

**Culture and Sport Glasgow**  
(a charity limited by guarantee)

**Report and Group Financial Statements**  
**Year Ended 31 March 2013**

Registered number SC 313851 (registered in Scotland)

Scottish Charity number SC 037844

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## Trustees' Report for the year ended 31 March 2013

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 2013. 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.

## Reference and administrative information

The trustees of the charity who were in office during the year and up to the date of signing of the financial statements were:

<b>Trustees</b>	Councillor Archie Graham (Chair) Dr Bridget McConnell (Chief Executive) Sir Angus Grossart Rt Hon George Reid Mr Mel Young Sir Duncan Rice Dr Lesley Sawers Mr Dilawer Singh Councillor Allison Hunter (resigned 01/11/12, appointed 21/02/13) (Deceased 24/07/13) Councillor Frank McAveety Councillor Soryia Siddique Councillor Emma Gillan Councillor Jennifer Dunn (appointed 01/11/12, resigned 21/02/13)
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<b>Registered office</b>	Culture and Sport Glasgow 220 High Street Glasgow G4 0QW
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<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 141 Bothwell Street Glasgow G2 7EQ
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<b>Solicitors &amp; Company Secretary</b>	Burness 120 Bothwell Street Glasgow G2 7JL
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<b>Bankers</b>	Royal Bank of Scotland Kirkstane House 139 St Vincent Street Glasgow G2 5JF
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<b>Company number</b>	SC 313851 (registered in Scotland)
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<b>Scottish Charity number</b>	SC 037844
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## **Trustees' Report for the year ended 31 March 2013 (continued)**

### **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.

#### **Trustees**

A list of current trustees, including those who served during the year, can be found on page 1. Following a review of the charity's governance arrangements and in response to the good practice guide issued by the Office of the Scottish Charity Regulator, we have reviewed the make up of the Board and amended the Articles of Association to:

- The maximum number of trustees shall be twelve (2012: twelve) of which: -
  - A maximum of five (2012: 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 six (2012: six) trustees shall be "Independent Directors"
  - A maximum of one (2012: 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 procedures 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 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 trustee. 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.

#### **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.

## **Trustees' Report for the year ended 31 March 2013 (continued)**

### **Risk Management**

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 Finance 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; failure to meet sports additional income targets; failure to capitalise on opportunities arising from the Commonwealth Games and failure to protect and control information security.

### **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

## Trustees' Report for the year ended 31 March 2013 (continued)

- 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. These were most recently reaffirmed by the Board on 27<sup>th</sup> March 2012.

## 2012/13 PERFORMANCE

The performance management framework for Glasgow Life is continually reviewed to ensure that all services are measured by their contribution to Glasgow Life's strategic objectives while supporting the priorities outlined in Glasgow City Council's Strategic Plan and the Single Outcome Agreement for the city.

We set SMART targets for all performance measures and we use Audit Scotland's recommended tolerance levels to demonstrate progress against target:

More than 5% below targeted performance	Red
2.5% to 4.9% below targeted performance	Amber
Meets or exceeds targeted performance	Green

During 2012/13 we agreed to report the on the following three areas of activity to the Council:

Measure	Target	Actual	Status
The number of attendances at Glasgow Life directly managed venues excluding festivals and events	15 million	16.8 million*	Green
Income generated through the Company (Charity and CIC)	£31.2m £25.8m (Charity) £5.4m (CIC)	£31.6m	Green
Contribution to the XX 2014 Commonwealth Games and the Legacy Framework	Lead on the Active Theme Develop the Cultural Plan	On Track On Track	Green Green

\*17.5 million recorded attendances include 700,000 attendances at key events, festivals and musical performances.

### Early legacy from hosting the XXth 2014 Commonwealth Games

Although the delivery of legacy associated with mega sporting events is a relatively recent phenomenon, Glasgow has already benefited since winning the bid to host the Games.

Across the city there has been significant investment in local and national sporting venues including the Emirates Arena, Scotstoun Leisure Centre and Stadium, Tollcross International Swimming Centre, Toryglen Regional Football Centre, the National Hockey Centre adjacent to Glasgow Green and the refurbishment of Kelvingrove Lawn Bowls. This investment has led to the city securing some very high profile national and international events, which in turn deliver an economic boost to the city and during 2012/13 Glasgow Life secured the following events:

- British Cycling National Road Race Championships (June 2013)
- World Youth Netball Championships (August 2013)
- World Junior Track Cycling Championships (August 2013)

The new and refurbished venues all meet long term strategic national and civic needs and, unlike the vast majority of previous games, the new venues will be open to the public before the event itself, emphasising local ownership. In fact all of the venues will be opened to the public at least one year before the Games commence.

Culture and Sport Glasgow  
Report and Group Financial Statements  
Year Ended 31 March 2013

Major sporting events can inspire young people to try new sports. However, the experience of Manchester (host city 2002) showed that the effect is short lived, and if the voluntary sports sector is not in a position to respond to the surge in interest, it quickly evaporates.

Glasgow Life is committed to strengthening the voluntary sports sector and the focus of the 2014 Games has given an extra impetus to this work. By supporting clubs to recruit more volunteers, raise their standards, train more coaches, and by enhancing school-club links, we are planning to ensure that the voluntary sector is prepared to capitalise on any upsurge in interest during and immediately after the games.

**Early indicators of legacy success:**

- The number of school to clubs links created in the city has increased by 95% since legacy monitoring was introduced in 2009; there are currently 2,617 school to club links.
- The number of junior sections/clubs Glasgow Life worked with during 2012/13 was 448, an increase of 37% since 2009.
- In 2009 there were 4,485 junior members of clubs in the city. At the end of 2012/13 there were 13,008 junior members.
- Club accreditation is a critical element of Club Development. Glasgow Life is committed to improving the quality of existing sports clubs through accreditation schemes including Clubmark, GymMark, SwimMark and QualityMark. There are currently 86 clubs with club accreditation in the city.
- In 2009 there were 2,018 coaches completing coach education and development courses. This has increased steadily since legacy monitoring was introduced and during 2012/13 the number of people completing coach education courses in Glasgow was 3,260.

