

Culture and Sport Glasgow
(A charity limited by guarantee)

Report and Group Financial Statements
Year Ended 31 March 2017

Registered number SC313851 (registered in Scotland)

Scottish Charity number SC 037844



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TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Directors, who are the Trustees for the purposes of charity law, are pleased to present their annual report (including their strategic report) and group financial statements for the year ended 31 March 2017. 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.

These are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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

Glasgow Life's strategic objectives are outcome focussed and ensure that we can align the delivery of all our services to the City's strategic priorities, as follows:

- Glasgow citizens will flourish in their personal, family and community life (through regular participation in learning, sport, cultural and creative opportunities).
- Enhanced skills and learning among (and contribute to the employability of) our citizens.
- Glasgow's local, national and international image, identity and infrastructure are enhanced.
- (Contribute to) Glasgow is a safer, greener and more sustainable city.
- Glasgow Life is a continuously improving, effective and efficient organisation providing high quality services.
- Glasgow's cultural heritage is protected and shared with its citizens and visitors.
- Reduced inequalities in Glasgow (relative to Scotland and between Glasgow Citizens).
- Enhanced health and wellbeing for all those who live and work in Glasgow.

The Company Business and Service Plan which includes our Strategic Context and Strategic Outcomes is approved by the Board on an annual basis. This was last approved by the Board on the 22nd March 2017

STRATEGIC REPORT – the headings ‘achievements and performance, financial review and plans for future periods’ form the Strategic Report.




Achievements and performance

2016/17 PERFORMANCE




Across the organisation, our performance remains strong. Glasgow Life's performance management framework continues to monitor the progress of all our services with a focus on meeting the city's priorities and our strategic service. The specific focus is on:

- Glasgow Life's Business and Service Plan
- Glasgow City Council's Strategic Plan
- Glasgow's Single Outcome Agreement
- Commonwealth Games Legacy Framework

With this in mind we ensure that SMART measures are adopted when setting targets for performance indicators and we use Audit Scotland's system to demonstrate progress against targets:

-  More than 5% below targeted performance
-  2.5% to 4.9% below targeted performance
-  Performance between -2.49% and target(or better)

During 2016-17 we agreed to report to Glasgow City Council on these three key areas of performance:

Measure	Target	Actual	Status
The number of attendances at Glasgow Life directly managed venues excluding festivals and events	17 million	18.1 million*	
Income generated through the company's charity and CIC	£36.8 million (charity) £29.3 million (CIC) £7.5 million	£34.2 million (charity) £27.6 million (CIC) £6.6 million	
Deliver against key themes set out in 2014 Commonwealth Games Legacy Framework	Active theme	On track	

A further 1,059,079 attendances were recorded at key events, festivals and musical performances. This figure includes Mela, Merchant City Festival and Celtic Connections. The total figure for all attendances at Glasgow Life services were 19,167,333.

Statutory Performance Indicators

Three Statutory Performance Indicators (SPIs) are reported in line with our contractual agreement with Glasgow City Council. These are also reported to Glasgow Life's Board.

Measure	Target	Actual	Status
Sport visits: the number of attendances per 1,000 population including pools	9,861	10,667	●
The number of visits to/usages of council funded or part funded museums per 1,000 population	6,958	6,979	●
The number of visits to libraries per 1,000 population	8,602	9,010	●

Performance is reported to Glasgow Life's Board throughout the year across a range of measures including financial performance, learning, employability and volunteering opportunities in the city.

Measure	Target	Actual	Status
Breakdown of the number of attendances at Glasgow Life directly managed venues, excluding festivals and events	17,007,323	18,108,254	●
Glasgow Sport	6,428,687	6,398,838	●
Glasgow Libraries	5,216,000	5,463,208	●
Glasgow Museums	3,300,786	3,840,953	●
Community Facilities	1,258,700	1,523,918	●
Glasgow Arts, Music & Cultural Venues	803,150	881,337	●

Financial Review

Review of the year

The results for the year are shown on page 13 in the group statement of financial activities.

The surplus on unrestricted general funds for the year to 31 March 2017 was £193,000 (2016: surplus £807,000). After accounting for the group and the charity's participation in the Strathclyde Pension Fund and movement on unrestricted designated funds, the overall unrestricted balance for the group at 31 March 2017 was a deficit of £101,581,000 (2016: £48,383,000). The group generated £13,544,000 (2016: £8,998,000) of restricted funds during the year, which after expenditure of £8,029,000 (2016: £11,873,000) had a closing balance of £9,967,000 (2016: £4,013,000).

The overall group reserve position is a deficit of £91,614,000 (2016: deficit of £44,370,000) as a result of the pension liability as at 31 March 2017 of £103,940,000 (2016: £49,433,000).

The financial statements have been prepared on the going concern basis as management believe that the group 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 give that the long term pension liability will not fall due in any one year.

The subsidiary company, Culture and Sport Glasgow (Trading) CIC, has a turnover of £6,639,000 (2016: £6,583,000) generating a profit before tax of £1,880,000 (2016: £1,955,000). The subsidiary company gifted £1,880,000 to the charitable company (2016: £1,955,000). It is intended that the subsidiary company will gift aid or covenant all future profits generated to the parent charitable company.

On 29 April 2016, Glasgow City Council, the sole member of Glasgow City Marketing Bureau (GCMB) transferred its membership to Culture and Sport Glasgow. From this date GCMB has operated as a subsidiary of Culture and Sport Glasgow. GCMB reported a turnover of £6,534,384 and a loss before taxation of £31,199 for the year ended 31 March 2017. In 2016/17, GCMB gift aids all available profits to the 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 2017, 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.

Risk Assessment

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 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 Finance has responsibility for ensuring all risks identified are managed to the agreed outcomes.

The top 5 risks identified are failure to secure a stable platform for records management and specialist archive databases; disruption to services while implementing organisational change; failure to meet income targets for Sport; constraints on capital investment in sustainable infrastructure resulting in insufficient funding to maintain property infrastructure and ensuring compliance with the new General Data Protection Regulations (GDPR) coming into force from May 2018.

