow Arts were recognised by Her Majesty's Inspectorate of Education (HMIe) during a visit to the Hyndland area of the city in March 2011. The West Arts Network project *Touching the Sky* was identified as a model of best practice and now features on the HMIe website. Glasgow Arts also secured additional funding of £284,500 for development work during 2010/11.

Trongate 103, Glasgow's centre for art and creativity, won the prestigious Royal Institute of British Architects Awards for 2010. Funded by Glasgow City Council, National Lottery through the Scottish Arts Council, Scottish Enterprise and The Merchant City Townscape Heritage Initiative, Trongate 103 offers citizens and visitors to Glasgow the opportunity to participate in, view and buy a wide variety of art.

Glasgow Life celebrates recognition and achievement in local communities through a series of formal and informal events and community gatherings. There were 3,666 participants recognised for their achievements at 46 celebratory events supported by Glasgow Communities during 2010/11. These include the final performance of the 'G' Stars, where 1,000 people attended the O2 Academy in May 2010 to celebrate young people from the south west completing an intensive programme of music coaching, a celebration event at Castlemilk Secondary School to mark the completion of the XL programme by 25 S4 pupils, and 62 young people producing their own version of the Glasgow Boys paintings which were displayed within Kelvingrove in July 2010

Glasgow Communities secured £1,199,209 external funding during 2010/11 to support the community and city-wide based projects and programmes that support local communities.

An HMIE inspection of community learning and development took place in the Hyndland catchment area in March 2011. Inspectors working with Glasgow Life staff recognised the high quality of provision in the area, with strong, active and well organised, supported community organisations and networks. The strong commitment to delivering high quality services during a period of organisational change was seen as a particular strength. HMIE reported a clear sense of direction and rated the impact on adults and communities as *Very Good*, and improvements in performance and services and impact on young people as *Good*.

The establishment of the North Strategic Learning Partnership has been a particularly positive development. The group of head teachers, senior education and Glasgow Life managers is responsible for leading, directing and integrating curricular and community learning opportunities for young people. The framework will be refined and rolled out across all new learning communities in Glasgow.

In response to the Health Commission's recommendations for the city Glasgow Life developed a model to improve access to frontline services targeting disadvantaged and traditionally hard to reach citizens. Glasgow Life Welcome Visits have been piloted during 2010/11 in partnership with the Glasgow Housing Association, NHS, Skills Development Scotland, the Glasgow Council for the Voluntary Sector and local regeneration agencies and aim to facilitate 28,000 visits during 2011/12.

With the addition of environmentally responsible to Glasgow Life's values, the importance of our environmental impact is a major factor in all aspects of the work we do. Glasgow Life now has an Energy Champion allocated to each of our properties who have played a major role in reducing our energy costs by £1,000,000 in 2010/11. During *Energy Week* in February 2011, Councillor Redmond presented awards to teams at the Burrell Museum, Cranhill Beacon, Kelvinhall International Sports Arena, the Mitchell Complex and Cardonald Library who had made the most impact, raising awareness and reducing energy consumption.

PERFORMANCE TARGETS FOR 2011/12

Our Performance Management Framework has been reviewed in relation to all Statutory Performance Indicators, Measures for Improved Performance, Single Outcome Agreement Indicators, Legacy 2014 indicators and Glasgow Life Key Performance indicators.

Performance targets have been approved by the Board for 2011/12 taking into consideration the challenges we face, such as fundraising and continuing to grow income in the current economic climate, cross-Service efficiency savings and our commitment to continue to deliver world class cultural and leisure services to the residents and visitors of Glasgow.

Where appropriate, targets for 2011/12 have been set in accordance with Audit Scotland's 3 year 5% improvement model and targets have been aligned to the company's strategic objectives.

To enhancing the health and wellbeing of people who live, work and visit the city

- To increase the number of attendances at the indoor and outdoor sport, leisure and recreational facilities to 6,119,400
- To achieve a total of 150,000 juvenile free swim attendances and sustain free swims attendances by people aged 60+ at 100,000

- To achieve a total of 1,530,000 juvenile attendances at indoor and outdoor sports facilities
- To increase the number of attendances per 1,000 population at pools to 3,007
- To increase the number of attendances per 1,000 population at indoor leisure facilities (excluding pools) to 5,325

To create an environment where enterprise, work and skills development are encouraged

- To sustain the Modern Apprentices recruited during 2010/11 and to formally accredit the Modern Apprentices recruited in 2009/10 as eligible for employment in the fields of Customer Service, Playwork and Creative and Cultural Skills and Administration.
- To develop proposal for further Modern Apprenticeship Programmes for 8 young people in Clerical and Administrative environments.

To provide opportunities for making positive life choices in a safe, attractive and sustainable environment

- To increase visits to directly managed community facilities to 1,301,400
- To increase the number of Glasgow Young Scot card holders to 40,000
- To facilitate 28,000 Glasgow Life Welcome visits

To create a culture of learning and creativity that lets people flourish in their personal, family, community and working lives

- To increase the number of visits to Glasgow Libraries to 4,516,000
- To facilitate 1,213,000 terminal usages in libraries, including wi-fi access
- To attract 130,000 active members to libraries
- To deliver our contribution of 5,730 adults participating in the Adult Literacy and Numeracy programmes
- To increase the number of educational visits to museums to 267,000 including Riverside Museum

To enhancing the promotion of the city's local national and international image, identity and infrastructure

- To attract 625,000 visits to the Riverside Museum
- To increase the number of visits to Glasgow Museums to 2,986,300
- To achieve a total of 5,545 visits to/usages of Council funded or part funded museums per 1,000 population
- To achieve a total of 5,307 visits/usages of Council funded of part funded museums per 1,000 population in person
- To complete the following capital projects:
 - Riverside Museum
 - Phase 1 of Kelvingrove Lawn Bowls

To demonstrate ongoing improvement in the quality, performance and impact of the services and opportunities we provide

- To improve upon the 3.88% sickness absence recorded during 2010/11
- To respond to 85% of Stage 1 customer complaints within published timescales
- To develop a set of customer service standards and implement these across all Glasgow Life front facing services
- To achieve Customer Service Excellence accreditation for Glasgow Sport
- To introduce self assessment framework across all Glasgow Life services, commencing with the Senior Management Team
- Increase personal giving to Glasgow Life to £305,000
- Growing cash and value in-kind corporate sponsorship of Glasgow Life to £600,000
- Progress phase 2 of the service reform programme; review of staff grades 1-7

Financial Review

Review of the year

The results for the year are shown on page 17 in the group statement of financial activities.