**Statutory Performance Indicators**

Glasgow Life has responsibility for reporting performance against five Statutory Performance Indicators (SPIs) as part of our contractual agreement with Glasgow City Council.

SPIs are reported annually to Glasgow Life's Board and the Council. The figures below were submitted to Audit Scotland in June 2013.

<b>Measure</b>	<b>Target</b>	<b>Actual</b>	<b>Status</b>
Sport and Leisure: The number of attendances per 1,000 population for all pools	2,727	2,904	Green
Indoor sport and leisure facilities: The number of attendances per 1,000 population	4,620	6,758	Green
The number of visits to/usages of council funded or part funded museums per 1,000 population	5,487	6,023	Green
The number of visits in person to council funded or part funded museums per 1,000 population	5,318	5,828	Green
The number of visits to libraries per 1,000 population	7,962	9,184	Green

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

The Board pay particular attention to the annual attendance target and scrutinise the contribution of each individual service to this corporate indicator.

<b>Measure</b>	<b>Target</b>	<b>Actual</b>	<b>Status</b>
Breakdown of the number of attendances at Glasgow Life directly managed venues, excluding festivals and events	14,837,000	16,846,807	Green
Glasgow Libraries	4,720,000	5,499,571	Green
Glasgow Museums	2,977,000	3,370,859	Green
Glasgow Art	325,000	368,252	Green
Glasgow Sport	5,440,000	6,253,347	Green
Community Facilities	1,375,000	1,354,778	Green

There were a further 699,052 attendances recorded at key events, festivals and musical performances in Glasgow during 2012/13, bringing the final year end figure for attendances across all Glasgow Life services to 17,545,859; this is a 4% increase on the 2011/12 year end figure of 16,845,557

### 2013/14 TARGETS

A target of 16,341,200 million has been approved for attendances at Glasgow Life directly managed venues for the next financial year. This target takes account of the newly opened Emirates Arena and Tollcross International Swimming Centre, the refurbishment of the Mitchell Library and the planned programme of maintenance for Community Facilities.

<b>Area</b>	<b>Target</b>
Glasgow Libraries	5,253,500
Glasgow Museums	3,001,000
Glasgow Art	300,000
Glasgow Sport	6,470,700
Community Facilities	1,316,000

The 2013/14 target for income generated through the company's charity and CIC is as follows:

<b>Income Generation</b>	<b>Target</b>
Income generated through the Company (Charity and CIC)	£33.4m £28.0m (Charity) £ 5.4m (CIC)

Glasgow Life will continue to lead on the Active theme for the XXth 2014 Commonwealth Games and progress will be monitored through the following projects via project activity and output indicators:

- Club Coaching and Volunteering
- Whole Sports Plans
- Active Health
- The Cycling Strategy
- PEPASS (Physical Education, Physical Activity, School Sport)
- Venues and capital projects

Progress against target will be monitored by the Sport and Active Glasgow Group and reported to the city's Glasgow 2014 Group on a quarterly basis.

A target date of 30 September 2013 has been set for approval of the proposed Cultural Plan for the city, including delivery of cultural events in the lead up to, during and after the Games.



Monitoring of the Plan includes:

- Glasgow City Council's Cultural Grant scheme.
- Development of Cultural Programme brand and key messaging.
- Delivery of the Glasgow 2014 Cultural Programme Open Fund in partnership with Creative Scotland and the 2014 Organising Committee.
- Working with partners to develop detail of mass participation music projects in particular 'Big Big Sing' a Glasgow led initiative which will reach out to Scotland and the Commonwealth.
- Strengthening Commonwealth relationships through collaboration with international cultural partnerships and artists.
- Deliver Commonwealth Games themed projects within the Cultural Heritage Strategy's 5-year action plan including community heritage guide 2014 tour programme and physical improvement projects linked to Velocity.
- Deliver the Velocity Project.
- Attendances at cultural venues, festivals and events.

Progress against target will be monitored by the International Group and reported to the city's Glasgow 2014 Group on a quarterly basis.

### 2013/14 STATUTORY PERFORMANCE INDICATOR TARGETS

No	Statutory Performance Indicators	2013/14 Target
1.	Sport and leisure management - the number of attendances per 1,000 population for all pools	2,913
2.	Indoor facilities - the number of attendances per 1,000 population	6,007
3.	The number of visits to / usages of Council funded or part funded museums per 1,000 population	5,407
4.	The number of visits/usages of Council funded or part funded museums per 1,000 population that were in person	5,303
5.	Use of libraries – the number of library visits per 1,000 population	8,773

## Financial Review

### Review of the year

The results for the year are shown on page 14 in the group statement of financial activities.

The surplus on unrestricted funds for the year to 31 March 2013 before adjustments for FRS 17 and the taxation charge within the subsidiary company was £853,000 (2012: £1,087,000). 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 2013 was a deficit of £36,665,000 (2012: £22,518,000). The group generated £8,002,000 (2012: £4,957,000) of restricted funds during the year, which after expenditure of £7,268,000 (2012: £4,747,000) had a closing balance of £3,674,000 (2012: £2,940,000).

The overall group reserve position is a deficit of £32,991,000 (2012: deficit of £19,578,000) as a result of the pension liability as at 31 March 2013 of £40,535,000 (2012: £25,658,000).

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 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 £5,840,000 (2012: £5,971,000) generating a profit before tax and gift aid of £1,659,000 (2012: £1,674,000). The subsidiary company gifted £1,659,000 to the charitable company (2012: £1,668,000). 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 2013, 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 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 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 £2,823,000 (2012: £2,588,000), before inclusion of the pension reserve. This amount represents 2.6% (2012: 2.3%) of total unrestricted income which is within the target for reserves. The Board of Directors have approved a budget for 2013-14 which aims to generate a breakeven position.

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 2013 this amounted to £78,207,000 (2012: £78,148,000), which is the equivalent of eight months funding of expenditure (2012: 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.

## **Financial Review (continued)**

### **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 continuing pressure on public finances it is recognised that there is a requirement to continue to deliver efficiencies to produce balanced budgets in the future. Measures have been implemented to deliver the savings required to deliver the 2013/14 budget. Discussions are underway with key partners and staff groups on potential saving options for 2014/15. These will be fully discussed and agreed by the Board at the earliest opportunity.

