

Limited Liability Partnership Registration No. SO302223 (Scotland)

CITY PROPERTY (GLASGOW) LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

CITY PROPERTY (GLASGOW) LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members	Glasgow City Council GCC LLP Investments Ltd
Limited liability partnership number	SO302223
Registered office	Exchange House 229 George Street Glasgow G1 1QU
Auditor	Wylie & Bisset LLP 168 Bath Street Glasgow G2 4TP
Bankers	Royal Bank of Scotland Glasgow City Branch 10 Gordon Street Glasgow G1 3PL
Solicitors	Glasgow City Council City Chambers George Square Glasgow G2 1DU

CITY PROPERTY (GLASGOW) LLP

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CITY PROPERTY (GLASGOW) LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The members present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of City Property (Glasgow) LLP ("the LLP") is to manage, develop and dispose of Glasgow City Council's ("GCC") extensive non-operational property and land assets.

Designated members

The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

Glasgow City Council
GCC LLP Investments Ltd

Governance

The Governance arrangements are laid out in the LLP's Partnership agreement. Glasgow City Council appoints five elected members to serve and they, together with the Managing Director of the LLP and the Director of Property & Land Services of Glasgow City Council, form the advisory board.

Board meetings are held on a regular basis, on dates agreed up to a year in advance. Five Board meetings were held in the year under review. The Board has a subcommittee for Audit which met on two occasions during the year.

The LLP reports on its activities to both the Council's Operational Delivery Scrutiny Committee and Finance and Audit Scrutiny Committee. In addition to having external auditors, the LLP has an arrangement with the Council's internal audit department for them to undertake periodic reviews of the LLP's operating systems and controls.

The Board

The current Board is as follows:

Councillor Angus Millar	Chair
Councillor Richard Bell	
Councillor Tony Curtis	
Bailie Norman MacLeod	
Bailie Jacqueline McLaren	
Pauline Barclay	Managing Director
Ian Robertson	Director of Property & Land Services of Glasgow City Council

Risk

The LLP has undertaken the assessment of risks to the business and the Board reviews this regularly. Business continuity planning has also been addressed to ensure that operations can continue effectively in the event of adverse conditions.

CITY PROPERTY (GLASGOW) LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Review of Business

The principal activity of the LLP continues to be the management, development and disposal of Glasgow City Council's non operational land and property assets.

The property market remains unattractive to mass disposals and the LLP, while marketing in traditional fashion, is actively looking towards innovative disposal and development methods. Despite the difficult economic conditions, during the year under review, the LLP concluded the delivery of £15,005,534 (2018: £10,128,000) in capital receipts to GCC from the disposal of surplus land and property.

In addition, the LLP delivers the following core services:

- a property management service to the Council in the areas of valuation, technical services, insurance and asbestos;
- strategic property management advice to the Council and other ALEOs;
- project management and monitoring of property related projects to the Council and other ALEOs; and
- the management of the open markets across the city.

On 29 March 2010, City Property Glasgow (Investments) LLP, a sister organisation within the GCC family, purchased an investment portfolio of properties from GCC. City Property (Glasgow) LLP employs the staff required to operate the investment portfolio and recharges City Property Glasgow (Investments) LLP for their time. The FRS 102 pension adjustment required by accounting practice, is based on the employees of both at the financial reporting date. The quantum of people working for City Property Glasgow (Investments) LLP and covered by the FRS 102 calculations, means that the FRS 102 charge in the profit and loss account is disproportionate to the number of people employed by and disclosed in the financial statements of City Property (Glasgow) LLP.

Financial Performance

The financial results of the LLP are set out in the attached financial statements. The loss for the financial year of £545,815 shown in the Profit and Loss Account is after making £578,000 of FRS 102 Pension Adjustments.

The effect of incorporating the FRS 102 Pension adjustment, as noted on above and as undernoted, has to be recognised in the Financial Statements. This resulted in an increased charge in the profit and loss account of £578,000. This technical exercise reduces the trading profit to the reported profit which is carried to reserves. The FRS 102 calculation at the year end shows a deficit on the pension scheme of £5,177,000 (2018: £2,337,000) which exceeds the accumulated reserves of the LLP and accounts for the negative Balance Sheet total. The Members consider the result to be satisfactory.