The surplus on unrestricted funds for the year to 31 March 2011 before adjustments for FRS 17 and the taxation charge within the subsidiary company was £1,193,000 (2010: £55,000 surplus). After accounting for the group and the charity's participation in the Strathclyde Pension Fund, the overall unrestricted fund balance for the group at 31 March 2011 was a deficit of £22,512,000 (2010: £60,382,000). The significant reduction in the pension deficit was as a result of improving investment performance on fund assets and a significant reduction in obligations as a result of the Chancellors Budget statement of June 2010 which linked future pension increases to the Consumer Prices Index as opposed to the Retail Prices Index. The charity generated £5,249,000 (2010: £5,276,000) of restricted funds during the year, which after expenditure of £4,796,000 (2010: £5,393,000) had a closing balance of £2,730,000 (2010: £2,277,000).

The overall group reserve position is a deficit of £19,782,000 (2010: deficit of £58,105,000) as a result of the pension liability as at 31 March 2011 of £24,013,000 (2010: £60,690,000)

The financial statements have been prepared on the going concern basis as management believe that the charity has sufficient net assets, post balance sheet date, to meet the annual cash commitments required to service the long term pension liability for a period in excess of 12 months from the signing of the financial statements given that the long term pension liability will not fall due in any one year.

The subsidiary company, Culture and Sport Glasgow (Trading) CIC, had a turnover of £5,116,000 (2010: £4,337,000) generating a profit before tax and gift aid of £1,481,000 (2010: £794,000). The subsidiary company gifted £1,376,000 to the charitable company (2010: £836,000). It is intended that the subsidiary company will gift aid or covenant all future profits generated to the parent charitable company.

The key performance indicators used by management during the year have been included within the performance review section of this report.

Investment policy

The charity had substantial cash balances as at 31 March 2011, primarily as a result of timing differences in respect of payments to the parent organisation, and other creditors. Free reserves of the charity and the trading subsidiary will be invested in external cash term deposits where cash flow projections permit, to maximise the rate of return while minimising the risk.

Reserves policy

The charity holds restricted and unrestricted reserves. Within unrestricted reserves, the charity has designated within the pension reserve the long term net pension liabilities arising from its participation in the Strathclyde Pension Fund. The Board of Directors' intention is to accumulate an undesignated reserve fund which is sufficient to allow the charity protection against future adverse economic conditions or investment challenges. The board set a previous target of 1.5% of total income, with a minimum of 1%. The Audit Committee at its meeting on 5th August 2011 agreed to amend the reserves policy to a target of between 1.5% and 2.5 % of turnover to provide more protection against future adverse economic conditions. The Board will continue to review this position as the business continues to develop and grow its proposition. General reserves, which are shown in the balance sheet as unrestricted funds, amount to £1,501,000 (2010: £308,000), before inclusion of the pension reserve. This amount represents 1.4% of total unrestricted income which is within the previous target and just outwith the new reserves range. The Board of Directors have approved a budget for 2011-12 which aims to generate a surplus of £500,000.

In line with the charity's contract with Glasgow City Council the Service Fee received for the provision of services is agreed annually. In the year ended 31 March 2011 this amounted to £78,828,000 (2010: £76,149,000), which is the equivalent of eight months funding of expenditure. The Directors will continue to monitor the funding position as the year progresses. The significant deficit on the designated pension reserve will be serviced through contributions to the scheme as determined by the actuaries on the basis of the triennial funding valuation.

Employees

The charity maintains a policy of regularly providing all employees and, where represented, trade unions with information on the charity's performance. It is the charity's policy to give full consideration to applications for employment from disabled persons, bearing in mind their particular aptitudes and abilities.

Plans for future periods

As a consequence of the current and anticipated funding constraints, it is recognised that there is a requirement to deliver efficiencies to produce a balanced budget in future. Measures have been implemented designed to deliver these efficiencies with the savings required for 2011/12 already being implemented and detailed plans for the savings anticipated for 2012/13 already having been agreed with the Board and under discussion with the Trade Unions.

The charity faces considerable challenges moving forward but remains highly optimistic about its ability to continue to deliver high quality services.

During 2010/11 we have added a number of new facilities into our portfolio including the Glasgow Music venues at Glasgow Royal Concert Hall, City Halls and Old Fruitmarket as well as sports venues at Maryhill, Drumoyne and Petershill. Since the year end the new Riverside Museum has opened successfully and a number of new and upgraded sports facilities will come on line in the period leading up to the Commonwealth Games in 2014 with the new National Indoor Sports Arena and Velodrome and an extended Tollcross Aquatic Centre being two of the major additions. By continuing to build on our considerable core skills and expertise we will continue to grow in both existing and new business areas and to further enhance and develop the services we deliver to the citizens of and visitors to Glasgow.

The charity looks forward with considerable confidence to a highly successful forthcoming year both in terms of financial performance and services delivered.

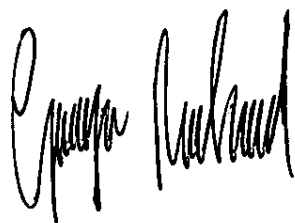
Details of the performance targets set for 2011-12 have been included earlier in this report.

Auditors

Culture and Sport Glasgow is currently undertaking a procurement exercise in respect of auditing services and an appointment of auditors will be made at the AGM of the Company.

Approval of the Trustees' annual report, on behalf of the Board of Directors

G Redmond
Chair



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company's financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 concern basis unless it is inappropriate to presume that the group and charitable company will continue its activities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF INTERNAL CONTROL

Scope of Responsibility

As Director of Finance, I have responsibility for maintaining a sound system of internal control that supports the Charity in delivering its Objectives and Activities, while safeguarding the assets and their use for charitable purposes.

Purpose of the System of Internal Control

The system of internal control is designed to minimise rather than eliminate the risk of failure to achieve the charity's objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system is based on an ongoing process designed to identify the principal risks to the achievement of the charity's objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process is consistent with guidance in the Scottish Public Finance Manual (SPFM) and has been in place for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts.

Risk and Control Framework

Our Risk Management process is also consistent with the key principles for a successful risk management strategy as set out in the SPFM. The Risk Register undergoes a major review on a six monthly basis with the outcomes of the review being reported directly to the Senior Management Team and the Audit Committee. The top five risks are also reported to the Board of Trustees at every Board Meeting. During the current year our Risk Management process was reviewed by Internal Audit with all audit recommendations being accepted and implemented.

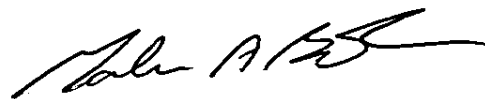
The Charity is committed to a process of continuous development and improvement in this area and is open to all developments in best practice in this area. In the period leading up to the signing of the accounts we are in discussions with our Insurance Brokers to share best practice in the review and development of our Risk Register.

Review of Effectiveness

As Director of Finance, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by: -

- the management within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of our internal auditors, who submit to the Audit Committee regular reports which include the Chief Internal Auditors independent and objective opinion on the adequacy and effectiveness of the organisations systems of internal control along with recommendations for improvement;
- comments made by the external auditors in their management letters and other reports.

Appropriate action is in place to address any weaknesses identified and we work closely with management and our auditors to ensure the continuous improvement of the system.