The charity continues to face considerable financial challenges moving forward but remains highly optimistic about its ability to deliver high quality services.

During 2012/13 we successfully opened the new Emirates Arena which includes the Sir Chris Hoy Velodrome to both public and critical acclaim. We also recently completed and reopened an extended Tollcross Aquatic Centre and the new National Hockey Centre at Glasgow Green. All of our venues which will be used for the Commonwealth Games have now opened or reopened. The extensive refurbishment and extension to the Glasgow Royal Concert Hall which will accommodate the RSNO taking up residence of the Concert Hall is on site and progressing well and our plans are also well underway for an extensive redevelopment of Kelvin Hall. 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 2013-14 have been included earlier in this report.

### **Independent Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

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



**A Graham**  
Chair

3 September 2013

## **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 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 which 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 proper accounting records that 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, 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on 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, 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 2013 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, 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  
3 September 2013

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF CULTURE AND SPORT GLASGOW**

We have audited the financial statements of Culture and Sport Glasgow for the year ended 31 March 2013 which comprise the Group Statement of Financial Activities (incorporating a group income and expenditure account), Balance Sheets, the Group Cash Flow Statement 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).

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, 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.

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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2013 and of the group's incoming resources and application of resources, including the group's income and expenditure and cash flows, 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual 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:

- adequate accounting records have not been kept by the parent charitable company 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.



Lindsey Paterson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow

3 September 2013

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

Culture and Sport Glasgow  
Report and Group Financial Statements  
Year Ended 31 March 2013

**Group Statement of Financial Activities  
(Incorporating a group income and expenditure account)  
For the year ended 31 March 2013**

	Notes	Unrestricted General Funds £000	Unrestricted Designated Funds £000	Unrestricted Pension Funds £000	Total Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>Incoming resources</b>								
<i>Incoming resources from generated funds</i>								
Voluntary income; grants and donations	7	2,944	577	-	3,521	7,317	10,838	10,929
<i>Activities for generating funds</i>								
Commercial trading Company	10	5,840	-	-	5,840	-	5,840	5,971
Investment income	6	238	-	-	238	-	238	55
<i>Incoming resources from charitable activities</i>								
Provision of leisure and cultural facilities	8	22,760	-	-	22,760	685	23,445	22,118
Service contract with Glasgow City Council		78,207	-	-	78,207	-	78,207	78,148
<b>Total incoming resources</b>		<b>109,989</b>	<b>577</b>	<b>-</b>	<b>110,566</b>	<b>8,002</b>	<b>118,568</b>	<b>117,221</b>
<b>Resources Expended</b>								
<i>Cost of generating funds</i>								
Commercial trading company	10	(4,187)	-	-	(4,187)	-	(4,187)	(4,311)
<i>Charitable activities</i>								
Provision of leisure and cultural facilities	2	(104,345)	(82)	-	(104,427)	(7,268)	(111,695)	(113,341)
<i>Governance costs</i>								
	4	(604)	-	-	(604)	-	(604)	(622)
<b>Total resources expended before gift aid</b>		<b>(109,136)</b>	<b>(82)</b>	<b>-</b>	<b>(109,218)</b>	<b>(7,268)</b>	<b>(116,486)</b>	<b>(118,274)</b>
Net incoming/(outgoing) resources after exceptional item and before taxation	11	853	495	-	1,348	734	2,082	(1,053)
Taxation		-	-	-	-	-	-	-
Net incoming/(outgoing) resources before transfers and net income/(expenditure) for the year in accordance with the Companies Act 2006		853	495	-	1,348	734	2,082	(1,053)
<i>Gross transfers between funds</i>								
Pension reserves movement		(618)	-	618	-	-	-	-
Actuarial (gain)/loss on defined benefit pension scheme	20	-	-	(15,495)	(15,495)	-	(15,495)	1,257
<b>Net movement in funds</b>		<b>235</b>	<b>495</b>	<b>(14,877)</b>	<b>(14,147)</b>	<b>734</b>	<b>(13,413)</b>	<b>204</b>
<b>Fund balances at 1 April</b>		<b>2,588</b>	<b>552</b>	<b>(25,658)</b>	<b>(22,518)</b>	<b>2,940</b>	<b>(19,578)</b>	<b>(19,782)</b>
<b>Fund balances carried forward at 31 March</b>		<b>2,823</b>	<b>1,047</b>	<b>(40,535)</b>	<b>(36,665)</b>	<b>3,674</b>	<b>(32,991)</b>	<b>(19,578)</b>

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.

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



## Balance Sheets

At 31 March 2013

		Group		Charity	
		2013 £000	2012 £000	2013 £000	2012 £000
	Note				
<b>Fixed Assets</b>					
Tangible Assets	12	3,414	3,200	3,320	3,142
Investments	13	-	-	-	-
		<u>3,414</u>	<u>3,200</u>	<u>3,320</u>	<u>3,142</u>
<b>Current Assets</b>					
Stocks	14	446	366	-	-
Debtors	15	6,666	8,610	7,753	8,817
Cash at bank and in hand		14,275	16,636	13,193	15,744
		<u>21,387</u>	<u>25,612</u>	<u>20,946</u>	<u>24,561</u>
<b>Current Liabilities</b>					
Creditors: amounts falling due in one year	16	(17,257)	(22,732)	(16,725)	(21,625)
		<u>4,130</u>	<u>2,880</u>	<u>4,221</u>	<u>2,936</u>
<b>Net current assets</b>		<u>4,130</u>	<u>2,880</u>	<u>4,221</u>	<u>2,936</u>
<b>Total assets less current liabilities</b>		<u>7,544</u>	<u>6,080</u>	<u>7,541</u>	<u>6,078</u>
Pension deficit	20	(40,535)	(25,658)	(40,535)	(25,703)
<b>Net liabilities including pension deficit</b>		<u>(32,991)</u>	<u>(19,578)</u>	<u>(32,994)</u>	<u>(19,625)</u>
<b>Funds</b>					
Unrestricted funds		3,870	3,140	3,867	3,138
Pension reserve deficit	20	(40,535)	(25,658)	(40,535)	(25,703)
	18	<u>(36,665)</u>	<u>(22,518)</u>	<u>(36,668)</u>	<u>(22,565)</u>
Restricted funds	17	3,674	2,940	3,674	2,940
<b>Total funds</b>	18	<u>(32,991)</u>	<u>(19,578)</u>	<u>(32,994)</u>	<u>(19,625)</u>