At the 31 March 2019 the LLP had negative reserves of £4,649,861. This position is wholly attributable to the provision within the financial statements of the Local Government Pension Scheme which is £5,177,000. The liability will not crystallise in the short term and the LLP is able to meet the required increase in contributions arising in the future therefore this will not affect the LLP's ability to operate 12 months from the approval of the financial statements.

Profit sharing arrangements

The Members share profits or losses in the same ratio as their ownership.

Transactions with Members

The Members participate fully in the LLP's profit or loss, share the risks and subscribe to the LLP's capital.

The LLP provides services to and receives services from Glasgow City Council and Council family organisations.

CITY PROPERTY (GLASGOW) LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Pension Scheme

City Property (Glasgow) LLP is an admitted body of the Strathclyde Pension Fund which operates a defined benefit scheme, administered in accordance with the Local Government Pension Scheme (Scotland) regulations 1998, as amended. An actuarial valuation of the fund was carried out as at 31 March 2019. FRS 102 has been fully implemented in the financial statements for the year and its effect is disclosed in note 11 thereto. The annually calculated notional surplus or deficit on the funding of the scheme is now shown in the financial statements as a separate fund which is added to or deducted from the Members funds.

LLP Incorporation

On the 27 March 2019, two LLPs were incorporated with City Property (Glasgow) LLP as a member of each with 0.001% ownership. Both LLPs will utilise external debt to fund the purchase of significant operational assets from Glasgow City Council, which will then be leased back to the Council.

Statement of disclosure to auditor

Each of the members in office at the date of approval of this annual report confirms that:

- so far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditor are unaware, and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the limited liability partnership's auditor are aware of that information.

Approved by the members on 29 August 2019 and signed on behalf by:

Pauline Barclay
GCC LLP Investments Ltd
Designated Member

CITY PROPERTY (GLASGOW) LLP

MEMBERS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CITY PROPERTY (GLASGOW) LLP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITY PROPERTY (GLASGOW) LLP

Opinion

We have audited the financial statements of City Property (Glasgow) LLP (the 'limited liability partnership') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Reconciliation of Members' Interests, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

CITY PROPERTY (GLASGOW) LLP

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CITY PROPERTY (GLASGOW) LLP

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 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ross McLauchlan BAcc CA (Senior Statutory Auditor)
for and on behalf of Wylie & Bisset LLP

Chartered Accountants
Statutory Auditor

168 Bath Street
Glasgow
G2 4TP

CITY PROPERTY (GLASGOW) LLP

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	2	2,577,292	2,517,716
Cost of sales		(1,904,657)	(1,698,227)
Gross profit		<u>672,635</u>	<u>819,489</u>
Administrative expenses		(641,050)	(911,053)
Operating profit/(loss)	3	<u>31,585</u>	<u>(91,564)</u>
Interest receivable and similar income	6	600	268
Other finance income/(expense) associated with FRS102	7	(578,000)	(590,000)
Loss for the financial year before members' remuneration and profit shares		<u>(545,815)</u>	<u>(681,296)</u>
Members' remuneration charged as an expense		-	-
Loss for the financial year available for discretionary division among members		<u><u>(545,815)</u></u>	<u><u>(681,296)</u></u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations

CITY PROPERTY (GLASGOW) LLP

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Current assets					
Debtors	9	936,121		692,292	
Cash at bank and in hand		337,533		393,387	
		<u>1,273,654</u>		<u>1,085,679</u>	
Creditors: amounts falling due within one year	10	(746,515)		(590,725)	
Net current assets			527,139		494,954
Pension fund deficit	11	(5,177,000)		(2,337,000)	
Net liabilities attributable to members		<u>(4,649,861)</u>		<u>(1,842,046)</u>	
Represented by:					
Loans and other debts due to members within one year					
Amounts due in respect of profits			(161,394)		(362,370)
Other amounts			283,483		367,236
			<u>122,089</u>		<u>4,866</u>
Members' other interests					
Members' capital classified as equity			1,000		1,000
Pension reserve			(5,177,000)		(2,337,000)
Other reserves classified as equity			404,050		489,088
			<u>(4,649,861)</u>		<u>(1,842,046)</u>
Total members' interests					
Loans and other debts due to members			122,089		4,866
Members' other interests			(4,232,950)		(1,846,912)
			<u>(4,649,861)</u>		<u>(1,842,046)</u>

