

CITY PROPERTY (GLASGOW) LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 (Audit) Ltd 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 2020

The members present their annual report and financial statements for the year ended 31 March 2020.

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	Resigned 27 June 2019
Councillor Thomas Kerr	Appointed 27 June 2019
Bailie Norman MacLeod	Resigned 6 August 2020
Bailie Jacqueline McLaren	
Ian Robertson	Director of Property and Land Services, Glasgow City Council
Pauline Barclay	Managing Director
Morag Johnston	Appointed 31 October 2019, Director of Financial and Business Services, Glasgow City Council
Councillor Kenny McLean	Appointed 6 August 2020

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 2020

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 £7,803,881 (2019: £15,005,534) 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
- 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 £594,187 shown in the Statement of Comprehensive Income is after making £663,000 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 Statement of Comprehensive Income of £663,000. This technical exercise reduces the trading profit to the reported loss which is carried to reserves. The FRS 102 calculation at the year end shows a deficit on the pension scheme of £2,774,000 (2019: £5,177,000) 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 2020 the LLP had negative reserves of £2,178,049. This position is wholly attributable to the provision within the financial statements of the Local Government Pension Scheme which is £2,774,000. 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 are entitled to share profits or losses in the same ratio as their ownership, although distributions may be made from time to time.

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 2020

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 2020. 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 utilised external debt to fund the purchase of significant operational assets from Glasgow City Council, which will then be leased back to the Council.

Auditor

In accordance with section 485 of the Companies Act 2006, as applied by the Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, Wylie & Bisset LLP was appointed as auditors following a competitive tender process. Wylie & Bisset LLP was replaced by Wylie & Bisset (Audit) Limited on 4 April 2020 because of a transfer of the audit registration licence. Wylie & Bisset (Audit) Limited will be considered for reappointment at a Board meeting.

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 23 September 2020 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 2020

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 2020 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 2020 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.

Scott Gillon BA(Hons) FCCA CA (Senior Statutory Auditor)
for and on behalf of Wylie & Bisset (Audit) Ltd

Chartered Accountants
Statutory Auditor

168 Bath Street
Glasgow
G2 4TP

CITY PROPERTY (GLASGOW) LLP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	2	2,604,383	2,577,292
Cost of sales		(2,478,605)	(2,954,657)
Gross profit/(loss)		125,778	(377,365)
Administrative expenses		(589,754)	(641,050)
Operating loss	3	(463,976)	(1,018,415)
Interest receivable and similar income	6	2,789	600
Other finance income/(expense) associated with FRS102	7	(133,000)	(77,000)
Loss for the financial year before members' remuneration and profit shares		(594,187)	(1,094,815)
Members' remuneration charged as an expense		-	-
Loss for the financial year available for discretionary division among members		(594,187)	(1,094,815)

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 2020

	Notes	2020 £	£	2019 £	£
Current assets					
Debtors	9	654,907		936,121	
Cash at bank and in hand		636,120		337,533	
		<u>1,291,027</u>		<u>1,273,654</u>	
Creditors: amounts falling due within one year	10	<u>(695,076)</u>		<u>(746,515)</u>	
Net current assets			595,951		527,139
Pension fund deficit	11		<u>(2,774,000)</u>		<u>(5,177,000)</u>
Net liabilities attributable to members			<u>(2,178,049)</u>		<u>(4,649,861)</u>
Represented by:					
Loans and other debts due to members within one year					
Amounts due in respect of profits			(146,026)		(161,394)
Other amounts			182,935		283,483
			<u>36,909</u>		<u>122,089</u>
Members' other interests					
Members' capital classified as equity			1,000		1,000
Pension reserve			(2,774,000)		(5,177,000)
Other reserves classified as equity			558,042		404,050
			<u>(2,178,049)</u>		<u>(4,649,861)</u>
Total members' interests					
Loans and other debts due to members			36,909		122,089
Members' other interests			<u>(2,214,958)</u>		<u>(4,771,950)</u>
			<u>(2,178,049)</u>		<u>(4,649,861)</u>

CITY PROPERTY (GLASGOW) LLP

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2020

The financial statements were approved by the members and authorised for issue on 23 September 2020 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 2020