The financial statements on pages 14 to 16 were approved and authorised for issue by the Board on 3 September 2013 and signed on its behalf by:

A Graham  
Chair



Registered number: SC 037844

**Group Cash flow statement**

	<i>Note</i>	<b>2013 £000</b>	<b>2012 £000</b>
<b>Net cash inflow from operating activities</b>	<b>19(a)</b>	<b>(1,434)</b>	<b>5,513</b>
<b>Returns on investments and servicing of finance</b>			
Interest received	6	238	55
Interest paid		-	(5)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	12	(1,165)	(1,166)
<b>Increase in cash in the year</b>		<b>(2,361)</b>	<b>4,397</b>

## Notes to the financial statements

(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 in the United Kingdom, 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 financial statements include the financial statements of the charitable company and its subsidiary undertaking Culture and Sport Glasgow (Trading) CIC made up to 31 March 2013.

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

#### ***Fund Accounting***

*General Funds* are unrestricted 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 they 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, 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 to the financial statements** *(continued)*  
*(forming part of the financial statements)*

**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. 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.

**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
Leasehold improvements	10 years

The de-minimis applied, when considering capitalisation of expenditure, is £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 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.

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

## Notes to the financial statements (continued)

(forming part of the financial statements)

net return obtained on scheme assets is recorded as investment income. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

### 2 Analysis of resources expended

	Charitable Activities 2013 £000	Support Costs 2013 £000	Total 2013 £000	Total 2012 £000
<i>Unrestricted funds – charitable activity / cost</i>				
Provision of leisure and cultural facilities (see below)	81,458	22,969	104,427	108,594
<i>Restricted funds – charitable activity / cost</i>				
Provision of leisure and cultural facilities (see below)	7,268	-	7,268	4,747
	<u>88,726</u>	<u>22,969</u>	<u>111,695</u>	<u>113,341</u>

#### Analysis of charitable activities by objective

	Unrestricted Funds 2013 £000	Restricted Funds 2013 £000	Total 2013 £000	Total 2012 £000
Sports and Leisure Activities	38,708	2,821	41,529	36,550
Libraries and Community Facilities	15,320	763	16,083	17,333
Arts and Museums	14,900	1,498	16,398	17,251
Area Teams	10,286	924	11,210	8,247
Corp	107	918	1,025	-
Music	2,137	344	2,481	5,829
	<u>81,458</u>	<u>7,268</u>	<u>88,726</u>	<u>85,210</u>
Plus support costs excluding governance costs	22,969	-	22,969	28,131
	<u>104,427</u>	<u>7,268</u>	<u>111,695</u>	<u>113,341</u>
			<b>2013 £000</b>	<b>2012 £000</b>

#### Net incoming resources are stated after charging:

Depreciation	951	757
Auditors remuneration – see note 4	28	25

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

**3 Allocation of Support Costs**

	Charitable Activities 2013 £000	Governance 2013 £000	Total 2013 £000	Total 2012 £000
Finance, Procurement and Business Support	2,955	69	3,024	6,809
ICT	2,859	-	2,859	2,725
Human Resources	1,381	-	1,381	1,643
Marketing and Media	3,563	-	3,563	3,313
Administration and Management	12,211	535	12,746	14,263
	<u>22,969</u>	<u>604</u>	<u>23,573</u>	<u>28,753</u>

**4 Governance**

	Group			
	Unrestricted Fund 2013 £000	Restricted Fund 2013 £000	Total 2013 £000	Total 2012 £000
Strategic Planning Costs	535	-	535	557
External auditors' remuneration:				
Audit of these financial statements	25	-	25	22
Audit of financial statements of subsidiaries pursuant to legislation	3	-	3	3
Other services relating to taxation	3	-	3	2
Audit Fees – Internal	28	-	28	28
Directors and Officers Indemnity Insurance	10	-	10	10
	<u>604</u>	<u>-</u>	<u>604</u>	<u>622</u>

**Notes to the financial statements** *(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	
	2013	2012	2013	2012
	£000	£000	£000	£000
Wages and salaries	49,762	50,917	50,633	51,792
Redundancy Costs	79	4,716	79	4,716
Social Security Costs	3,462	3,505	3,507	3,553
Other Pension Costs	6,994	7,456	7,118	7,594
	<u>60,297</u>	<u>66,594</u>	<u>61,337</u>	<u>67,655</u>

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

	Group and Charity	
	2013	2012
	Number	Number
£130,000 - £139,999	1	1
£90,000 - £99,999	1	-
£80,000 - £89,999	3	4
£70,000 - £79,999	-	-
£60,000 - £69,999	5	5
	<u>10</u>	<u>10</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 as an employee of £132,051 (2012: £132,051) plus an employer's contribution to the defined benefit pension scheme of £25,486 (2012: £25,374)

	Group and Charity	
	2013	2012
	Number	Number
£130,000 - £139,000	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

**Notes to the financial statements** *(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	
	2013 FTE	2012 FTE	2013 FTE	2012 FTE
Area Teams	254	178	254	178
Libraries and Community Facilities	463	463	463	463
Arts and Museums	373	599	373	599
Sports and Events	784	785	784	785
Retail	-	-	47	47
Management and Administration	340	245	340	245
	<u>2,214</u>	<u>2,270</u>	<u>2,261</u>	<u>2,317</u>

**6 Investment income**

	Charity		Group	
	2013 £000	2012 £000	2013 £000	2012 £000
Interest receivable	232	52	238	55
	<u>232</u>	<u>52</u>	<u>238</u>	<u>55</u>