Reserves policy

The charity holds restricted and unrestricted reserves. Within unrestricted reserves, the charity has designated within the pension reserve the long term 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 Audit Committee reviews the reserves Policy on an annual basis and at its meeting on 8th December 2016, agreed to continue the reserves policy of a target of between 1.5% and 2.5% of turnover to provide protection against future adverse economic conditions. The Board continues to review this position on an ongoing basis as the business continues to develop and grow its proposition. General reserves, which are shown in the balance sheet as unrestricted funds, amount to £554,000 (2016: £284,000), before inclusion of the pension reserve. This amount represents 0.5% of total unrestricted income which is below the target of reserves. The Board are aware of this drop in reserves as a result of the reflection of Employee Benefit Accrual. The Board of Directors have approved a budget for 2017-18 which aims to generate a breakeven position.

In line with the charity's contract with Glasgow City Council and Service Fee received for the provision of services is agreed annually. In the year ended 31 March 2017 this amounted to £72,793,769 (2016: £75,379,960), which is the equivalent of eight months funding of expenditure (2016: eight months). 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.

Plans for future periods

Targets for 2017-18

A target of 18,108,808 has been approved for attendances at Glasgow Life directly managed venues for the financial year 2017-18.

Venue	Target
Glasgow Libraries	5,410,173
Glasgow Museums	3,422,500
Glasgow Arts, Music and Cultural Venues*	845,470
Glasgow Sport	6,276,431
Glasgow Events	832,826
Community Facilities	1,321,408
Total	18,108,808

The 2017/18 targets for Glasgow Conventions have been set as follows:

Economic value of conference sales won for future years	£140m
Actual economic value of conferences taking place in the city during the financial year	£100m

The 2017-18 targets for income generated through the company's charity and CIC are as follows:

Income generation	Target
Charity	£30.7 million
CIC	£7.4 million
Total	£38.1 million

During 2016 Culture and Sport Glasgow took ownership of Glasgow City Marketing Bureau (GCMB) following agreement from both organisations' boards and Glasgow City Council. GCMB is therefore a wholly owned subsidiary of Culture and Sport Glasgow. The wider benefits of this transfer will result from promoting the City internationally and across the UK, and as a consequence maximising participation by both citizens and visitors in the cultural and sporting assets and events that are part of Glasgow's unique selling points.

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 SC037844.

Trustees

A list of current trustees, including those who served during the year, can be found on page 7. This represents a change to the composition of the board as a result of the takeover of Glasgow City Marketing Bureau to reflect the wider interests and responsibilities of the new group. The composition of the Board of Directors is as follows:

- The maximum number of trustees shall be fourteen (2016: twelve) of which: -
 - A maximum of five (2016: five) trustees shall be "Partner Directors" i.e. any elected member of Glasgow City Council who is willing to act as a trustee, be appointed by Glasgow City Council
 - A maximum of eight (2016: six) trustees shall be "Independent Directors"
 - A maximum of one (2016: 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 Trustees, at the first meeting of Trustees to be held after the appointment of any individual to the post of Chief Executive of the Company, to appoint that individual as an Executive Director.

Policies and procedure for induction and training of trustees

An induction training process is in place for all new trustees, 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 Trustees and Senior Management present. Decisions are taken and set the overall strategy for the business as well as to monitor its activities. Senior Management is 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 trustee. The Audit 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 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. During 16/17 the charity operated an additional subsidiary, Glasgow City Marketing Bureau. From 17/18 onwards the activities will be integrated into the Charity and CIC following OSCR recommendations.

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

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 applicants with a disability and we have a variety of policies, procedures and guidance to support them in the workplace.

Directors' Indemnities

The trustees have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 243 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The charity also purchased and maintained throughout the financial year, Directors' and Officers' liability insurance in respect of itself and its directors.

Reference and administrative information

Company number	SC 313851 (registered in Scotland)
Charity number	SC 037844
Registered Office	Culture & Sport Glasgow 220 High Street Glasgow G4 0QW
Independent Auditors	Scott-Moncrieff 25 Bothwell Street Glasgow G2 6NL
Solicitors	GCC Legal Services 235 George Street Glasgow G1 1QZ
Bankers	Royal Bank of Scotland Kirkstane House 139 St Vincent Street Glasgow G2 5JF
Company Secretary	Martin Booth

The trustees of the charity (who are also the directors of the charity for the purposes of company law) who were in office during the year and up to the date of signing of the financial statements were:

Trustees

	Appointment date	Resignation date
Councillor Archie Graham OBE (Chair)		18 May 2017
Dr Bridget McConnell CBE (Chief Executive)		
Sir Angus Gossart		
Mr Mel Young		1 March 2017
Professor Lesley Sawers		
Mr Dilawer Singh MBE		
Mrs Lee Bonthron		
Councillor Helen Stephen		18 May 2017
Councillor Soryia Siddique		18 May 2017
Councillor Emma Gillan		18 May 2017
Councillor David McDonald		
Mr John McCormick		
Ms Amanda McMilan	22 June 2016	
Professor Anton Muscatelli	22 June 2016	
Councillor Norman MacLeod	13 June 2017	
Councillor Elaine Ballantyne	24 May 2017	
Councillor Christina Cannon	24 May 2017	
Councillor Maureen Burke	24 May 2017	
Mr Benny Higgins	13 July 2017	

Key management personnel

		Appointment date	Resignation date
Chief Executive	Dr B McConnell		
Director of City Marketing & External Relations	S Deighan		
Director of Finance & Corporate Services	M Booth		
Director of Cultural Services	S Miller		
Director of Sport & Infrastructure	I Hooper		12 May 2017
Director of Sport and Events	W Garrett	15 May 2017	
Director of Policy & Research	M O'Neill		15 December 2016

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.

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

In approving the Trustees' Annual Report, the trustees are also approving the Strategic Report in their capacity as company directors.

Approved by the Board on 13th September 2017 and signed on its behalf by:



David McDonald
Chair

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Culture and Sport Glasgow for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 charitable company will continue in business.

The trustees 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom 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 and Corporate Services, 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 2017 and up to the date of approval of the annual report and financial statements.

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.

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. We continue to engage with our Internal Auditors and our Insurance Brokers to share best practice in the review and development of our Risk Register.

Review of Effectiveness

As Director of Finance and Corporate Services, 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 and Corporate Services
13 September 2017

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 2017 which comprise the Group Statement of Financial Activities (incorporating the Income and Expenditure Account), Parent Charity Statement of Financial Activities (incorporating the Income and Expenditure Account), Group Balance Sheet, Charity Balance Sheet, Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)'.

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 with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, 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 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 and express an opinion on the financial statements in accordance with applicable law 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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 parent charitable company's affairs as at 31 March 2017 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and parent income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Annual report (incorporating the Strategic Report).