<i>Current financial year</i>	EQUITY					TOTAL MEMBERS' INTERESTS Total 2020
	Members' other interests			Total	Other amounts	
Members' capital (classified as equity)	Pension reserve	Other reserves				
£	£	£	£	£	£	£
Amount due to members					(161,394)	
Amount due from members					283,483	
Members' interests at 1 April 2019	1,000	(5,177,000)	404,050	(4,771,950)	122,089	122,089
Profit for the financial year available for discretionary division among members	-	(663,000)	68,813	(594,187)	-	-
Members' interests after profit for the year	1,000	(5,840,000)	472,863	(5,366,137)	122,089	122,089
Other movements	-	3,066,000	85,179	3,151,179	(85,180)	(85,180)
Members' interests at 31 March 2020	1,000	(2,774,000)	558,042	(2,214,958)	36,909	36,909
Amounts due to members					(146,026)	
Amounts due from members, included in debtors					182,935	
					36,909	

CITY PROPERTY (GLASGOW) LLP

RECONCILIATION OF MEMBERS' INTERESTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

<i>Prior financial year</i>	EQUITY					Total	TOTAL MEMBERS' INTERESTS Total 2019
	Members' other interests	Members' capital (classified as equity)	Revaluation reserve	Other reserves	Total		
	£	£	£	£	£	£	£
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	-	(1,127,000)	32,185	(1,094,815)	-	-	(1,094,815)
Members' interests after profit for the year	1,000	(3,464,000)	521,273	(2,941,727)	4,866	4,866	(2,936,861)
Other movements	-	(1,713,000)	(117,223)	(1,830,223)	117,223	117,223	(1,713,000)
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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	17		295,798		(56,454)
			<u>295,798</u>		<u>(56,454)</u>
Net cash inflow/(outflow) from operating activities			295,798		(56,454)
Investing activities					
Interest received		2,789		600	
		<u>2,789</u>		<u>600</u>	
Net cash generated from investing activities			2,789		600
			<u>2,789</u>		<u>600</u>
Net increase/(decrease) in cash and cash equivalents			298,587		(55,854)
Cash and cash equivalents at beginning of year			337,533		393,387
			<u>337,533</u>		<u>393,387</u>
Cash and cash equivalents at end of year			<u>636,120</u>		<u>337,533</u>

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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 2020 shows a net liabilities position of £2,178,049 (2019: £4,649,861). The reason for the net liabilities is the Defined Benefit Pension Liability of £2,774,000 (2019: £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 date of approval of the financial statements. The members have taken cognisance of the current COVID 19 pandemic and consider this will not have a material impact on the going concern of the business.

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 2020

1 Accounting policies

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the limited liability partnership. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the limited liability partnership holds a long-term interest and where the limited liability partnership has significant influence. The limited liability partnership considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the limited liability partnership has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.8 Impairment of fixed assets

At each reporting period end date, the limited liability partnership reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the limited liability partnership estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded for contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded for contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

1.9 Cash and cash equivalents

Cash and cash equivalents 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.

1.10 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.

1.11 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 2020

1 Accounting policies

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:

	2020	2019
	£	£
Turnover		
Fees	2,604,383	2,577,292
Other significant revenue		
Interest income	<u>2,789</u>	<u>600</u>

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

3 Operating loss

	2020	2019
	£	£
Operating loss for the year is stated after charging/(crediting):		
Audit fees	<u>6,500</u>	<u>6,870</u>

4 Employees

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

	2020	2019
	Number	Number
Core staff	<u>43</u>	<u>41</u>

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Employees

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	1,492,141	1,484,602
Social security costs	156,729	145,984
Pension costs	829,735	1,324,071
	<u>2,478,605</u>	<u>2,954,657</u>

Note that the superannuation cost and current and past service cost above is in relation to a total of 91 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

	2020	2019
	Number	Number
The average number of members during the year was	<u>2</u>	<u>2</u>
	2020	2019
	£	£
Loss attributable to the member with the highest entitlement	<u>(594,181)</u>	<u>(1,094,804)</u>
Average members remuneration	<u>(297,094)</u>	<u>(547,408)</u>