**7 Voluntary Income**

Group	Unrestricted 2013 £000	Restricted 2013 £000	Total 2013 £000	Total 2012 £000
Contributions	1,412	3,245	4,657	2,600
Donations and Bequests	321	20	341	297
Grants	1,788	4,052	5,840	8,032
	<u>3,521</u>	<u>7,317</u>	<u>10,838</u>	<u>10,929</u>

Charity	Unrestricted 2013 £000	Restricted 2013 £000	Total 2013 £000	Total 2012 £000
Gift aid from subsidiary company	1,659	-	1,659	1,668
Contributions	1,412	3,245	4,657	2,600
Donations and Bequests	321	20	341	297
Grants	1,788	4,052	5,840	8,032
	<u>5,180</u>	<u>7,317</u>	<u>12,497</u>	<u>12,597</u>



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

**8 Incoming Resources from Charitable Activities**

	Unrestricted 2013 £000	Restricted 2013 £000	Total 2013 £000	Total 2012 £000
Sports and leisure	17,351	202	17,553	16,476
Hires and lettings of facilities	2,652	2	2,654	2,600
Other	2,757	481	3,238	3,042
	<u>22,760</u>	<u>685</u>	<u>23,445</u>	<u>22,118</u>
Service contract with Glasgow City Council	78,207	-	78,207	78,148
	<u>100,967</u>	<u>685</u>	<u>101,652</u>	<u>100,266</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 2013 £000	Total 2012 £000
<b>Gross incoming resources</b>	114,380	113,033
Total expenditure on charitable activities	(111,695)	(113,341)
Governance costs	(604)	(622)
<b>Net outgoing resources</b>	<u>2,081</u>	<u>(930)</u>
Actuarial gain on defined benefit pension scheme	(15,450)	1,090
Total funds brought forward	<u>(19,625)</u>	<u>(19,785)</u>
<b>Total funds carried forward</b>	<u>(32,994)</u>	<u>(19,625)</u>
<b>Represented by:</b>		
Restricted income funds	3,674	2,940
Unrestricted income funds	<u>(36,668)</u>	<u>(22,565)</u>
	<u>(32,994)</u>	<u>(19,625)</u>

**Notes to the financial statements** *(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.

	<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
<b>Turnover</b>	5,840	5,971
Cost of sales and administration costs	(4,187)	(4,311)
Gift aid to charity	(1,659)	(1,668)
Interest receivable	6	14
	<hr/>	<hr/>
<b>Net profit on ordinary activities before taxation</b>	-	6
Taxation on profit on ordinary activities	-	-
	<hr/>	<hr/>
<b>Profit for the year</b>	-	6
Actuarial loss on defined benefit pension scheme	-	167
Retained in the subsidiary	-	173
	<hr/>	<hr/>
<b>The assets and liabilities of the subsidiary were:</b>		
Fixed Assets	94	58
Current Assets	4,187	2,519
Current Liabilities	(4,278)	(2,574)
	<hr/>	<hr/>
	3	3
Pension Asset	-	45
	<hr/>	<hr/>
Total Net Assets	3	48
	<hr/>	<hr/>
<b>Aggregate share capital and reserves</b>	3	48

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

**11 Taxation on (loss)/profit on ordinary activities**

	2013 £000	Group 2012 £000
Profit on ordinary activities	-	6
Disallowable items	-	(6)
Tax adjusted profit for year	-	-
Current tax at 21% (2012: 21%)	-	-
Reversal of prior year charge due to gift aid payments	-	-
Tax credit	-	-

**12 Tangible fixed assets**

Group	Leasehold Improvements 2013 £000	Plant & Equipment 2013 £000	Total 2013 £000
<i>Cost</i>			
At the beginning of year	2,993	2,406	5,399
Additions	85	1,080	1,165
Disposals	-	-	-
At end of year	<b>3,078</b>	<b>3,486</b>	<b>6,564</b>
<i>Accumulated Depreciation</i>			
At beginning of year	(873)	(1,326)	(2,199)
Charge for year	(395)	(556)	(951)
Disposals	-	-	-
At end of year	<b>(1,268)</b>	<b>(1,882)</b>	<b>(3,150)</b>
Net book value at 31 March 2013	<b>1,810</b>	<b>1,604</b>	<b>3,414</b>
Net book value at 31 March 2012	<b>2,120</b>	<b>1,080</b>	<b>3,200</b>
<b>Charity</b>			
	Leasehold Improvements 2013 £000	Plant & Equipment 2013 £000	Total 2013 £000
<i>Cost</i>			
At the beginning of year	2,927	2,403	5,330
Additions	43	1,076	1,119
Disposals	-	-	-
At end of year	<b>2,970</b>	<b>3,479</b>	<b>6,449</b>
<i>Accumulated Depreciation</i>			
At beginning of year	(865)	(1,323)	(2,188)
Charge for year	(387)	(554)	(941)
Disposals	-	-	-
At end of year	<b>(1,252)</b>	<b>(1,877)</b>	<b>(3,129)</b>
Net book value at 31 March 2013	<b>1,718</b>	<b>1,602</b>	<b>3,320</b>
Net book value at 31 March 2012	<b>2,062</b>	<b>1,080</b>	<b>3,142</b>

All assets owned are held for charitable use.

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

**13 Fixed asset investments**

	Charity	
	2013 £000	2012 £000
Investment in subsidiary undertaking	-	-
Glasgow Life hold full share capital of £100 of CIC		

**14 Stocks**

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Merchandise for resale	446	366	-	-

**15 Debtors**

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade debtors	6,492	8,242	5,941	7,603
Amounts owed by parent organisation	78	157	73	136
VAT	-	-	1,643	882
Prepayments and accrued income	96	211	96	196
	<u>6,666</u>	<u>8,610</u>	<u>7,753</u>	<u>8,817</u>

**16 Creditors: amounts falling due within one year**

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade creditors	4,176	4,399	4,011	4,178
Amounts due to subsidiary company	-	-	796	586
Other Creditors	8,625	13,713	8,560	13,513
Taxation and Social Security	1,739	1,695	1,725	1,676
VAT	891	1,104	-	-
Accruals and deferred Income	1,826	1,821	1,633	1,672
	<u>17,257</u>	<u>22,732</u>	<u>16,725</u>	<u>21,625</u>

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

**17 Restricted funds**

	<b>Total £000</b>
<b>Group and Charity</b>	
Balance as at 1 April 2012	2,940
Income	8,002
Expenditure	(7,268)
<b>Balance at 31 March 2013</b>	<b><u>3,674</u></b>

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.