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) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or 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.



Nick Bennett (Senior Statutory Auditor)

For and on behalf of Scott-Moncrieff, Statutory Auditor

Scott-Moncrieff is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Allan House

25 Bothwell Street

Glasgow

G4 0QW

Date... 15 September

Group Statement of Financial Activities
(incorporating a group income and expenditure account)
For the year ended 31 March 2017

	Notes	Unrestricted General Funds £000	Unrestricted Designated Funds £000	Unrestricted Pension/Employee Funds £000	Total Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	2016 £000
Income from:								
Donations and legacies	7	1,700	368	-	2,068	12,679	14,747	9,340
Other trading activities								
Commercial trading Company	9	6,639	-	-	6,639	-	6,639	6,583
Glasgow City Marketing Bureau		6,534	-	-	6,534	-	6,534	-
Investments	6	69	-	-	69	-	69	45
Charitable activities	8							
Provision of leisure and cultural facilities		25,595	25	-	25,620	865	26,485	28,187
Service contract with Glasgow City Council		72,794	-	-	72,794	-	72,794	75,380
Total		113,331	393	-	113,724	13,544	127,268	119,535
Expenditure on:								
Other trading activities								
Commercial trading company	9	(4,764)	-	-	(4,764)	-	(4,764)	(4,635)
Glasgow City Marketing Bureau		(6,535)	-	(34)	(6,569)	-	(6,569)	-
Charitable activities								
Provision of leisure and cultural facilities	3	(100,730)	(24)	(4,463)	(105,217)	(8,029)	(113,246)	(123,077)
Total		(112,029)	(24)	(4,497)	(116,550)	(8,029)	(124,579)	(127,712)
Net income/(expenditure)		1,302	369	(4,497)	(2,826)	5,515	2,689	(8,177)
Transfers between funds		(1,109)	670	-	(439)	439	-	-
Other recognised gains/(losses)								
Actuarial gains/(losses) on defined benefit pension schemes	22	-	-	(49,215)	(49,215)	-	(49,215)	35,222
Opening balance on GCMB defined benefit pension scheme				(795)	(795)	-	(795)	-
Net movement in funds		193	1,039	(54,507)	(53,275)	5,954	(47,321)	27,045
Reconciliation of funds:								
Total funds brought forward		284	766	(49,433)	(48,383)	4,013	(44,370)	(71,415)
Opening retained reserves - GCMB		77	-	-	77	-	77	-
Total funds carried forward		554	1,805	(103,940)	(101,581)	9,967	(91,614)	(44,370)

All of the activities are continuing. All gains and losses in the current and prior years are included in the Statement of Financial Activities.

Parent Charity Statement of Financial Activities
(incorporating an income and expenditure account)
For the year ended 31 March 2017

	Notes	Unrestricted General Funds £000	Unrestricted Designated Funds £000	Unrestricted Pension/Employee Funds £000	Total Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	2016 £000
Income from:								
Donations and legacies	7	3,580	368	-	3,948	12,679	16,627	11,295
Investments	6	60	-	-	60	-	60	38
Charitable activities	8							
<i>Provision of leisure and cultural facilities</i>		25,595	25	-	25,620	865	26,485	28,187
<i>Service contract with Glasgow City Council</i>		72,794	-	-	72,794	-	72,794	75,380
Total		102,029	393	-	102,422	13,544	115,966	114,900
Expenditure on:								
Charitable activities								
<i>Provision of leisure and cultural facilities</i>	3	(100,730)	(24)	(4,463)	(105,217)	(8,029)	(113,246)	(123,077)
Total		(100,730)	(24)	(4,463)	(105,217)	(8,029)	(113,246)	(123,077)
Net income/(expenditure)		1,299	369	(4,463)	(2,795)	5,515	2,720	(8,177)
Transfers between funds		(1,109)	670	-	(439)	439	-	-
Other recognised gains/(losses)								
Actuarial gains/(losses) on defined benefit pension schemes	22	-	-	(47,334)	(47,334)	-	(47,334)	35,222
Net movement in funds		190	1,039	(51,797)	(50,568)	5,954	(44,614)	27,045
Reconciliation of funds:								
Total funds brought forward		282	766	(49,433)	(48,385)	4,013	(44,372)	(71,417)
Total funds carried forward		472	1,805	(101,230)	(98,953)	9,967	(88,986)	(44,372)

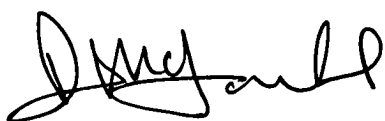
All of the activities are continuing. All gains and losses in the current and prior years are included in the Statement of Financial Activities.

Balance Sheets

At 31 March 2017

		Group		Charity	
	Note	2017 £000	2016 £000	2017 £000	2016 £000
Fixed Assets					
Tangible assets	10	4,550	5,023	4,375	4,903
Investments	11	-	-	-	-
Total fixed assets		4,550	5,023	4,375	4,903
Current Assets					
Stock and work in progress	12	562	562	12	10
Debtors	13	7,051	5,252	9,707	6,951
Cash at bank and in hand		16,246	8,752	14,215	8,048
Total current assets		23,859	14,566	23,934	15,009
Creditors: amounts falling due in one year	14	(16,083)	(14,526)	(16,065)	(14,852)
Net current assets		7,776	40	7,869	157
Total assets less current liabilities		12,326	5,063	12,244	5,060
Defined benefit pension liability	22	(103,940)	(49,433)	(101,230)	(49,433)
Net liabilities including pension deficit		(91,614)	(44,370)	(88,986)	(44,373)
The funds of the group:					
Unrestricted income funds		2,359	1,050	2,277	1,047
Pension reserve deficit	22	(103,940)	(49,433)	(101,230)	(49,433)
Total unrestricted income funds		(101,581)	(48,383)	(98,953)	(48,386)
Restricted income funds	18	9,967	4,013	9,967	4,013
Total charity funds	20	(91,614)	(44,370)	(88,986)	(44,373)

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



David McDonald
Chair

13 September 2017

Registered number SC037844

Group Statement of Cash Flows

	<i>Note</i>	2017 £000	2016 £000
Cash flows from operating activities:			
<i>Net cash provided by (used in) operating activities</i>	21	7,186	4,092
Cash flows from investing activities:			
Interest		69	45
Purchase and disposal of property, plant and equipment		(697)	(959)
Net cash provided by/(used in) investing activities		(628)	(914)
<i>Change in cash and cash equivalents in the reporting period</i>		6,558	3,178
Cash and cash equivalents at the beginning of the reporting period		8,752	5,574
Cash and cash equivalents at the beginning of the reporting period - GCMB		936	-
Cash and cash equivalents at the end of the reporting period		16,246	8,752

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

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity meets the definition of a public benefit entity under FRS 102 and has taken advantage of paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgements in the process of applying accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Basis of consolidation

The consolidated financial statements include the financial statements of the charitable company and its subsidiary undertakings Culture and Sport Glasgow (Trading) CIC and Glasgow City Marketing Bureau made up to 31 March 2017.