6 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	<u>2,789</u>	<u>600</u>

7 Other financial income/(expense) associated with FRS102

	2020	2019
	£	£
FRS102 pension adjustment	<u>(133,000)</u>	<u>(77,000)</u>

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8	Financial instruments	2020	2019
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	577,381	920,822
		<hr/>	<hr/>
	Carrying amount of financial liabilities		
	Measured at amortised cost	457,215	548,938
		<hr/>	<hr/>
9	Debtors	2020	2019
		£	£
	Amounts falling due within one year:		
	Trade debtors	18,661	34,927
	Amounts owed by group undertakings	548,336	884,075
	Other debtors	76,475	1,820
	Prepayments and accrued income	11,435	15,299
		<hr/>	<hr/>
		654,907	936,121
		<hr/>	<hr/>
	All amounts shown under debtors fall due for payment within one year.		
10	Creditors: amounts falling due within one year	2020	2019
		£	£
	Trade creditors	4,332	1,616
	Amounts owed to group undertakings	146,026	263,599
	Other taxation and social security	237,861	197,577
	Other creditors	4,315	-
	Accruals and deferred income	302,542	283,723
		<hr/>	<hr/>
		695,076	746,515
		<hr/>	<hr/>
11	Pension fund deficit	2020	2019
		£	£
	Retirement benefit obligations	2,774,000	5,177,000
		<hr/>	<hr/>
		2,774,000	5,177,000
		<hr/>	<hr/>

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Defined contribution 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 2017 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.

Key assumptions

	2020	2019
	%	%
Discount rate	2.3	2.4
Expected rate of increase of pensions in payment	1.9	2.5
Expected rate of salary increases	3.0	3.7

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2020	2019
	Years	Years
Retiring today		
- Males	20.7	21.4
- Females	22.9	23.7
Retiring in 20 years		
- Males	22.2	23.4
- Females	24.6	25.8

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Amounts recognised in the profit and loss account:

	2020	2019
	£	£
Current and past service cost	1,179,000	1,627,000
Net interest on net defined benefit liability/(asset)	133,000	77,000
	<u>1,312,000</u>	<u>1,704,000</u>

In 2019, past service costs totalling £542,000 and £7,000 of interest were inadvertently allocated directly to members interests. This has been corrected in the 2019 comparative by correctly charging £549k through the Statement of Comprehensive Income. There is no change to the pension liability, balance sheet net assets or overall members interests.

Amounts taken to other comprehensive income:

	2020	2019
	£	£
Actual return on scheme assets	(2,475,000)	(1,518,000)
Less: calculated interest element	657,000	689,000
	<u>(1,818,000)</u>	<u>(829,000)</u>
Return on scheme assets excluding interest income	(1,818,000)	(829,000)
Actuarial changes related to obligations	4,884,000	2,542,000
	<u>3,066,000</u>	<u>1,713,000</u>

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

	2020	2019
	£	£
Present value of defined benefit obligations	29,218,000	32,339,000
Fair value of plan assets	(26,444,000)	(27,162,000)
	<u>2,774,000</u>	<u>5,177,000</u>

CITY PROPERTY (GLASGOW) LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Movements in the present value of defined benefit obligations:

	2020
	£
Liabilities at 1 April 2019	32,339,000
Current service cost	1,400,000
Past service cost	(221,000)
Plan introductions, changes, curtailments and settlements	(426,000)
Benefits paid	220,000
Contributions from scheme members	
Actuarial gains and losses	(4,884,000)
Interest cost	790,000
Exchange differences	-
Other	-
	<hr/>
At 31 March 2020	29,218,000

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

Movements in the fair value of plan assets:

	2020
	£
Fair value of assets at 1 April 2019	27,162,000
Assets assumed in a business combination	-
Interest income	657,000
Return on plan assets (excluding amounts included in net interest)	(1,818,000)
Plan introductions, changes, curtailments and settlements	-
Benefits paid	(383,000)
Contributions by the employer	606,000
Contributions by scheme members	220,000
Exchange differences	-
Other	-
	<hr/>
At 31 March 2020	26,444,000

13 Loans and other debts due to members

	2020	2019
	£	£
Analysis of loans		
Amounts falling due within one year	146,026	161,394
	<hr/>	<hr/>

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 2020

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:

	2020	2019
	£	£
Within one year	8,240	8,240
Between two and five years	8,240	16,480
	<u>16,480</u>	<u>24,720</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.

	2020	2019
	£	£
17 Cash generated from/(absorbed by) operations		
Loss for the year	(594,187)	(1,094,815)
Adjustments for:		
Finance costs recognised in profit or loss	133,000	77,000
Investment income recognised in profit or loss	(2,789)	(600)
Pension scheme adjustment	530,000	1,050,000
Movements in working capital:		
Decrease/(increase) in debtors	347,305	(243,829)
(Decrease)/increase in creditors	(117,531)	155,790
Cash generated from/(absorbed by) operations	<u>295,798</u>	<u>(56,454)</u>