Martin Booth
Director of Finance
7th September 2011

Independent auditor's report to the Trustees and members of Culture and Sport Glasgow

We have audited the financial statements of Culture and Sport Glasgow for the year ended 31 March 2011 set out on pages 17 to 40. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an 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 charity, its members as a body and its trustees as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 regulations made under those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

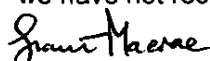
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if in our opinion:

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Grant Macrae (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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

191 West George Street
Glasgow G2 2LJ
7 September 2011

Group Statement of Financial Activities
(incorporating a group income and expenditure account)
For the year ended 31 March 2011

	Notes	Unrestricted General Funds £000	Unrestricted Pension Funds £000	Total Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000	Total 2010 £000
Incoming resources							
<i>Incoming resources from generated funds</i>							
Voluntary income: grants and donations	7	3,900	-	3,900	3,935	7,835	5,158
<i>Activities for generating funds</i>							
Commercial trading Company	10	5,116	-	5,116	-	5,116	4,337
Investment income	6	24	-	24	-	24	19
<i>Incoming resources from charitable activities</i>							
Provision of leisure and cultural facilities	8	21,641	-	21,641	1,314	22,955	19,003
Service contract with Glasgow City Council		78,828	-	78,828	-	78,828	76,149
Total incoming resources		109,509	-	109,509	5,249	114,758	104,666
Resources Expended							
<i>Cost of generating funds</i>							
Commercial trading company	10	(3,638)	-	(3,638)	-	(3,638)	(3,546)
<i>Charitable activities</i>							
Provision of leisure and cultural facilities	2	(106,204)	-	(106,204)	(4,796)	(111,000)	(100,688)
Exceptional item		14,769	-	14,769	-	14,769	-
Governance costs	4	(566)	-	(566)	-	(566)	(494)
Total resources expended before gift aid		(95,639)	-	(95,639)	(4,796)	(100,435)	(104,728)
Net incoming/(outgoing) resources before exceptional item and taxation		(899)	-	(899)	453	(446)	(62)
Exceptional item		14,769	-	14,769	-	14,769	-
Net incoming/(outgoing) resources after exceptional item and before taxation	11	13,870	-	13,870	453	14,323	(62)
Taxation		-	-	-	-	-	17
Net incoming/(outgoing) resources before transfers and net income/(expenditure) for the year in accordance with the Companies Act 2006		13,870	-	13,870	453	14,323	(45)
<i>Gross transfers between funds</i>							
Pension reserves movement		(12,677)	12,677	-	-	-	-
Actuarial gain/(loss) on defined benefit pension scheme	20	-	24,000	24,000	-	24,000	(48,485)
Net movement in funds		1,193	36,677	37,870	453	38,323	(48,530)
Fund balances at 1 April 2010		308	(60,690)	(60,382)	2,277	(58,105)	(9,575)
Fund balances carried forward at 31 March 2011		1,501	(24,013)	(22,512)	2,730	(19,782)	(58,105)

All of the activities are continuing. There is no difference between the historical cost result and the net income for the year as shown above. As permitted by Section 408 of the Companies Act 2006 a statement of financial activities for the charitable company is not presented. The net incoming resources before taxation for the charitable company are shown in Note 8.

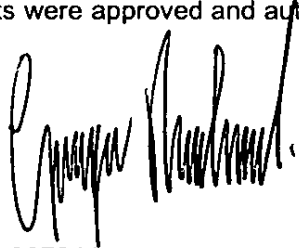
Balance Sheets

At 31 March 2011

		Group		Charity	
		2011 £000	2010 £000	2011 £000	2010 £000
	<i>Note</i>				
Fixed Assets					
Tangible Assets	12	2,791	2,633	2,725	2,631
Investments	13	-	-	-	-
		<u>2,791</u>	<u>2,633</u>	<u>2,725</u>	<u>2,631</u>
Current Assets					
Stocks	14	298	372	-	51
Debtors	15	6,309	4,609	5,729	4,950
Cash at bank and in hand		12,239	8,090	11,404	7,790
		<u>18,846</u>	<u>13,071</u>	<u>17,133</u>	<u>12,791</u>
Current Liabilities					
Creditors: amounts falling due in one year	16	(17,406)	(13,119)	(15,630)	(12,840)
		<u>1,440</u>	<u>(48)</u>	<u>1,503</u>	<u>(49)</u>
Net current (liabilities)/assets					
		<u>4,231</u>	<u>2,585</u>	<u>4,228</u>	<u>2,582</u>
Total assets less current liabilities					
Pension deficit	20	(24,013)	(60,690)	(24,013)	(60,690)
		<u>(19,782)</u>	<u>(58,105)</u>	<u>(19,785)</u>	<u>(58,108)</u>
Net liabilities including pension deficit					
Funds					
Unrestricted funds	18	1,501	308	1,498	305
Pension reserve deficit	20	(24,013)	(60,690)	(24,013)	(60,690)
		<u>(22,512)</u>	<u>(60,382)</u>	<u>(22,515)</u>	<u>(60,385)</u>
Restricted funds	17	2,730	2,277	2,730	2,277
		<u>(19,782)</u>	<u>(58,105)</u>	<u>(19,785)</u>	<u>(58,108)</u>
Total funds	18				

The financial statements were approved and authorised for issue by the Board on 7th September 2011 and signed on its behalf by:

G Redmond
Chair



Registered number: SC 037844

Group Cash flow statement

	<i>Note</i>	2011 £000	2010 £000
Net cash inflow from operating activities	19(a)	4,919	3,323
Returns on investments and servicing of finance			
Interest received	6	24	19
Interest paid		(2)	(3)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	12	(792)	(848)
Increase/(Decrease) in cash in the year		4,149	2,491

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost basis of accounting and in accordance with applicable accounting standards, the Statement of Recommended Practice: Accounting and Reporting by Charities approved by the Accounting Standards Board in April 2005, and the Companies Act 2006. Accordingly, the arrangements and headings have been adapted as provided for in the Companies Act 2006.

The financial statements have been prepared on the going concern basis as management believe that the charity has sufficient net assets, post balance sheet date, to meet the annual cash commitments required to service the long term pension liability for a period in excess of 12 months from the signing of the financial statements given that the long term pension liability will not fall due in any one year.

Basis of consolidation

The consolidated accounts include the financial statements of the charitable company and its subsidiary undertaking Culture and Sport Glasgow (Trading) CIC made up to 31 March 2011.

Under Section 408 of the Companies Act 2006, the charitable company is exempt from the requirement to present its own statement of financial activities.

Funds

Funds are classified as either restricted funds or unrestricted funds, defined as follows:

Restricted funds are funds subject to specific trusts, which may be declared by the donor or with their authority. Some are restricted income funds expendable at the discretion of the Board in furtherance of a particular activity, such as government grants for a specific centre, and funds raised for particular client groups or activities. Others are capital funds where the assets are required to be invested for long term use.