The financial statements were approved by the members and authorised for issue on 29 August 2019 and are signed on their behalf by:

Pauline Barclay
GCC LLP Investments Ltd
Designated member

Andrew Brooks
City Property (Glasgow) LLP

Limited Liability Partnership Registration No. SO302223

CITY PROPERTY (GLASGOW) LLP

RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 MARCH 2019

Current financial year

	EQUITY					Total	TOTAL MEMBERS' INTERESTS Total 2019
	Members' other interests						
	Members' capital (classified as equity)	Pension reserve	Other reserves	Total	Other amounts		
£	£	£	£	£	£	£	
Amount due to members					(362,370)		
Amount due from members					367,236		
Members' interests at 1 April 2018	1,000	(2,337,000)	489,088	(1,846,912)	4,866	4,866	(1,842,046)
Profit for the financial year available for discretionary division among members	-	(578,000)	32,185	(545,815)	-	-	(545,815)
Members' interests after profit for the year	1,000	(2,915,000)	521,273	(2,392,727)	4,866	4,866	(2,387,861)
Other movements	-	(2,262,000)	(117,223)	(2,379,223)	117,223	117,223	(2,262,000)
Members' interests at 31 March 2019	1,000	(5,177,000)	404,050	(4,771,950)	122,089	122,089	(4,649,861)
Amounts due to members					(161,394)		
Amounts due from members, included in debtors					283,483		
					122,089		

CITY PROPERTY (GLASGOW) LLP

RECONCILIATION OF MEMBERS' INTERESTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Prior financial year

	EQUITY					Total	TOTAL MEMBERS' INTERESTS Total 2018	
	Members' other interests			Total	Other amounts			Total
	Members' capital (classified as equity)	Revaluation reserve	Other reserves					
£	£	£	£	£	£	£		
Amount due to members					(362,370)			
Amount due from members					367,236			
Members' interests at 1 April 2017	1,000	(5,612,000)	580,384	(5,030,616)	4,866	4,866	(5,025,750)	
Loss for the financial year available for discretionary division among members	-	(590,000)	(91,296)	(681,296)	-	-	(681,296)	
Members' interests after loss for the year	1,000	(6,202,000)	489,088	(5,711,912)	4,866	4,866	(5,707,046)	
Other movements	-	3,865,000	-	3,865,000	-	-	3,865,000	
Members' interests at 31 March 2018	1,000	(2,337,000)	489,088	(1,846,912)	4,866	4,866	(1,842,046)	
Amounts due to members					(362,370)			
Amounts due from members, included in debtors					367,236			
					4,866			

CITY PROPERTY (GLASGOW) LLP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash absorbed by operations	17		(56,454)		(511,985)
Investing activities					
Interest received		600		268	
Net cash generated from investing activities			600		268
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(55,854)		(511,717)
Cash and cash equivalents at beginning of year			393,387		905,104
Cash and cash equivalents at end of year			<u>337,533</u>		<u>393,387</u>

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Limited liability partnership information

City Property (Glasgow) LLP is a limited liability partnership incorporated in Scotland. The registered office is Exchange House, 229 George Street, Glasgow, G1 1QU.

The limited liability partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements for the year ended 31 March 2019 shows a net liabilities position of £4,649,861 (2018: £1,842,046). The reason for the net liabilities is the Defined Benefit Pension Liability of £5,177,000 (2018: £2,337,000). The liability will not crystallise in the short term and the LLP is able to meet the required increase in contributions arising in the future therefore this will not affect the LLP's ability to operate 12 months from the date of approval of the financial statements.

1.3 Turnover

Turnover represents fees receivable in respect of work executed for clients over the period, excluding value added tax.