Income and expenditure

Owing to the special nature of the business of the charity and in the interests of presenting the results clearly to the members, it is considered inappropriate to adhere to the income and expenditure format described under section 400 of the Companies Act 2006. A statement of financial activities has been prepared in a form which is considered to give the members a true and fair view of the results for the period and which also complies with the requirements of Section 400 of the Act and Statement of Recommended Practice applicable to charities (Charities SORP (FRS 102)).

Going concern

The financial statements have been prepared on the going concern basis as management believe that the charity has sufficient new 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.

Fund Accounting

General Funds are restricted funds which have not been designated for other purposes and which are available for use at the discretion of the trustees, in furtherance of the general objectives of the charity and as such, transfers between these unrestricted funds, may be freely made at the discretion of the trustees.

Restricted funds are funds which are restricted in how may be used by the trustees.

Incoming resources

Activities for generating income are accounted for on an accruals basis.

Income (including income from grants) is recognised in the accounting period when there is entitlement, probability 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.

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

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.

Governance costs

Governance costs are those cost 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. All buildings operated by the charity are leased from Glasgow City Council for a peppercorn rental.

Stocks

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

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

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.

Creditors

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

Financial assets and financial liabilities

Financial instruments are recognised in the statement of financial activities when the charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payment discounted at the market rate of interest for similar debt instrument.

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

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from assets expire, or when the charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

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 7 years
- Leasehold improvement 10 years

The de-minimis applied, when considering capitalisation of expenditure, is £1,000 (2014: £1,000).

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 102.

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 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.

The pension costs charged in the period are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service life of employees in the scheme, so as to ensure that the regular pension costs represent a substantially level percentage of the current and expected future pensionable payroll. Variations from regular costs are spread over the remaining service lives of current employees in the scheme.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in the Statement of Financial Activities. All costs related to the defined benefit scheme are recognised in the Statement of Financial Activities.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Termination benefits

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

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised in the statement of financial activities when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2. Critical judgements and estimates

In preparing the financial statements, trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Critical judgements are made in the application of income recognition accounting policies, and the timing of the recognition of income in accordance with the Charities SORP (FRS 102).

Defined benefit pension and other post-employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

3. Analysis of resources expended

	Charitable Activities 2017 £000	Support Costs 2017 £000	Total 2017 £000	Total 2016 £000
<i>Unrestricted General funds – charitable activity/cost</i>				
Provision of leisure and cultural facilities (see below)	77,516	23,214	100,730	104,282
<i>Restricted funds – charitable activity / cost</i>				
Provision of leisure and cultural facilities (see below)	8,029	-	8,029	11,873
	85,545	23,214	108,759	116,155

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

Analysis of charitable activities by objective

	Unrestricted	Restricted	Total	Total
	General	Funds	Funds	2016
	Funds	Funds	2017	2016
	2017	2017	2017	2016
	£000	£000	£000	£000
Sports and Leisure Activities	37,972	4,536	42,508	44,995
Libraries and Community Facilities	9,938	524	10,462	13,915
Arts and Museums	13,911	1,797	15,708	15,843
Area Teams	13,577	928	14,505	14,212
Corporate Services	23,190	204	23,394	24,582
Music	2,142	40	2,182	2,608
	100,730	8,029	108,759	116,155

Expenditure on charitable activities in 2016 was £116,155,000 of which £104,282,000 was unrestricted and £11,873,000 was restricted.

	2017	2016
	£000	£000
Depreciation	4	1,064
Auditors remuneration – see note 4	26	28

Net incoming resources are stated after charging:

Depreciation charge is shown net of write back of charge attributable to fixed asset disposals

Allocation of Support Costs

	Charitable	Governance	Total	Total
	Activities	2017	2017	2016
	2017	2017	2017	2016
	£000	£000	£000	£000
Finance, Procurement and Business Support	3,380	66	3,446	4,082
ICT	2,846	-	2,846	2,886
Human Resources	931	-	931	939
Marketing and Media	3,183	-	3,183	3,237
Administration and Management	12,434	374	12,808	13,381
	22,774	440	23,214	24,525

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

4. Governance costs

	Group Unrestricted General Funds 2017 £000	Restricted Funds 2017 £000	Total 2017 £000	Total 2016 £000
Strategic Planning Costs	374	-	374	399
External auditors' remuneration:				
Audit of these financial statements	23	-	23	23
Audit of financial statements of subsidiaries pursuant of legislation	3	-	3	2
Other services relating to taxation		-	-	3
Audit Fees – Internal	30	-	30	23
Directors and Officers Indemnity Insurance	10	-	10	10
	<u>440</u>	<u>-</u>	<u>440</u>	<u>460</u>

5. Staff numbers and costs

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

	Group 2017 £000	2016 £000	Charity 2017 £000	2016 £000
Wages and Salaries	54,144	53,266	51,426	52,263
Redundancy Costs	426	47	267	47
Social Security Costs	4,858	3,534	4,509	3,481
Other Pension Costs	10,588	12,251	10,453	12,113
Agency Costs	128	133	123	133
	<u>70,144</u>	<u>69,231</u>	<u>66,778</u>	<u>68,037</u>

42 members of staff were made redundant during the year and received lump sum payments totalling £860,636. The full cost of the lump sum redundancy payment is recognised in the year the redundancy occurred. The cost of these redundancies is fully funded by Glasgow City Council.