Unrestricted funds are expendable at the discretion of the Board in furtherance of the objectives of Culture and Sport Glasgow. If part of the unrestricted funds is earmarked at the discretion of the Board for a particular project it is designated as a separate fund. This designation has an administrative purpose only, and does not legally restrict the Board's discretion to apply the fund.

Incoming resources

Activities for generating income are accounted for on an accruals basis. Income is recognised in the accounting period when there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income from Glasgow City Council is accounted for on an accruals basis and is agreed in advance based on the level of service provided.

Investment Income is accounted for on an accruals basis.

Resources Expended

All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to a cost heading, they have been allocated on a basis consistent with use of the resources.

Costs of generating funds

Costs of generating funds represents the direct operational costs involved within the subsidiary undertaking to provide services such as catering facilities, hire of conference facilities and the provision of retail shopping in the venues and events operated by the parent company.

Costs of charitable activities

Costs of charitable activities represent the direct operational costs expended on the provision of cultural, recreational and leisure facilities in accordance with the company's charitable objectives.

Support costs relate to corporate services costs and are not allocated to specific service areas but are shown across functions, as outlined in Note 3.

Notes (continued)

1 Accounting policies (continued)

Governance costs

Governance costs are those costs incurred in compliance with constitutional and statutory requirements including related professional fees.

Leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

Stocks

Stocks of materials and consumables are stated at the lower of cost and net realisable value in the ordinary course of operating.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Depreciation

Assets are held at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows with no depreciation charged in the month of acquisition:

Plant and equipment	3 to 5 years
Motor vehicles	4 years
Furniture and fittings	5 years
Finance Leases	over the term of the lease
Leasehold improvements	10 years

Taxation

Group

The charge for corporation taxation is based on the taxable profit for the year. Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Charitable company

Culture and Sport Glasgow is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions

Culture and Sport Glasgow is a member of the Strathclyde Pension Fund, a Local Government Pension Scheme, which is a defined benefit pension scheme. The Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. All existing and new employees have the option of joining the Fund. The assets and liabilities of the scheme are held separately from those of the Trust in an independently administered fund.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Notes *(continued)*

1 Accounting policies *(continued)*

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. Current service costs are recorded within provision of leisure and cultural facilities within resources expended. The net return obtained on scheme assets is recorded as investment income. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Notes (continued)
(forming part of the financial statements)

2 Analysis of resources expended

	Charitable Activities 2011 £000	Support Costs 2011 £000	Total 2011 £000	Total 2010 £000
<i>Unrestricted funds – charitable activity / cost</i>				
Provision of leisure and cultural facilities (see below)	82,044	24,160	106,204	95,295
<i>Restricted funds – charitable activity / cost</i>				
Provision of leisure and cultural facilities (see below)	4,796	-	4,796	5,393
	<u>86,840</u>	<u>24,160</u>	<u>111,000</u>	<u>100,688</u>

Analysis of charitable activities by objective

	Unrestricted Funds 2011 £000	Restricted Fund 2011 £000	Total 2011 £000	Total 2010 £000
Sports and Leisure Activities	35,755	1,222	36,977	38,288
Libraries and Community Facilities	17,284	297	17,581	18,879
Arts and Museums	21,156	1,732	22,888	18,629
Area Teams	7,849	1,545	9,394	9,714
	<u>82,044</u>	<u>4,796</u>	<u>86,840</u>	<u>85,510</u>
Plus support costs excluding governance costs	24,160	-	24,160	15,178
Exceptional item	<u>(14,769)</u>	<u>-</u>	<u>(14,769)</u>	<u>-</u>
	<u>91,435</u>	<u>4,796</u>	<u>96,231</u>	<u>100,688</u>

The exceptional item comprises £15,844,000 arising as a past service gain following the UK Government's budget statement on 22 June 2010 in respect of the change to base future pension increases on the Consumer Prices Index (CPI) and not the Retail Prices Index (RPI), offset by a past service cost of £1,075,000 in respect of the net liabilities assumed through the business combination with Glasgow Cultural Enterprises.

	2011 £000	2010 £000
Net incoming resources are stated after charging:		
Depreciation	634	576
Auditors remuneration – see note 4	33	28

Notes *(continued)*
(forming part of the financial statements)

3 Allocation of Support Costs

	Charitable Activities 2011 £000	Governance 2011 £000	Total 2011 £000	Total 2010 £000
Finance, Procurement and Business Support	3,789	73	3,862	2,347
ICT	2,519	-	2,519	2,280
Human Resources	1,810	-	1,810	1,938
Marketing and Media	3,638	-	3,638	2,371
Administration and Management	12,404	493	12,897	6,736
	<u>24,160</u>	<u>566</u>	<u>24,726</u>	<u>15,672</u>

4 Governance

	Group		Total 2011 £000	Total 2010 £000
	Unrestricted Fund 2011 £000	Restricted Fund 2011 £000		
Strategic Planning Costs	495	-	495	355
External auditors' remuneration:				
Audit of these financial statements	29	-	29	28
Audit of financial statements of subsidiaries pursuant to legislation	4	-	4	4
Other services relating to taxation	-	-	-	5
Audit Fees – Internal	28	-	28	90
Directors and Officers Indemnity Insurance	10	-	10	12
	<u>566</u>	<u>-</u>	<u>566</u>	<u>494</u>

Notes *(continued)*
(forming part of the financial statements)

5 Staff numbers and costs

The remuneration and associated costs of the group and the charity were:

	Charity		Group	
	2011 £000	2010 £000	2011 £000	2010 £000
Wages and salaries	52,267	52,433	53,112	53,350
Redundancy Costs	2,791	46	2,791	46
Social Security Costs	3,603	3,672	3,656	3,726
Pension Costs	7,387	7,040	7,525	7,124
	<u>66,048</u>	<u>63,191</u>	<u>67,084</u>	<u>64,246</u>

Employees receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands:

	Group and Charity	
	2011 Number	2010 Number
£130,000 - £139,000	1	1
£80,000 - £89,999	3	3
£70,000 - £79,999	2	3
£60,000 - £69,000	6	4
	<u>12</u>	<u>11</u>

Retirement benefits are accruing to these members of staff under the defined benefit pension scheme.