1.4 Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Once an unavoidable obligation has been created in favour of members through allocation of profits or other means, any undrawn profits remaining at the reporting date are shown as 'Loans and other debts due to members' to the extent they exceed debts due from a specific member.

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.5 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

The limited liability partnership has only basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently measured at their settlement value.

Derecognition of financial liabilities

Financial liabilities are derecognised when the limited liability partnership's obligations expire or are discharged or cancelled.

1.6 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the limited liability partnership is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.7 Retirement benefits and post retirement payments to members

All existing and new members of staff have the option of joining the Strathclyde Pension Fund ('the Fund'). The Fund is a defined benefit pension scheme, providing benefits based on final pensionable pay, which is contracted out of the State Earnings-Related Pension Fund. Assets and liabilities of the Fund are held separately from those of the LLP. Fund assets are measured using market values. For quoted securities the current bid price is taken as market value. Fund 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 it is recoverable, or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

2 Turnover

An analysis of the limited liability partnership's turnover is as follows:

	2019 £	2018 £
Turnover		
Fees	2,577,292	2,517,716
Other significant revenue		
Interest income	600	268
	<u> </u>	<u> </u>

Fee income is wholly attributable to the principal activity of the LLP and arises solely within the United Kingdom.

3 Operating profit/(loss)

	2019 £	2018 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Audit fees	6,870	7,375
	<u> </u>	<u> </u>

4 Employees

The average number of persons (excluding members) employed by the partnership during the year was:

	2019 Number	2018 Number
Core staff	41	39
	<u> </u>	<u> </u>

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

4 Employees

(Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,484,602	1,329,385
Social security costs	145,984	136,057
Pension costs	274,071	252,714
	<u>1,904,657</u>	<u>1,718,156</u>

Note that the superannuation cost and current and past service cost above is in relation to a total of 86 employees, including those recharged to the sister organisation. These are accounted for within this LLP since, whilst general staff costs are recharged, the FRS102 costs of the pension relating to that LLP cannot be estimated with reasonable certainty.

5 Members' remuneration

	2019 Number	2018 Number
The average number of members during the year was	<u>2</u>	<u>2</u>
	2019 £	2018 £
Loss attributable to the member with the highest entitlement	<u>(545,810)</u>	<u>(681,288)</u>
Average members remuneration	<u>(272,908)</u>	<u>(340,648)</u>

6 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	<u>600</u>	<u>268</u>

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

7	Other financial income/(expense) associated with FRS102	2019	2018
		£	£
	FRS102 pension adjustment	(578,000)	(590,000)
		<u> </u>	<u> </u>
8	Financial instruments	2019	2018
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	920,822	675,100
		<u> </u>	<u> </u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	548,938	420,987
		<u> </u>	<u> </u>
9	Debtors	2019	2018
		£	£
	Amounts falling due within one year:		
	Trade debtors	34,927	9,012
	Amounts owed by group undertakings	884,075	661,212
	Other debtors	1,820	4,876
	Prepayments and accrued income	15,299	17,192
		<u> </u>	<u> </u>
		936,121	692,292
		<u> </u>	<u> </u>

All amounts shown under debtors fall due for payment within one year.

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,616	1,287
Amount due to parent undertaking	263,599	269,595
Other taxation and social security	197,577	169,738
Accruals and deferred income	283,723	150,105
	<u>746,515</u>	<u>590,725</u>

11 Pension fund deficit

	2019 £	2018 £
Retirement benefit obligations	5,177,000	2,337,000
	<u>5,177,000</u>	<u>2,337,000</u>

12 Retirement benefit schemes

Defined benefit schemes

The information disclosed below is in respect of the LLP's share of assets and liabilities within the Strathclyde Pension Fund, in which it is a participating employer. The latest full actuarial valuation was carried out at 31 March 2016 based on the requirements of FRS102.

The LLP is an admitted body to the Strathclyde Pension Fund, part of the Local Government Pension Scheme (LGPS) which is a defined benefit pension scheme. The Local Government Pension Scheme is an independently administered fund and is valued every three years.