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

	Group and Charity 2017 Number	2016 Number
£130,000 - £139,999	1	1
£100,000 – £129,999	1	1
£90,000 - £99,999	1	-
£80,000 - £89,999	3	3
£70,000 - £79,999	5	5
£60,000 - £69,999	6	5
	<u>17</u>	<u>15</u>

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

No remuneration or expenses were paid to trustees in their capacity as trustees. However, one of the trustees, Dr Bridget McConnell, was employed by the company as Chief Executive and received total remuneration in her capacity

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

as an employee of £135,609 (2016: £135,173) plus an employer's contribution to the defined benefit pension scheme of £23,256 (2016: £23,250)

	Group and Charity 2017 Number	2016 Number
£130,000 - £139,000	1	1
	<u>1</u>	<u>1</u>

The key management personnel of the Group comprise the Chief Executive, Chief Operating Officer, Director of Finance & Corporate Services, Director of Cultural Services, Director of Sport & Infrastructure and Director of Policy & Research. The total employee benefits of the key management personnel were £730,223 (2016 £723,108)

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

	Group		Charity	
	2017 FTE	2016 FTE	2017 FTE	2016 FTE
Area Teams	401	413	401	413
Libraries and Community Facilities	191	242	191	242
Arts and Museums	320	304	320	304
Sports and Events	893	872	893	872
Retail	42	39		
Management and Administration	223	239	223	239
Glasgow City Marketing Bureau	54			
	<u>2,124</u>	<u>2,109</u>	<u>2,028</u>	<u>2,070</u>

6. Investment Income

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Interest receivable	69	45	60	38
	<u>69</u>	<u>45</u>	<u>60</u>	<u>38</u>

7. Voluntary Income: grants and donations

Group	Unrestricted 2017 £000	Restricted 2017 £000	Total 2017 £000	Total 2016 £000
Contributions	858	1,639	2,497	3,312
Donations and Bequests	306	210	516	386
Grants	904	10,830	11,734	5,642
	<u>2,068</u>	<u>12,679</u>	<u>14,747</u>	<u>9,340</u>

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

Charity	Unrestricted 2017 £000	Restricted 2017 £000	Total 2017 £000	Total 2016 £000
Gift Aid from Trading CIC	1,880		1,880	1,955
Contributions	858	1,639	2,497	3,312
Donations and Bequest	306	210	516	386
Grants	904	10,830	11,734	5,642
	<u>3,948</u>	<u>12,679</u>	<u>16,627</u>	<u>11,295</u>

Voluntary Income from charitable activities in 2016 was £9,340,000 of which £2,391,000 was unrestricted and £6,949,000 was restricted.

8. Incoming Resources from Charitable Activities

	Unrestricted 2017 £000	Restricted 2017 £000	Total 2017 £000	Total 2016 £000
Sports and Leisure Activities	20,535	392	20,927	22,222
Libraries and Community Facilities	2,284	46	2,330	2,322
Arts and Museums	237	322	559	844
Area Teams	525	12	537	598
Corporate Services	740	93	833	822
Music	1,299	-	1,299	1,379
	<u>25,620</u>	<u>865</u>	<u>26,485</u>	<u>28,187</u>
Service contract with Glasgow City Council	72,794	-	72,794	75,380
	<u>98,414</u>	<u>865</u>	<u>99,279</u>	<u>103,567</u>

Income from charitable activities in 2016 was £103,567,000 of which £101,518,000 was unrestricted and £2,049,000 was restricted.

9. 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 2017 £000	Total 2016 £000
Turnover	6,639	6,583
Cost of Sales and Administration Costs	(4,764)	(4,635)
Interest receivable	5	7
	<u>1,880</u>	<u>1,955</u>
Net profit on ordinary activities before taxation		
Taxation on profit on ordinary activities		
	<u>1,880</u>	<u>1,955</u>
Profit for the year		
Gift Aid to charity	(1,880)	(1,955)
Retained in the subsidiary	-	-
	<u>-</u>	<u>-</u>

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

The assets and liabilities of the subsidiary were:

Fixed Assets	161	120
Current Assets	5,125	4,584
Current Liabilities	(5,283)	(4,701)
	<hr/>	<hr/>
Total Net Assets	3	3
	<hr/>	<hr/>
Aggregate share capital and reserves	3	3
	<hr/>	<hr/>

A summary of the results of Glasgow City Marketing Bureau is shown below.

	Total 2017 £000
Turnover	6,534
Cost of Sales and Administration Costs	(6,540)
Interest receivable	4
Finance cost	(29)
	<hr/>
Net loss on ordinary activities before taxation	(31)
Taxation on profit on ordinary activities	-
Actuarial gains/(losses) on defined benefit pension scheme	(1,881)
Total comprehensive income for the year	(1,912)
Gift Aid to charity	(80)
Retained in the subsidiary	(2,709)
	<hr/>

The assets and liabilities of the subsidiary were:

Fixed Assets	13
Current Assets	1,735
Current Liabilities	(1,747)
Net pension scheme asset/(liability)	(2,710)
	<hr/>
Net assets/liabilities	(2,709)
	<hr/>

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

10. Tangible assets

Group	Leasehold Improvements 2017 £000	Plant & Equipment 2017 £000	Total 2017 £000
<i>Cost</i>			
At the beginning of the year	5,300	5,303	10,603
Additions	463	234	697
Disposals	-	(1,191)	(1,191)
At end of year	<u>5,763</u>	<u>4,346</u>	<u>10,109</u>
<i>Accumulated Depreciation</i>			
At beginning of year	(2,544)	(3,011)	(5,555)
Charge of year	(478)	(710)	(1,188)
Disposals	-	1,184	1,184
At end of year	<u>(3,022)</u>	<u>(2,537)</u>	<u>(5,559)</u>
Net book value at 31 March 2017	<u>2,741</u>	<u>1,809</u>	<u>4,550</u>
Net book value at 31 March 2016	<u>2,756</u>	<u>2,267</u>	<u>5,023</u>

Charity	Leasehold Improvements 2017 £000	Plant & Equipment 2017 £000	Total 2017 £000
<i>Cost</i>			
At the beginning of year	5,141	4,977	10,118
Additions	399	234	633
Disposals	-	(992)	(992)
At end of year	<u>5,540</u>	<u>4,219</u>	<u>9,759</u>
<i>Accumulated Depreciation</i>			
At beginning of year	(2,486)	(2,729)	(5,215)
Charge of year	(460)	(694)	(1,154)
Disposals	-	985	985
At end of year	<u>(2,946)</u>	<u>(2,438)</u>	<u>(5,384)</u>
Net book value at 31 March 2017	<u>2,594</u>	<u>1,781</u>	<u>4,375</u>
Net book value at 31 March 2016	<u>2,655</u>	<u>2,248</u>	<u>4,903</u>

All assets owned are held for charitable use.