No remuneration or expenses were paid to directors in their capacity as directors. However, one of the directors, Dr Bridget McConnell, was employed by the company as Chief Executive and received total remuneration in her capacity as an employee of £132,051 (2010: £132,051) plus an employer's contribution to the defined benefit pension scheme of £23,942 (2010: £22,785)

	Group and Charity	
	2011 Number	2010 Number
£130,000 - £139,000	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

Notes (continued)
(forming part of the financial statements)

5 Staff numbers and costs (continued)

The average monthly full-time equivalent number of employees of the group during the year was:

	Charity		Group	
	2011 FTE	2010 FTE	2011 FTE	2010 FTE
Area Teams	227	253	227	253
Libraries and Community Facilities	485	496	485	496
Arts and Museums	645	424	645	424
Sports and Events	819	788	819	788
Retail	-	-	44	37
Management and Administration	206	184	206	184
	<u>2,382</u>	<u>2,145</u>	<u>2,426</u>	<u>2,182</u>

6 Investment income

	Charity		Group	
	2011 £000	2010 £000	2011 £000	2010 £000
Interest receivable	<u>21</u>	<u>17</u>	<u>24</u>	<u>19</u>
	<u>21</u>	<u>17</u>	<u>24</u>	<u>19</u>

7 Voluntary Income

Group	Unrestricted 2011 £000	Restricted 2011 £000	Total 2011 £000	Total 2010 £000
Contributions	1,521	912	2,433	1,826
Donations and Bequests	264	-	264	259
Grants	<u>2,115</u>	<u>3,023</u>	<u>5,138</u>	<u>3,073</u>
	<u>3,900</u>	<u>3,935</u>	<u>7,835</u>	<u>5,158</u>
Charity	Unrestricted 2011 £000	Restricted 2011 £000	Total 2011 £000	Total 2010 £000
Gift aid from subsidiary company	1,376	-	1,376	836
Contributions	1,521	912	2,433	1,826
Donations and Bequests	264	-	264	259
Grants	<u>2,115</u>	<u>3,023</u>	<u>5,138</u>	<u>3,073</u>
	<u>5,276</u>	<u>3,935</u>	<u>9,211</u>	<u>5,994</u>

Notes (continued)
(forming part of the financial statements)

8 Incoming Resources From Charitable Activities

	Unrestricted 2011 £000	Restricted 2011 £000	Total 2011 £000	Total 2010 £000
Sports and leisure	13,654	1,098	14,752	14,296
Hires and lettings of facilities	2,921	-	2,921	1,276
Other	5,066	216	5,282	3,431
	<u>21,641</u>	<u>1,314</u>	<u>22,955</u>	<u>19,003</u>
Service contract with Glasgow City Council	78,828	-	78,828	76,149
	<u>100,469</u>	<u>1,314</u>	<u>101,783</u>	<u>95,152</u>

9 Financial Activities of the Charity

The financial activities shown in the consolidated statement includes those of the charity's wholly owned subsidiary, Culture and Sport Glasgow Trading (Community Interest Company) Limited. A summary of the financial activities undertaken by the charity is set out below:

	Total 2011 £000	Total 2010 £000
Gross incoming resources	111,015	101,162
Total expenditure on charitable activities	(111,000)	(100,688)
Governance costs	(566)	(494)
Net outgoing resources	(551)	(20)
Exceptional item	14,769	-
Actuarial gain/(loss) on defined benefit pension scheme	24,105	(48,468)
Total funds brought forward	<u>(58,108)</u>	<u>(9,620)</u>
Total funds carried forward	<u>(19,785)</u>	<u>(58,108)</u>
Represented by:		
Restricted income funds	2,730	2,277
Unrestricted income funds	<u>(22,515)</u>	<u>(60,385)</u>
	<u>(19,785)</u>	<u>(58,108)</u>

Notes *(continued)*
(forming part of the financial statements)

10 Incoming Resources from Activities for Generating Funds

The wholly owned trading subsidiary Culture and Sport Glasgow Trading (Community Interest Company) Limited, which is incorporated in the United Kingdom, pays all of its profits to the charity by gift aid. Culture and Sport Glasgow Trading (Community Interest Company) Limited operates all the commercial trading operations carried out at premises managed by the charity. The charity owns the entire share capital of 100 ordinary shares of £1 each. A summary of the trading results is shown below.

	Total 2011 £000	Total 2010 £000
Turnover	5,116	4,337
Cost of sales and administration costs	(3,636)	(3,543)
Gift aid to charity	(1,376)	(836)
Interest receivable	3	2
Interest Payable	(2)	(3)
	<u>105</u>	<u>(43)</u>
Net profit/(loss) on ordinary activities before taxation	105	(43)
Taxation on profit/(loss) on ordinary activities	-	17
	<u>105</u>	<u>(26)</u>
Profit/(loss) for the year	105	(26)
Actuarial loss on defined benefit pension scheme	223	(473)
Retained in the subsidiary	<u>328</u>	<u>(499)</u>
The assets and liabilities of the subsidiary were:		
Fixed Assets	65	2
Current Assets	1,740	1,202
Current Liabilities	<u>(1,803)</u>	<u>(1,202)</u>
	2	2
Pension Liability	<u>(128)</u>	<u>(456)</u>
	(126)	(454)
Total Net (Liabilities)/Assets	<u>(126)</u>	<u>(454)</u>
Aggregate share capital and reserves	<u>(126)</u>	<u>(454)</u>

Notes (continued)
(forming part of the financial statements)

11 Taxation on (loss)/profit on ordinary activities

	2011 £000	Group 2010 £000
Profit/(loss) on ordinary activities	105	(43)
Prior year gift aid payment	-	83
Disallowable items	(105)	(40)
Tax adjusted profit/(loss) for year	-	-
Current tax at 21% (2010: 21%)	-	-
Reversal of prior year charge due to gift aid payments	-	(17)
Tax credit	-	(17)

12 Tangible fixed assets

Group	Leasehold Improvements 2011 £000	Plant & Equipment 2011 £000	Total 2011 £000
<i>Cost</i>			
At the beginning of year	1,184	2,257	3,441
Additions	621	171	792
Disposals	-	-	-
At end of year	1,805	2,428	4,233
<i>Depreciation</i>			
At beginning of year	(239)	(569)	(808)
Charge for year	(248)	(386)	(634)
Disposals	-	-	-
At end of year	(487)	(955)	(1,442)
Net book value at 31 March 2011	1,318	1,473	2,791
Net book value at 31 March 2010	945	1,688	2,633
Charity			
	Leasehold Improvements 2011 £000	Plant & Equipment 2011 £000	Total 2011 £000
<i>Cost</i>			
At the beginning of year	1,184	2,254	3,438
Additions	555	171	726
Disposals	-	-	-
At end of year	1,739	2,425	4,164
<i>Depreciation</i>			
At beginning of year	(239)	(568)	(807)
Charge for year	(247)	(385)	(632)
Disposals	-	-	-
At end of year	(486)	(953)	(1,439)
Net book value at 31 March 2011	1,253	1,472	2,725
Net book value at 31 March 2010	945	1,686	2,631

All assets owned are held for charitable use.