<b>Restricted Funds</b>	<b>Fund Balance Brought Forward £000</b>	<b>Incoming Resources £000</b>	<b>Outgoing Resources £000</b>	<b>Fund Balances Carried Forward £000</b>
Area Teams	797	812	(924)	685
Arts	201	877	(787)	291
Corporate	89	1,123	(918)	294
Events	20	2,130	(1,717)	433
Libraries	219	792	(763)	248
Museums	375	904	(711)	568
Music	98	275	(344)	29
Sport and Leisure Activities	1,141	1,089	(1,104)	1,126
	<b><u>2,940</u></b>	<b><u>8,002</u></b>	<b><u>(7,268)</u></b>	<b><u>3,674</u></b>

**Notes to the financial statements** *(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 2013 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 2013 £000
<b>Area Teams</b>	Youth Development Officer	51	60	(60)	51
	Swayed GHA	22	152	(129)	45
	EVIP	26	-	-	26
	North Glasgow Youth	13	55	(47)	21
	SE Vibrancy Action Programme	14	58	(56)	16
	ALN Development Fund	4	79	(83)	-
	Knightswood Pool	56	-	-	56
	NEYP	-	84	(69)	15
	Other	611	324	(480)	455
	<b>Total Area Teams</b>	<b>797</b>	<b>812</b>	<b>(924)</b>	<b>685</b>
<b>Arts</b>	MC Public Art	55	-	(15)	40
	Arts Grants Payments	-	121	(100)	21
	GI Festival 2012	45	341	(386)	-
	Albert Drive Project	-	243	(80)	163
	Other	101	172	(206)	67
	<b>Total Arts</b>	<b>201</b>	<b>877</b>	<b>(787)</b>	<b>291</b>
<b>Corporate</b>	Energy Projects	84	803	(809)	78
	Commonwealth CCQ Festops	-	250	(81)	169
	Logic Modelling	-	70	(23)	47
	Other	5	-	(5)	-
	<b>Total Corporate</b>	<b>89</b>	<b>1,123</b>	<b>(918)</b>	<b>294</b>
<b>Events</b>	Merchant City Festival 2012	2	263	(265)	-
	Merchant City Festival 2013	-	70	(54)	16
	IRB Rugby 7s	-	624	(624)	-
	Youth Olympic Games	-	158	(124)	34
	Olympic Torch Relay	-	249	(249)	-
	2013 World Youth Netball	-	349	(141)	208
	2013 UCI Junior Cycling	-	274	(99)	175
	2015 Gymnastic Championship	-	143	(143)	-
	Other	18	-	(18)	-
	<b>Total Events</b>	<b>20</b>	<b>2,130</b>	<b>(1,717)</b>	<b>433</b>
<b>Libraries</b>	Aye Write Festival	27	71	(97)	1
	Class Connections	46	36	(51)	31
	MacMillan at CCLB	-	287	(287)	-
	Future Family – Clyde Gateway	-	30	-	30
	Mackintosh DG Bridgeton	-	251	(179)	72
	Children's Books & Play	36	6	(17)	25
	Other	110	111	(132)	89
	<b>Total Libraries</b>	<b>219</b>	<b>792</b>	<b>(763)</b>	<b>248</b>

**Notes to the financial statements** *(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 2013 £000
<b>Museums</b>	Kelvingrove Organ	31	11	(16)	26
	Curious	30	176	(201)	5
	Acquisitions	0	75	(75)	0
	Burrell Tapestries	109	8	(1)	116
	Textile Collection	14	64	(64)	14
	Our Museum (Hamlyn)	0	50	(18)	32
	Clothworkers Project	0	40	(12)	28
	Special Collections Survey	0	145	0	145
	History Hub Display	0	30	(5)	25
	Football Exhibition Development	0	68	(68)	0
	Other	191	237	(251)	177
	<b>Total Museums</b>	<b>375</b>	<b>904</b>	<b>(711)</b>	<b>568</b>
<b>Music</b>	Celtic Connections – Chicago	0	134	(134)	0
	Cultural Olympiad	0	84	(82)	2
	Other	98	57	(128)	27
	<b>Total Music</b>	<b>98</b>	<b>275</b>	<b>(344)</b>	<b>29</b>
<b>Sport</b>	Shape Up	45	0	(10)	35
	Active Living Development	47	2	(9)	40
	Live Active Admin	67	2	(43)	26
	Walk Glasgow	49	26	(48)	27
	Netball Super League	54	65	(119)	0
	Obesity	169	129	(127)	171
	Sports Grants	9	102	(91)	20
	Health Referrals	56	37	(26)	67
	CRF	95	66	(10)	151
	Community Sports Hubs	76	202	(105)	173
	Sport Spaces	0	35	0	35
	Football Youth	149	2	(3)	148
	Holiday Programme NOF	41	0	0	41
	Silver Deal GHA	83	169	(213)	39
	Other	201	252	(300)	153
	<b>Total Sport</b>	<b>1,141</b>	<b>1,089</b>	<b>(1,104)</b>	<b>1,126</b>
<b>Total Restricted Funds</b>		<b>2,940</b>	<b>8,002</b>	<b>(7,268)</b>	<b>3,674</b>

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

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

**17. Restricted funds (continued)**  
**FUND DESCRIPTION**

**Youth Development Officer**

Fund a Youth Development officer post within Glasgow Life

**Swayed GHA**

Engaging young people in diverse activities in SW Glasgow

**EVIP**

Staff costs for tutors delivering vocational training courses

**North Glasgow Youth**

Activities programme for 11-16 year olds with behavioural problems.