11. Investments

	Charity 2017 £000	2016 £000
Investment in subsidiary undertaking	<u>-</u>	<u>-</u>

Glasgow Life holds full share capital of £100 of Culture and Sport Glasgow (Trading) CIC

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

12. Stocks and work in progress

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Merchandise for resale	562	562	12	10

13. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	3,369	2,870	1,599	1,737
Amounts owed by group undertakings	215	133	166	109
VAT	-	-	4,045	2,994
Prepayments and accrued income	3,467	2,249	3,897	2,111
	<u>7,051</u>	<u>5,252</u>	<u>9,707</u>	<u>6,951</u>

14. Creditors: amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	2,507	2,137	2,177	2,039
Amounts owed by group undertakings	-	-	2,256	2,026
Accruals	8,327	7,796	8,193	7,703
Taxation and Social Security	1,851	1,642	1,858	1,648
VAT	979	1,308	-	-
Deferred Income	2,419	1,644	1,581	1,436
	<u>16,083</u>	<u>14,527</u>	<u>16,065</u>	<u>14,852</u>

15. Deferred income

Deferred income comprises advanced ticket sales, occupancy income and venue hire deposit income.

	Group	Charity
	£000	£000
Balance as at 1 April 2016	1,644	1,436
Amounts released during the year	775	145
Balance at 31 March 2017	<u>2,419</u>	<u>1,581</u>

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

16. Financial assets and liabilities

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Financial assets measured at amortised cost	21,661	13,592	17,616	11,600
Financial liabilities measured at amortised cost	(10,879)	(9,933)	(12,627)	(3,638)
	<u>10,782</u>	<u>3,659</u>	<u>4,989</u>	<u>7,962</u>

Group financial assets comprise of trade debtors, accrued income, other debtors, all due within one year and cash and bank balances. Company financial assets also include an intercompany balance due from the wholly owned subsidiary.

Financial liabilities comprise of trade creditors and other creditors and accruals.

17. Designated income funds

Group and Charity	Total £000
Balance as at 1 April 2016	766
Income	393
Expenditure	(24)
Transfers	670
Balance at 31 March 2017	<u>1,805</u>

Fund Name	Balance at Beginning of Year £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	Balance at 31 March 2017 £000
Cycle to Work	49	25	(14)	-	60
IT Investment	303	-	-	270	573
City Hall Maintenance	-	468	(9)	-	459
Energy Efficiency	407	(100)	(1)	300	606
Tourism Strategy	-	-	-	100	100
Other	7	-	-	-	7
	<u>766</u>	<u>393</u>	<u>(24)</u>	<u>670</u>	<u>1,805</u>

FUND DESCRIPTION

Cycle to Work

Glasgow Life employee Cycle to Work which fits with Government Green Travel Plan

IT Investment

Improve/enhance IT infrastructure

Energy Efficiency

Implement new energy efficiency measures and reduce carbon emissions

City Hall Maintenance Fund

Funding for works at City Hall

Tourism Strategy

Promoting the city as a visitor destination

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

18. Restricted income funds

	Total £000
Group and Charity	
Balance as at 1 April 2016	4,013
Income	13,544
Expenditure	(8,029)
Transfers	439
Balance at 31 March 2017	9,967

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	Transfers £000	Fund Balances Carried Forward £000
Area Teams	756	1,010	(927)	-	839
Arts	122	863	(906)	78	157
Corporate	127	313	(207)	-	233
Events	31	1,960	(2,009)	196	178
Libraries	395	612	(724)	-	283
Museums	524	5,594	(691)	-	5,427
Music	33	30	(40)	-	23
Sport and Leisure Activities	2,025	3,162	(2,525)	165	2,827
	4,013	13,544	(8,029)	439	9,967

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

Restricted income funds

Analysis by fund of amounts received during the year in excess of £50,000 or where the fund balance at 31 March 2017 is greater than £25,000.

Service Area	Fund Name	Balance at Beginning of Year £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	Balance at 31 March 2017 £000
Area Teams	Adult Learning North East	11	27	(8)	-	30
	Swayed GHA	4	209	(157)	-	56
	North Glasgow Youth	37	13	(5)	-	45
	Central West Hubs	37	-	(1)	-	36
	West Hubs	45	71	(38)	-	78
	NE Volunteering Programme	36	-	(4)	-	32
	NEYP	5	134	(60)	-	79
	Family Learning	-	302	(253)	-	49
	ESOL	57	56	(60)	-	53
	Other	524	198	(341)	-	381
Total Area Teams		756	1,010	(927)	-	839
Arts	Arts Grants Payments	-	91	(83)	-	8
	Revitalise	-	95	(64)	-	31
	MCF 2016	44	328	(348)	-	24
	GI 2018	-	112	(66)	-	46
	GI 2016	20	176	(263)	68	1
	Other	58	61	(82)	10	47
Total Arts		122	863	(906)	78	157
Corporate	Energy Projects	(250)	-	-	-	(250)
	BT Contr To Telecoms	86	-	(14)	-	72
	Development Income	33	63	(7)	-	89
	Facility ENV2 Funding	149	9	-	-	158
	Facilities Mgt Rest	67	-	-	-	67
	Salix Fund	-	210	(115)	-	95
	Other	42	31	(71)	-	2
Total Corporate		127	313	(207)	-	233
Events	Christmas Lights 2016	-	110	(109)	-	1
	Fireworks 2016	-	117	(115)	-	2
	Homeless World Cup	-	677	(677)	-	-
	BBC Proms 2016	-	156	(156)	-	-
	World Pipe Band	31	576	(698)	196	105
	Tour of Britain	-	324	(254)	-	70
Total Events		31	1,960	(2,009)	196	178