Notes *(continued)*
(forming part of the financial statements)

13 Fixed asset investments

	Charity	
	2011	2010
	£000	£000
Investment in subsidiary undertaking	-	-

14 Stock

	Group		Charity	
	2011	2010	2011	2010
	£000	£000	£000	£000
Merchandise for resale	298	372	-	51

15 Debtors

	Group		Charity	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade debtors	4,583	2,513	4,111	2,291
Prepayments and accrued income	171	263	73	253
Amounts due from parent organisation	1,022	1,833	1,003	1,833
Amounts due from subsidiary company	-	-	9	573
VAT	533	-	533	-
	<u>6,309</u>	<u>4,609</u>	<u>5,729</u>	<u>4,950</u>

16 Creditors: amounts falling due within one year

	Group		Charity	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade creditors	4,356	3,161	4,118	3,035
Deferred Income	675	255	609	194
Social security costs and other taxes	1,886	1,728	1,870	1,707
VAT	1,312	628	-	263
Other creditors and accruals	9,177	5,656	9,033	5,613
Amounts due to subsidiary company	-	-	-	350
Amounts due to ultimate parent company	-	1,691	-	1,678
	<u>17,406</u>	<u>13,119</u>	<u>15,630</u>	<u>12,840</u>

Notes *(continued)*
(forming part of the financial statements)

17 Restricted funds

	Other £000	Capital Contribution £000	Total £000
Group and Charity			
Balance as at 1 April 2010	2,277	-	2,277
Income	5,249	-	5,249
Expenditure	(4,796)	-	(4,796)
Balance at 31 March 2011	2,730	-	2,730

The Other reserve represents a number of small funds received from external organisations for specific purposes.

Sufficient resources are held to enable each fund to be applied in accordance with all restrictions. Transfers between funds are not performed.

Restricted Funds

	Fund Balance Brought Forward £000	Incoming Resources £000	Outgoing Resources £000	Fund Balances Carried Forward £000
Area Teams	540	1,709	(1,545)	704
Arts & Music	199	751	(620)	330
Corporate	-	23	-	23
Events	-	148	(106)	42
Libraries and Community Facilities	236	305	(297)	244
Museums	231	1,198	(1,112)	317
Sport and Leisure Activities	1,071	1,115	(1,116)	1,070
	2,277	5,249	(4,796)	2,730

Notes (continued)
(forming part of the financial statements)

17 Restricted funds

Analysis by fund of amounts received during the year in excess of £50,000 or where the fund balance at 31 March 2011 is greater than £25,000.

Service Area	Fund Name	Balance at Beginning of Year £000	Incoming Resources £000	Outgoing Resources £000	Balance at 31 March 2011 £000
Area Teams	West Hubs	-	125	(109)	16
	Culture & Arts Programme	-	76	(42)	34
	ALN Development Fund	-	123	(114)	9
	Youth Development Officer	39	75	(72)	42
	Swayed GHA	16	108	(119)	5
	ESOL	24	65	(66)	23
	EVIP	21	11	(5)	27
	SE Vibrancy Action Programme	4	69	(70)	3
	West LCPP Arts Programme	8	70	(63)	15
	CLD Upskilling Fund	92	185	(206)	71
	SW Community Ref Gr	-	36	(6)	30
	Swayed by Youth Work	-	29	(3)	26
	Knightswood Pool	-	56	-	56
	Other	336	681	(670)	347
	Total Area Teams	540	1,709	(1,545)	704
Arts & Music	M C Public Art	-	60	-	60
	Let Glasgow Flourish	2	65	(47)	20
	SAC Audience Development	-	26	-	26
	Tramway BAS 201	-	39	(1)	38
	Routes & Clusters	54	10	(4)	60
	Creative Identities	97	79	(176)	-
	GI Festival 2010	53	218	(270)	1
	GI Festival 2012	-	54	(24)	30
	Strategic Music Partnership	-	56	-	56
	Other	(7)	144	(98)	39
	Total Arts	199	751	(620)	330
Corporate	Total Corporate	-	23	-	23
Events	Merchant City Festival	-	98	(94)	4
	Other	-	50	(12)	38
	Total Events	-	148	(106)	42
Libraries	Aye Write Festival	55	129	(131)	53
	Children's Books & Play	18	37	(14)	41
	Family Futures (Big Lottery Fund)	36	85	(51)	70
	Other	127	54	(101)	80
	Total Libraries	236	305	(297)	244
Museums	Kelvingrove Organ	22	30	(19)	33
	Burrell Tapestries	105	10	(3)	112
	GOMA BAS 2011	-	26	-	26
	Riverside Museum	6	880	(876)	10
	Riverside Destination	-	50	(6)	44
	Other	98	202	(208)	92
	Total Museums	231	1,198	(1,112)	317

Notes (continued)
(forming part of the financial statements)

17. Restricted funds (continued)

Service Area	Fund Name	Balance at Beginning of Year £000	Incoming Resources £000	Outgoing Resources £000	Balance at 31 March 2011 £000
Sport	Shape Up	39	13	(2)	50
	Netball Super League	1	73	(44)	30
	Active Living Development	36	41	(34)	43
	Walk Glasgow	66	31	(51)	46
	Keep Well Programme	17	69	(46)	40
	Obesity	71	76	(85)	62
	Talented Sports Performers	-	55	(55)	-
	Health Referrals	56	-	(26)	30
	CRF	160	187	(163)	184
	Commonwealth Conference	27	112	(117)	22
	Football Youth	165	-	(13)	152
	Holiday Programme NOF	43	1	(2)	42
	Silver Deal - GHA	80	124	(164)	40
	WSIS Phase 2	201	20	-	221
	Other	109	313	(314)	108
	Total Sport	1,071	1,115	(1,116)	1,070
Total Restricted Funds		2,277	5,249	(4,796)	2,730

There were no Transfers, Gains or Losses during the year.

FUND DESCRIPTION

West Hubs

Providing Youth activities in the West Area of the City

Culture & Arts Programme

Supporting arts activities by giving access to the arts in the south west of the city.

ALN Development Fund

Providing Adult Literacy and Numeracy training throughout the city

Youth Development Officer

Fund a Youth Development Officer post within Glasgow Life

Swayed GHA

Engaging young people in diverse activities in SW Glasgow

ESOL

Teaching foreign nationals English as a second or other language

EVIP

Staff costs for tutors delivering vocational training courses

SE Vibrancy Action Programme

Assist communities in SE area to participate in arts and environmental issues

West LCPP Arts Programme

Providing arts activities in West area

CLD Upskilling Fund

National staff development programme for community learning and development workers

SW Community Ref Gr

Provide support, training and development opportunities for local communities

FUND DESCRIPTION

Swayed by Youth Work

Engaging young people in diverse activities in SW Glasgow

Knightswood Pool

Refurbishment of Knightswood pool

MC Public Art

Pilot scheme to commission public art

Let Glasgow Flourish

Community engagement through exhibitions, training programmes and conferences

SAC Audience Development

Action research project targeting specific audience groups

Tramway BAS 201

Touring exhibition promoting British art

Routes & Clusters

SAC funded study for the design and animation of public spaces in the context of Glasgow 2014

Creative Identities

Audience development at the Tramway Theatre

GI Festival 2010

Bi-annual arts festival

GI Festival 2012

Bi-annual arts festival

Strategic Music Partnership

To provide music opportunities for young people.