**SE Vibrancy Action Programme**

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

**ALN Development Fund**

Providing adult literacy and numeracy training throughout the city

**Knightswood Pool**

Refurbishment of Knightswood Pool

**MC Public Art**

Pilot scheme to commission public art

**Arts Grants Payments**

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

**Albert Drive Project**

A year long, large-scale participatory arts project working with people living and working in the Pollokshields area.

**GI Festival 2012**

Bi-annual arts festival

**Energy Projects**

Delivery of energy efficiency and small-scale renewable energy projects

**Commonwealth CCQ Festops**

Ceremonies & relay costs for the opening & closing of Commonwealth Games 2014.

**Logic Modelling**

Evaluative model that links services to the needs within Glasgow Life.

**Merchant City Festival**

Celebrating the Arts programme in Merchant City area of Glasgow

**Merchant City Festival 2013**

Celebrating the Arts programme in Merchant City area of Glasgow – 2013 festival

**IRB Rugby 7s**

SRU 7 a side rugby tournament at Scotstoun Stadium.

**Youth Olympic Games**

Preparation for Glasgow's bid for the 2018 Youth Olympic Games.

**Olympic Torch Relay**

Glasgow's leg of the Olympic Torch Relay

**2013 World Youth Netball**

World Championships final at the Emirates Stadium.

**2013 UCI Junior Cycling**

Junior Cycling World Championships in Sir Chris Hoy Velodrome August 2013.

**2015 Gymnastic Championship**

Gymnastics Championships to be held in 2015 at the Emirates Stadium.

**Aye Write Festival**

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

**Class Connections**

Transport initiative aimed at encouraging schools to give young children access to libraries.



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

**17. Restricted funds (continued)**

**MacMillan at CCLB**

Delivery of Cancer Support groups/services

**Future Family – Clyde Gateway**

Supporting 865 parenting & communications sessions for Clyde Gateway residents (3 year project).

**Mackintosh DG Bridgeton**

Olympia Library fit out costs.

**Children's Books & Play**

Establishing and delivering a Sure Start service

**Kelvingrove Organ**

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

**Curious**

Community engagement through exhibitions, training programmes and conferences

**Acquisitions**

Art acquisitions & associated costs.

**Burrell Tapestries**

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

**Our Museum (Hamlyn)**

Extending the principle of community engagement across the whole of Glasgow Museums.

**Clothworkers Project**

Research into Boppard stained glass at the Burrell Collection.

**Special Collections Survey**

To fund the survey team & produce a report on the outcome of the survey,

**History Hub Display**

Funding the redisplay of the Glasgow History Hubs.

**Football Exhibition Development**

History of Scottish Football (Kelvingrove Museum).

**Celtic Connections – Chicago**

Showcase of Celtic Connections at Ryder Cup 2012 in Chicago

**Cultural Olympiad**

Concert delivered in Glasgow as part of London 2012 Olympics' Cultural Programme

**Shape Up**

Active health programme

**Active Living Development**

Activities designed for older adults

**Live Active Admin**

Scheme to promote physical activity to referred patients

**Walk Glasgow**

Promote walking in Glasgow

**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 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

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

**17. Restricted funds (continued)**

**Football Youth**

Development of youth football programmes

**Holiday Programme NOF**

Providing activities throughout the school holidays

**Silver Deal**

Promote health and exercise amongst the over 50s

**18. Analysis of net assets between funds**

Group	Unrestricted Funds £000	Restricted Funds £000	Total £000
<b>Fund balances at 31 March 2013 are represented by:</b>			
Tangible fixed assets	3,414	-	3,414
Current assets	17,713	3,674	21,387
Current liabilities	(17,257)	-	(17,257)
Pension deficit	(40,535)	-	(40,535)
<b>Total net assets</b>	<b>(36,665)</b>	<b>3,674</b>	<b>(32,991)</b>

Charity	Unrestricted Funds £000	Restricted Funds £000	Total £000
<b>Fund balances at 31 March 2013 are represented by:</b>			
Tangible fixed assets	3,320	-	3,320
Current assets	17,272	3,674	20,946
Current liabilities	(16,725)	-	(16,725)
Pension deficit	(40,535)	-	(40,535)
<b>Total net assets</b>	<b>(36,668)</b>	<b>3,674</b>	<b>(32,994)</b>

**19. Notes to the cash flow statement**

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

	2013 £000	2012 £000
Net income/(expenditure) for the year	2,082	(1,053)
Add depreciation	951	757
Retirement benefit scheme current service cost	(618)	2,902
Interest received	(238)	(55)
Interest paid	-	5
Increase in stocks	(80)	(68)
Decrease/(Increase) in debtors	1953	(2,301)
(Decrease)/Increase in creditors and provisions	(5,484)	5,326
Taxation	-	-
<b>Net cash inflow/(outflow) from operating</b>	<b>(1,434)</b>	<b>5,513</b>

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

**19. Notes to the cash flow statement (continued)**

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

	2013 £000	2012 £000
(Decrease)/Increase in cash in the year	(2,361)	4,397
Change in net debt resulting from cash flows		
Net funds at start of year	16,636	12,239
<b>Net funds at end of year</b>	<b>14,275</b>	<b>16,636</b>

(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	16,636	(2,361)	-	14,275

**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 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 most recent triennial actuarial valuation of the Scheme was performed at 31 March 2011.