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

Service Area	Fund Name	Balance at Beginning of Year £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	Balance at 31 March 2017 £000
Service Area	Fund Name	Balance at Beginning of Year £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	Balance at 31 March 2017 £000
Libraries	Aye Write Festival	36	184	(169)	-	51
	MacMillan at CCLB	-	235	(235)	-	-
	Ftre Family-Clyde Gtw	74	50	(70)	-	54
	Barlinne Prison Lib	29	15	(5)	-	39
	Family Futures	30	-	(1)	-	29
	Other	226	128	(244)	-	110
	Total Libraries	395	612	(724)	-	283
Museums	Acquisitions	42	9	(22)	-	29
	Contemporary Art Fund	26	20	-	-	46
	Burrell Tapestries	53	-	(15)	-	38
	Tcone Re-design	10	79	(10)	-	79
	Exhibitions	88	98	(73)	-	113
	Christine Borland WW	-	35	(8)	-	27
	Altogether Glasgow	332	73	(24)	-	381
	Host City Volunteers	(207)	-	(94)	-	(301)
	Burrell Renaissance	(179)	5,223	(199)	-	4,845
	JD Campbell Bequest	100	(100)	-	-	-
	Comics Exhibition 2017	-	-	(58)	-	(58)
	Touring Exh Dev	-	-	63	-	63
	Other	259	157	(251)	-	165
	Total Museums	524	5,594	(691)	-	5427
Music	Other	33	30	(40)	-	23
	Total Music	33	30	(40)	-	23

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

Service Area	Fund Name	Balance at Beginning of Year £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	Balance at 31 March 2017 £000
Sport	Walk Glasgow	93	5	(2)	-	96
	Active Living	31	8	(4)	-	35
	Keep Well Project	-	60	(2)	-	58
	Netball Super League	29	65	(20)	-	74
	COPD	27	36	(29)	-	34
	Obesity	61	-	(19)	-	42
	Active ABC	35	76	(52)	-	59
	Sports Grants	20	74	(52)	-	42
	Active Ageing Week	160	-	(15)	-	145
	Greater E'Hse Arts	4	58	(58)	-	4
	Indoor Athletics Res	6	(225)	250	80	111
	2017 Badminton World	177	679	(176)	-	680
	Health Referrals	67	1	-	-	68
	Park Lives	58	100	(69)	-	89
	HWC Volunteer Legacy	-	234	(104)	-	130
	UCI Track Cycling	-	104	(104)	-	-
	CRF	140	-	-	-	140
	Community Sports Hub	330	219	(166)	50	433
	Sport Spaces	33	-	-	-	33
	ESC2018	-	1,333	(1,333)	-	-
	Badminton Grand Prix	-	75	(110)	35	-
	Coach Core	200	94	(122)	-	172
	Revitalise	92	-	-	-	92
	Silver Deal – GHA	84	88	(98)	-	74
	Other	378	78	(240)	-	216
Total Sport		2,025	3,162	(2,525)	165	2,827
Total Restricted Funds		4,013	13,544	(8,029)	439	9,967

FUND DESCRIPTION

Adult Learning NE

Fairer Communities Project in the north east

Swayed GHA

Engaging young people in diverse activities in SW Glasgow

Family Learning

Support literacy and numeracy for parents and children

North Glasgow Youth

Activities programme for 11 – 16 year olds with behavioural problems

ESOL

National grant from Scottish Funding Council to support ESOL learning

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

Central West Hubs

Community Learning and Development Programmes in the North West

West Hubs

Youth Programmes in West

NEYP

Youth safety and diversionary youth work programme

NE Volunteering Programme

Programme to support volunteering in the community

Arts Grants Payments

Grants from GCC distributed to Arts Bodies in the city by Arts Development Team

Revitalise

Programme of art and sport classes for older people in the city

Merchant City Festival 2016

Scottish and international art and entertainment event

GI 2018

Bi-annual arts festival

GI 2016

Bi-annual arts festival

Facility ENV2 Funding

Funding for grounds maintenance and management facility services

Facilities Management

Bequests to be used for refurbishment of various Glasgow Life properties

Development Income

Fundraising activities/Individual Giving

Energy Projects

Central Energy Efficiency Fund (CEEF) which is a Public Sector Energy Efficiency Initiative. Upfront costs offset by long term efficiency savings.

BT Cont. To Telecoms

Partnership arrangement with BT supplying and funding 10 year's broadband connectivity at 31 community facilities.

Salix Fund

Government funding to improve energy efficiency, carbon emissions etc

Christmas Lights 2016

Christmas light switch on in George Square

BBC Proms 2016

Bringing people together in a night of music.

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

World Pipe Band

Pipe Band competition with bands from across the world competing.

Fireworks 2016

Fireworks display at Glasgow Green

Homeless World Cup

Sporting event bringing homeless people from across the world together

Tour of Britain

UK wide cycling event

Aye Write Festival

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

MacMillan at CCLB

Delivery of Cancer support groups/services.

Future Family – Clyde Gateway

Supporting 865 parenting and communication sessions for Clyde Gateway residents (3 year project).

Barlinnie Prison Lib

Provision of library service

Family Futures

Participation programmes for parents/children e.g. Bounce & Rhyme, Toddler's Tales

Contemporary Art Fund

Acquisition of contemporary artworks

Altogether Glasgow

Flexible learning programme that aims to enable Glasgow's communities to better engage with the city's cultural/sporting opportunities. Offset against Host City Volunteers

Acquisitions

Challenge fund created for funding acquisitions/projects within Museums

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.

Exhibitions

Museums general exhibitions.

Tcone Redesign

Funding from The Hunter Foundation for educational wing at Kelvingrove

Christine Borland WW

Co-commission of artwork by artist Christine Borland

Comics Exhibition 2017

Ticketed exhibition at Kelvingrove

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

Host City Volunteers

Volunteer Programme to maximise opportunities for local people to feel connected to and play an active part in the Games. Offset by Altogether Glasgow.

JD Campbell Bequest

To support young artists in their work

Burrell Renaissance

Tour and fundraising elements of Burrell Project

Touring Exhibition Dev

Seed funding for the development of future touring exhibitions

Walk Glasgow

Walking Programme.

Active Living Development

Activities designed for older adults.

Keep Well Project

NHS funding for sporting activities

COPD

Pulmonary rehabilitation service providing a 6 week group based exercise programme operating 50 weeks a year.

Netball Super League

Development of Glasgow Wildcats netball team.

Obesity

NHS funded project addressing obesity in children and young people.

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.

CRF

Sportscotland funding for delivery of Active Schools programme and Coaching Network.

Community Sports Hubs

Community sports development programme.

Sport Spaces

To identify sporting spaces throughout Glasgow for 2014 and 2018.

Active Ageing Week

A week of activities tailored towards older people in Glasgow.

Greater Easterhouse Arts

Easter House Arts Centre

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

Active ABC

Funded by McMillan Cancer support to develop range of classes for people living with and beyond cancer.

HWC Volunteer Legacy

Big Lottery funding to support Homeless World Cup legacy project

Coach Core

Programme where young people are given a fixed term training contract with GL funded by Royal Foundation.