Merchant City Festival

Celebrating the Arts programme in Merchant City area of Glasgow

Aye Write Festival

Literary event with a programme of speakers and workshops to promote reading

Children's Books & Play

Establishing and delivering a Sure Start service

Family Futures

Funded by the Big Lottery Fund, Culture & Sport's 'Family Futures' project provides parenting education and support to enable healthier and more supportive relationships between parents and children across Glasgow.

Kelvingrove Organ

Daily recitals – income to fund organ maintenance and organist fees – funded by "Golden Oldies"

Burrell Tapestries

This fund (resulting from a generous donation from Esmee Fairbairn Trust) helps provide research and conservation reports on the 200 tapestries in the Burrell Collection

GOMA BAS 2011

Touring exhibition promoting British art

Riverside Museum

Resources to help build, design and develop the new Riverside Museum.

Riverside Destination

Promoting the opening of the new Riverside Museum

Shape Up

Active Health programme

Netball Super League

Development of the Glasgow Wildcats Netball Team

Active Living Development

Activities designed for older adults

Walk Glasgow

Promote walking in Glasgow

Keep Well Programme

Promote health and exercise

Obesity

NHS funded project addressing obesity in children and young people

Talented Sports Performers

Operational costs for talented sports performers

Notes (continued)
(forming part of the financial statements)

17. Restricted funds (continued)

Health Referrals

Scottish Executive funding, as part of the 2010 project, to help 45-64 year olds who are at high risk of contracting coronary heart disease

Commonwealth Conference

Commonwealth conference

Football Youth

Development of youth football programmes

Holiday Programme NOF

Providing activities throughout the school holidays

Silver Deal – GHA

Promote health and exercise amongst the over 50s

WSIS Phase 2

Develop the skills of talented athletes at the West of Scotland Institute of Sport

18. Analysis of net assets between funds

Group	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fund balances at 31 March 2011 are represented by:			
Tangible fixed assets	2,791	-	2,791
Investments	-	-	-
Current assets	16,116	2,730	18,846
Current liabilities	(17,406)	-	(17,406)
Pension deficit	(24,013)	-	(24,013)
Total net assets	(22,512)	2,730	(19,782)

Charity	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fund balances at 31 March 2011 are represented by:			
Tangible fixed assets	2,725	-	2,725
Investments	-	-	-
Current assets	14,421	2,730	17,151
Current liabilities	(15,648)	-	(15,648)
Pension deficit	(24,013)	-	(24,013)
Total net assets	(22,515)	2,730	(19,785)

Notes (continued)
(forming part of the financial statements)

19. Notes to the cash flow statement

(a) Reconciliation of net income / (expenditure) for the year to net cash inflow from operating activities

	2011 £000	2010 £000
Net income for the year	14,323	(62)
Add depreciation	634	577
Retirement benefit scheme current service cost	(12,677)	(215)
Interest received	(24)	(19)
Interest paid	2	3
Decrease / (Increase) in stocks	74	48
Decrease / (Increase) in debtors	(1,700)	418
(Decrease) / Increase in creditors and provisions	4,287	2,556
Taxation	-	17
Net cash inflow from operating activities	4,919	3,323

(b) Reconciliation of net cash flow to movement in net debt

	2011 £000	2010 £000
(Decrease) / Increase in cash in the year	4,149	2,491
Change in net debt resulting from cash flows	-	-
Net funds at start of year	8,090	5,599
Net funds at end of year	12,239	8,090

(c) Analysis of net debt

	At beginning of year £000	Cash flows £000	Other non cash changes £000	At end of year £000
Cash at bank and in hand	8,090	4,149	-	12,239

20. Pension Scheme

Group and Charity

Culture and Sport Glasgow participates in the Local Government Pension Scheme, which is administered by Strathclyde Pension Fund and is a defined pension scheme. The assets are held separately from those of the charity in investments and are under the supervision of the Fund Trustees. The fund includes both a funded and an unfunded portion. The most recent triennial actuarial valuation of the Scheme was performed at 31 March 2008.

The unfunded element is in respect of additional pensions paid on retirement under the Discretionary Payment Regulations (compensatory added year's pensions). The liabilities in respect of the unfunded elements are disclosed below in accordance with FRS 17.

Notes (continued)
(forming part of the financial statements)

The amounts recognised in the statement of financial position are as follows:

Defined benefit pension plans

	Group		Charity	
	2011 £000	2010 £000	2011 £000	2010 £000
Present value of funded obligations	(160,962)	(174,925)	(159,728)	(173,917)
Fair value of plan assets	138,399	115,710	137,165	114,702
	(22,563)	(59,215)	(22,563)	(59,215)
Present value of unfunded obligations	(1,450)	(1,475)	(1,450)	(1,475)
Net liability	(24,013)	(60,690)	(24,013)	(60,690)
Amounts in the statement of financial position:				
Liabilities	(24,013)	(60,960)	(24,013)	(60,690)
Assets	-	-	-	-
Net Liabilities	(24,013)	(60,690)	(24,013)	(60,690)

The amounts recognised in the statement of financial activities are as follows:

Defined benefit pension plans

	Group		Charity	
	2011 £000	2010 £000	2011 £000	2010 £000
Current service cost	8,862	4,258	8,732	4,207
Past service (gain)/cost	(15,957)	1,162	(15,826)	1,153
Past service cost assumed in relation to business combination	1,075	-	1,075	-
Interest on obligation	9,632	6,433	9,552	6,386
Expected return on plan assets	(8,967)	(5,295)	(8,889)	(5,251)
Losses/(gains) on curtailments and settlements	158	75	158	75
Total	(5,197)	6,633	(5,198)	6,570
Actual return on plan assets	9,848	30,575	9,763	30,320

Changes in the present value of the defined benefit obligation are as follows:

Defined benefit pension plans

	Group		Charity	
	2011 £000	2010 £000	2011 £000	2010 £000
Opening defined benefit obligation	176,400	90,336	175,392	89,699
Liabilities assumed in a business combination	6,012	-	6,012	-
Current service cost	8,862	4,258	8,732	4,207
Past service (gain)/cost	(15,957)	1,162	(15,826)	1,153
Interest cost	9,632	6,433	9,552	6,386
Actuarial (gains)/losses	(23,158)	73,727	(23,270)	73,499
Losses/(gains) on curtailments	158	75	158	75
Contributions by members	2,543	2,454	2,506	2,416
Estimated unfunded benefits paid	(88)	(62)	(88)	(62)
Estimated Benefits paid	(1,992)	(1,983)	(1,990)	(1,981)
Closing defined benefit obligation	162,412	176,400	161,178	175,392

Notes (continued)
(forming part of the financial statements)

20. Pension Scheme continued

Changes in the fair value of plan assets are as follows:

Defined benefit pension plans

	Group		Charity	
	2011 £000	2010 £000	2011 £000	2010 £000
Opening fair value of plan assets	115,710	77,916	114,702	77,302
Assets acquired in a business combination	4,937	-	4,937	-
Expected return	8,967	5,295	8,889	5,251
Actuarial gains/(losses)	842	25,242	835	25,031
Contributions by members	2,543	2,454	2,506	2,416
Contributions by employer	7,392	6,786	7,286	6,683
Contributions in respect of unfunded benefits	88	62	88	62
Estimated unfunded benefits paid	(88)	(62)	(88)	(62)
Estimated Benefits Paid	(1,992)	(1,983)	(1,990)	(1,981)
	<u>138,399</u>	<u>115,710</u>	<u>137,165</u>	<u>114,702</u>

The major categories of plan assets as a percentage of total plan assets are as follows:

	2011	2010
Equities	77%	77%
Bonds	13%	13%
Property	6%	7%
Cash	4%	3%

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	2011	2010
Discount rate at 31 March	5.5%	5.5%
Expected return on plan assets at 31 March	6.9%	7.2%
Future salary increases	5.1%	5.3%
Future pension increases	2.8%	3.8%

Defined benefit pension plans

	Group			Charity		
	2011 £000	2010 £000	2009 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	(162,412)	(176,400)	(90,336)	(159,600)	(175,392)	(89,699)
Plan assets	138,399	115,710	77,916	137,165	114,702	77,302
Surplus/(deficit)	<u>(24,013)</u>	<u>(60,690)</u>	<u>(12,420)</u>	<u>(22,435)</u>	<u>(60,690)</u>	<u>(12,397)</u>
Experience adjustments on plan liabilities	(99)	-	8,594	(99)	-	8,581
Experience adjustments on plan assets	842	25,242	(28,924)	835	25,031	(28,763)

Notes *(continued)*
(forming part of the financial statements)

21. Related Party

Culture and Sport Glasgow is contracted to provide cultural, community, recreation and leisure services by the Glasgow City Council (GCC). In the year to 31 March 2011, GCC provided funds of £78.8m (2010: £76.1m) to the charity in respect of the services undertaken by the charity on its behalf. At 31 March 2011, GCC owed the charity £1.8m (2010: £1.8m) in relation to normal trading activities.

The charity purchased goods and services from Sportscotland amounting to £10,664 (2010: £9,962) and supplied goods and services to the value of £953 (2010: £9,473). Mel Young is a director of Sportscotland.

The charity supplied goods and services amounting to £12,557 to Clyde Gateway URC; £3,750 to Clyde Gateway Developments Ltd; £44 to Glasgow East Regeneration Agency and purchased goods and services to the value of £11,353. Councillor George Redmond (who was appointed to the Board on 24 June 2010) is a trustee of all of these organisations. The Charity also hired facilities from Scottish Exhibition and Conference Centre amounting to £11,015 of which Councillor Redmond is a Board Member

The charity provided goods and services amounting to £74 (2010: £150) to Glasgow Academy of which Sir Angus Grossart is Honorary Governor. The charity provided goods and services amounting to £213 to National Museums of Scotland of which Sir Angus Grossart is Chairman. The charity purchased goods and services amounting to £411 from Lyon & Turnbull of which Sir Angus Grossart is a director. The charity purchased goods and services amounting to £969 from Charles Henshaw & Sons Limited of which Sir Angus Grossart is a director. The charity purchased goods and services amounting to £1,022 (2010: £687) from The Fine Art Society of which Sir Angus Grossart is Chairman and Lord Macfarlane of Bearsden is Honorary Vice President.

The charity provided goods and services amounting to £11,750 to Diageo plc of which Lord Macfarlane of Bearsden is Honorary Life President. The charity provided goods and services amounting to £702 (2010: £7,172) and purchased goods and services amounting to £3,137 (2010: £1,725) from Scottish Ballet of which Lord Macfarlane of Bearsden is Honorary Life President. The charity supplied goods and services amounting to £3,108 (2010: £5,035) to the High School of Glasgow of which Lord Macfarlane of Bearsden is Honorary President. The charity supplied goods and services amounting to £13,390 (2010: £810) to Glasgow School of Art of which Lord Macfarlane of Bearsden is Honorary Fellow and President. The charity purchased goods and services amounting to £80 from the Charles Rennie Mackintosh Society of which Lord Macfarlane of Bearsden is a member.

The charity supplied goods and services amounting to £2,302 and purchased goods and services amounting to £14,039 from Strathclyde Fire and Rescue Board of which Councillor Anne McTaggart and Councillor Allison Hunter are directors. The charity provided goods and services amounting to £216,103 and purchased goods and services amounting to £1,181 from Glasgow City Marketing Bureau of which Councillor Allison Hunter is a director.

The charity supplied goods and services amounting to £166 and purchased goods and services amounting to £976 from the National Trust for Scotland of which Councillor Stephen Curran is a member. The charity provided goods and service amounting to £5,599 from Glasgow Community & Safety Services of which Councillor Stephen Curran is a director. The charity supplied goods and services amounting to £200 to Glasgow Community Justice Authority of which Councillor Stephen Curran is a director.

The charity supplied goods and services amounting to £26,088 (2010: £18,910) to Glasgow North Regeneration Agency of which Bailie Allan Stewart is a director.

The charity supplied goods and services amounting to £1,323 (2010: 2,610) and purchased goods and services amounting to £88 (2010: £4,252) from the Royal Scottish Academy of Music and Drama of which Dr Bridget McConnell is Vice Chairman.

The charity purchased goods and services amounting to £22,284 from University of Strathclyde of which Bailie Jean McFadden (who was appointed to the Board on 24 June 2010) is an employee.

Notes *(continued)*
(forming part of the financial statements)

21. Related Party continued

The Charity purchased goods and services throughout the year from Dalsetter Business Village in the sum of £78,711. Councillor Gordon Matheson (who resigned from the Board on 24th June 2010) is a Director. The Charity also made payments to Merchant City Tourism and Marketing Co-operative of £25,000 where Councillor Matheson is the Chair.

The Charity purchased goods and services from The Arches Theatre for £500 (2010: £1,762) and incurred costs of £10,666 (2010: £800) and received income of £2000 from the Glasgow Film Theatre. Bailie Liz Cameron (who resigned from the Board on 24th June 2010) is a Director of both organisations. The Charity also made purchases of £16,937 (2010: £1,725) from the Scottish Baroque Ensemble where Bailie Cameron is also a Director.

The Charity has an appointment agreement in place with Glasgow UNESCO City of Music, of which Dr Bridget McConnell is a trustee. This agreement is in respect of the provision of certain services, including hosting, general administrative and marketing services for which a fee is agreed on an annual basis. The only transactions in the year represented the administration of the salary and on costs disclosed in note 5.

22 Ultimate Holding Organisation

The Ultimate Holding Organisation of the Group is Glasgow City Council. The financial statements of Glasgow City Council, which consolidate the results of Culture and Sport Glasgow, are available from Glasgow City Council, City Chambers, George Square, Glasgow, G2 1DU.