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

The amounts recognised in the balance sheets are as follows:

Defined benefit pension plans

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Present value of funded obligations	(221,516)	(178,272)	(221,516)	(176,898)
Fair value of plan assets	186,835	157,387	186,835	155,968
	(34,681)	(20,885)	(34,681)	(20,930)
Present value of unfunded obligations	(5,854)	(4,773)	(5,854)	(4,773)
<b>Net liability</b>	<b>(40,535)</b>	<b>(25,658)</b>	<b>(40,535)</b>	<b>(25,703)</b>
Amounts in the statement of financial position:				
Liabilities	(40,535)	(25,658)	(40,535)	(25,703)
<b>Net Liabilities</b>	<b>(40,535)</b>	<b>(25,658)</b>	<b>(40,535)</b>	<b>(25,703)</b>

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

**20. Pension Scheme (continued)**

The amounts recognised in the balance sheets are as follows:

Defined benefit pension plans

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Current service cost	6,686	7,470	6,686	7,355
Past service gain	(197)	-	(197)	-
Interest on obligation	8,851	9,359	8,851	9,280
Expected return on plan assets	(9,205)	(9,962)	(9,205)	(9,872)
Losses on curtailments and settlements	586	8,555	586	8,555
Total	<u>6,721</u>	<u>15,422</u>	<u>6,721</u>	<u>15,318</u>
Actual return on plan assets	<u>23,547</u>	<u>1,574</u>	<u>23,547</u>	<u>1,533</u>

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

Defined benefit pension plans

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Opening defined benefit obligation	183,244	162,412	181,671	161,050
Liabilities assumed in a business combination	-	-	1,573	-
Current service cost	6,686	7,470	6,686	7,355
Past service gain	-	-	-	-
Interest cost	8,851	9,359	8,851	9,280
Actuarial losses/(gains)	29,752	(4,443)	29,752	(4,227)
Losses on curtailments	586	8,555	586	8,555
Contributions by members	2,239	2,491	2,239	2,455
Estimated unfunded benefits paid	(252)	(704)	(252)	(704)
Estimated Benefits paid	<u>(3,736)</u>	<u>(2,095)</u>	<u>(3,736)</u>	<u>(2,093)</u>
Closing defined benefit obligation	<u>227,370</u>	<u>183,045</u>	<u>227,370</u>	<u>181,671</u>

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

Defined benefit pension plans

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Opening fair value of plan assets	157,738	138,399	155,968	137,165
Assets acquired in a business combination	-	-	1,770	-
Expected return	9,205	9,962	9,205	9,872
Actuarial losses/(gains)	14,302	(3,186)	14,302	(3,137)
Contributions by members	2,239	2,491	2,239	2,455
Contributions by employer	7,087	11,816	7,087	11,706
Contributions in respect of unfunded benefits	252	704	252	704
Estimated unfunded benefits paid	(252)	(704)	(252)	(704)
Estimated Benefits Paid	<u>(3,736)</u>	<u>(2,095)</u>	<u>(3,736)</u>	<u>(2,093)</u>
	<u>186,835</u>	<u>157,387</u>	<u>186,835</u>	<u>155,968</u>

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

**20. Pension Scheme (continued)**

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

	2013	2012
Equities	76%	77%
Bonds	14%	11%
Property	7%	7%
Cash	3%	5%

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

	2013	2012
Discount rate at 31 March	4.5%	4.8%
Expected return on plan assets at 31 March	4.5%	5.8%
Future salary increases	5.1%	4.8%
Future pension increases	2.8%	2.5%

Defined benefit pension plans

Group	2013	2012	2011	2010	2009
	£000	£000	£000	£000	£000
Defined benefit obligation	(227,370)	(183,045)	(162,412)	(176,400)	(90,336)
Plan assets	186,835	157,387	138,399	115,710	77,916
Surplus/(deficit)	(40,535)	(25,658)	(24,013)	(60,690)	(12,420)
Experience adjustments on plan liabilities	(248)	11,941	(99)	6	8,594
Experience adjustments on plan assets	14,302	(3,186)	842	25,242	(28,602)

Charity	2013	2012	2011	2010	2009
	£000	£000	£000	£000	£000
Defined benefit obligation	(227,370)	(181,671)	(161,050)	(174,936)	(89,699)
Plan assets	186,835	155,968	137,165	114,702	77,302
Surplus/(deficit)	(40,535)	(25,703)	(23,885)	(60,234)	(12,397)
Experience adjustments on plan liabilities	(248)	11,657	(99)	6	8,581
Experience adjustments on plan assets	14,302	(3,137)	835	25,031	(28,763)

**Notes to the financial statements** *(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 Glasgow City Council (GCC). In the year to 31 March 2013, GCC provided funds of £78.2m (2012: £78.1m) to the charity in respect of the services undertaken by the charity on its behalf. At 31 March 2013, GCC owed the charity £2.4m (2012: £4.9m) in relation to normal trading activities.

The charity supplied goods and services amounting to £51,344 (2012: £17,313) and purchased goods and services of £56,928 from Jobs & Business Glasgow of which Emma Gillan is a director.

The charity provided goods and services amounting to £1,131 to Sidekix Ltd of which Frank McAveety is an Educational Advisor. The charity purchased goods and services amounting to £570 from Scottish Youth Theatre and purchased goods and services amounting to £1,060 from Fuse Youth Café Glasgow of which Councillor Frank McAveety is director.

The charity supplied goods and services amounting to £2,210 (2012: £17,313) to Sportscotland of which Mel Young is a director. The charity supplied goods and services amounting to £1,516 (2012: £1,499) to the Homeless World Cup foundation of which Mel Young is a director.

The charity provided goods and services amounting to £388,819 (2012: £292,360) and purchased goods and services amounting to £57,718 (2012: £31,954) from Glasgow City Marketing Bureau of which Councillor Allison Hunter and Dr Lesley Sawers are directors.

The charity provided goods and services of £5,252 to RSAMD of which Dr Bridget McConnell is vice chair.

The charity provided goods and services amounting to £165 the Scottish Environmental Agency of which Dr Lesley Sawers is a director.

The charity provided goods and services amounting to £3,172 (2012: £3,276) to Glasgow Academy of which Sir Angus Grossart is Honorary Governor. The charity purchased goods and services amounting to £975 from Scotland International of which Sir Angus Grossart is a director.

The charity purchased goods and services amounting to £50 from Scottish Football Museum Trust of which Councillor Archie Graham is director..

The charity supplied goods and services amounting to £150,977 (2012: £45,586) and purchased goods and services of £7,683 from Glasgow 2014 Limited of which Dr Bridget McConnell and Archie Graham are both directors.

The charity purchased goods and services amounting to £3,000 from Punjabi Sahit Sabha Glasgow of which Dilawer Singh is vice chair. The charity supplied goods and services amounting to £557 (2012: £504) and purchased goods and services amounting to £1,110 (2012: £870) from Sports Council for Glasgow of which Dilawer Singh is Vice Chair.

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.

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

**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.