2017 Badminton World Championships

2017 World Badminton Championships

Park Lives

Funding from Coca Cola to hold free activities in parks

Silver Deal

Promote health and exercise amongst the over 50's.

UCI Track Cycling

Cycling event at Emirates Arena

Sports grants

Talented Sports Performer scheme to subsidise cost of certain sports.

Revitalise

GHA funding to support easy exercise, dance or craft classes.

ESC2018

2018 European Sport Championships

Badminton Grand Prix

Scottish Badminton Open

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

19. Analysis of net assets between funds

Group	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fund balances at 31 March 2017 are represented by:			
Tangible fixed assets	4,550	-	4,550
Current assets	13,892	9,967	23,859
Current liabilities	(16,083)	-	(16,083)
Pension Deficit	(103,940)	-	(103,940)
Total net assets	(101,581)	9,967	(91,614)

Charity	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fund balances at 31 March 2017 are represented by:			
Tangible fixed assets	4,375	-	4,375
Current assets	13,967	9,967	23,934
Current liabilities	(16,065)	-	(16,065)
Pension Deficit	(101,230)	-	(101,230)
	(98,953)	9,967	(88,986)

20. Notes to the cash flow statement

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2017 £000	2016 £000
Net income/(expenditure) for the reporting period	2,689	(8,177)
Depreciation	1,189	1,176
Loss on disposal	7	(112)
Retirement benefit scheme	4,497	7,038
Interest received	(69)	(45)
Decrease/(increase) in stocks	-	(118)
(Increase)/decrease in debtors	(334)	5,084
(Increase)/decrease in creditors and provisions	(793)	(754)
Net cash used in operating activities	7,186	4,092

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

Analysis of cash and cash equivalents

	2017	2016
	£000	£000
Cash in hand	7,746	5,252
Notice deposits (less than 3 months)	8,500	3,500
Net cash used in operating activities	16,246	8,752

21. 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 benefit 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 Strathclyde Pension Fund is a defined benefit scheme into which employee' and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Employees' contributions are tiered and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as Projected Unit Credit Method. The last actuarial valuation was at 31 March 2014 and following this valuation employer's contributions increased to 19.3% for the years ended 31 March 2015 and 2016 -2018 respectively. Employer's contributions for the period 31 March 2017 amounted to £8,356,000 and was based on a 19.3% contribution.

The movement in the defined benefit obligation over the year is as follows:

	31 March 2017	31 March 2016
	£'000	£'000
Opening defined benefit obligation	306,530	315,004
Current service cost	10,598	12,073
Interest cost	10,872	10,246
Contributions by members	2,735	2,595
Actuarial losses/(gains)	100,275	(36,660)
Past service costs	676	1,183
Benefits paid	(5,366)	(5,008)
Unfunded benefits paid	(388)	(417)
Closing defined benefit obligation	425,932	299,016

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

The movement in the fair value of plan assets in the year is as follows:

	31 March 2017 £'000	31 March 2016 £'000
Opening fair value of plan assets	256,302	237,387
Interest income on plan assets	9,068	7,691
Contributions by members	2,735	2,595
Contributions by the employer	8,193	8,356
Contributions in respect of unfunded benefits	388	417
Actuarial loss/gain	51,060	(1,438)
Estimated unfunded benefits paid	(5,366)	(5,008)
Estimated benefits paid	(388)	(417)
Closing fair value of plan assets	321,992	249,583

Amounts recognised in net income/expenditure (per SOFA):

	31 March 2017 £'000	31 March 2016 £'000
Current service cost	(10,598)	(12,073)
Past Service Cost (including curtailment)	(676)	(1,183)
Total service cost	(11,274)	(13,256)

Net interest

Interest income on plan assets	9,068	7,691
Interest cost on defined benefit obligation	(10,872)	(10,246)
Total service cost	(1,804)	(2,555)

Total defined benefit cost recognised in net income/expenditure per the SOFA

(13,078)	(15,811)
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The major categories of plan assets as a % of the total plan assets are as follows:

	31 March 2017 %	31 March 2016 %
Equities	73	72
Bonds	12	16
Property	10	12
Cash	5	0

The estimated employer contributions for the year to 31 March 2018 are £8,536,000.

The bid value of the Fund's assets as at 31 March 2017 is estimated to be £19,583,000,000 based on information provided by the Administering Authority, index returns where necessary and estimated adjustments for the difference between the mid-market (as supplied) and bid (as required) value of assets.

The principal actuarial assumptions used in the calculations are:

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

	31 March 2017 % per annum	31 March 2016 % per annum
Pension Increase Rate	2.4	2.2
Salary Increase Rate	4.4	4.2
Discount Rate – Culture and Sport Glasgow	2.6	3.5
Discount Rate - GCMB	2.7	3.6

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years

22. Operating leases

The Charity utilises 1,729 items of plant and equipment under the terms of operating leases. Lease rental payments charged to the Statement of Financial Activities in the year for such assets was £344,260. (2016: £249,361). The future minimum lease payments due under non-cancellable leases in future years and in cash terms are as follows:

Operating lease commitments	2017 £'000	2016 £'000
No later than one year	410	308
Later than one year and not later than five	524	569
Total	934	877

23. Related Party

Culture and Sport Glasgow is contracted to provide cultural, community, recreation and leisure services by Glasgow City Council (GCC). In the year to 31 March 2017 GCC provided funds of £72.8m (2016: £75.3m) to the charity in respect of the services undertaken by the charity on its behalf. At 31 March 2017 GCC owed the charity £1.0m (2016: £0.5m) in relation to normal trading activities.

The charity supplied goods and services amounting to £56,352 (2016: £78,630) and purchased goods and services of £37,478 (2016: £113,113) for Jobs and Business Glasgow of which Emma Gillan is a director. During 2016/17 Martin Booth, Director of Finance & Corporate Services, was acting as Interim Chief Executive of Jobs and Business Glasgow.

The charity provided goods and services amounting to £552,068 (2016: £845,836) to Glasgow City Marketing Bureau of which Professor Lesley Sawers is a Director. The charity also provided goods and services of £59,770 to Glasgow Caledonian University of which Lesley Sawers was Vice-Principal.

The charity purchased goods and services amounting to £105,895 from City Property of which Councillor Helen Stephen is a board member.

The charity provided goods and services of £66,808 to Glasgow University of which Prof Anton Muscatelli is Principal.

Notes to the financial statements
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24. 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.