The Pension and FRS102 information relates to all City Property employees whether employed in City Property (Glasgow) LLP or the sister organisation, City Property (Investments) LLP. The normal payroll costs for City Property Glasgow (Investments) LLP are transferred and borne by that LLP, but the full FRS102 adjustment is made within City Property (Glasgow) LLP.

In June 2019 it was found that there may be an adjustment necessary to the pension valuation as a result of the Guaranteed Minimum Pension (GMP) equalisation/indexation. The impact of any such adjustment would be shown as a past service cost in an employer's Profit and Loss account.

Following discussions by Hymans Robertson with the National Audit Office and other LGPS actuaries, a trigger event is yet to occur in the LGPS and the default approach is to ignore any GMP impact in the accounts.

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Key assumptions

	2019	2018
	%	%
Discount rate	2.40	2.70
Expected rate of increase of pensions in payment	2.50	2.40
Expected rate of salary increases	3.70	3.60

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2019	2018
	Years	Years
Retiring today		
- Males	21.4	21.4
- Females	23.7	23.7
Retiring in 20 years		
- Males	23.4	23.4
- Females	25.8	25.8

Amounts recognised in the profit and loss account:

	2019	2018
	£	£
Current service cost	1,085,000	1,009,000
Net interest on defined benefit liability/(asset)	77,000	151,000
Other costs and income	542,000	-
Total costs	1,704,000	1,160,000

Amounts taken to other comprehensive income:

	2019	2018
	£	£
Actual return on scheme assets	(1,518,000)	(2,025,000)
Less: calculated interest element	(689,000)	(604,000)
Return on scheme assets excluding interest income	829,000	1,421,000
Actuarial changes related to obligations	2,542,000	(2,444,000)

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

The amounts included in the balance sheet arising from the limited liability partnership's obligations in respect of defined benefit plans are as follows:

	2019 £	2018 £
Present value of defined benefit obligations	32,339,000	27,778,000
Fair value of plan assets	(27,162,000)	(25,441,000)
Deficit in scheme	<u>5,177,000</u>	<u>2,337,000</u>

Movements in the present value of defined benefit obligations:

	2019 £
Liabilities at 1 April 2018	27,778,000
Current service cost	1,085,000
Past service cost	542,000
Benefits paid	(567,000)
Contributions from scheme members	193,000
Actuarial gains and losses	2,542,000
Interest cost	766,000
At 31 March 2019	<u>32,339,000</u>

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets:

	2019 £
Fair value of assets at 1 April 2018	25,441,000
Interest income	829,000
Return on plan assets (excluding amounts included in net interest)	689,000
Benefits paid	(524,000)
Contributions by the employer	534,000
Contributions by scheme members	193,000
At 31 March 2019	<u>27,162,000</u>

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

13 Loans and other debts due to members

	2019	2018
	£	£
Analysis of loans		
Amounts falling due within one year	122,089	4,866
	<u>122,089</u>	<u>4,866</u>

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14 Operating lease commitments

At the reporting end date the limited liability partnership had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	8,240	2,307
Between two and five years	16,480	-
	<u>24,720</u>	<u>2,307</u>

15 Related party transactions

The LLP takes advantage of the exemptions within FRS 102 paragraph 33.11 'Related Party Disclosures', as allowed under the Limited Liability Partnership Act 2000, as a wholly owned subsidiary of Glasgow City Council, from disclosing transactions with other entities within that group. The results of the LLP are included within the consolidated financial statements of Glasgow City Council.

There have been no other related party transactions.

16 Ultimate controlling party

The LLP was controlled throughout the year by its Members, the Members are Glasgow City Council and GCC LLP Investments Limited. The ultimate controlling party is Glasgow City Council due to its 100% ownership of GCC LLP Investments Limited.

17 Cash generated from operations

	2019 £	2018 £
Loss for the year	(545,815)	(681,296)
Adjustments for:		
Finance costs recognised in profit or loss	578,000	590,000
Investment income recognised in profit or loss	(600)	(268)
Movements in working capital:		
(Increase) in debtors	(243,829)	(255,304)
Increase/(decrease) in creditors	155,790	(165,117)
Cash absorbed by operations	<u>(56,454)</u>	<u>(511,985)</u>