

Culture & Sport Glasgow

(a charity limited by guarantee)

Report and Group Financial Statements

Year Ended 31 March 2015

Registered number SC 313851 (registered in Scotland)

Scottish Charity number SC 037844

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Trustees' Report for the year ended 31 March 2015

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 2015. 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:

Trustees

Councillor Archie Graham OBE (Chair)
Dr Bridget McConnell CBE (Chief Executive)
Sir Angus Grossart
Mr Mel Young
Professor Lesley Sawers
Mr Dilawer Singh MBE
Mr John McCormick
Mrs Lee Bonthron (appointed 30th October 2014)
Councillor Frank McAveety
Councillor Soryia Siddique
Councillor Emma Gillan
Councillor David McDonald

Registered office

Culture & Sport Glasgow
220 High Street
Glasgow
G4 0QW

Independent Auditors

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Solicitors & Company Secretary

Burness
120 Bothwell Street
Glasgow
G2 7JL

Bankers

Royal Bank of Scotland
Kirkstane House
139 St Vincent Street
Glasgow
G2 5JF

Company number

SC 313851 (registered in Scotland)

Scottish Charity number

SC 037844

Trustees' Report for the year ended 31 March 2015 (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. The composition of the Board of Directors is as follows:

- The maximum number of trustees shall be twelve (2014: twelve) of which: -
 - A maximum of five (2014: 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 (2014: six) trustees shall be "Independent Directors"
 - A maximum of one (2014: 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 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 2015 (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 Committee for scrutiny during the year to ensure that risk is drawn to the attention of the Trustees, and that appropriate arrangements are established to mitigate identified risks. The Director of Finance has responsibility for ensuring all risks identified are managed to the agreed outcomes.

The top 5 risks identified are failure to secure a stable platform for records management and specialist archive databases; disruption to services while implementing organizational change; failure to meet income targets for Sport; constraints on capital investment in sustainable infrastructure resulting in insufficient funding to maintain property infrastructure and pressure to increase revenue generation results in increased risks around licencing, health and safety and general governance.

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 2015 (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.




The Company Business and Service Plan which includes our Strategic Context and Strategic Outcomes is approved by the Board on an annual basis. This was last approved by the Board on the 18th March, 2015.

2014/15 PERFORMANCE





Our performance management framework monitors the progress of all service areas to ensure appropriate alignment and contribution towards the city priorities and our strategic objectives with specific focus on:

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

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

-  More than 5% below targeted performance
-  2.5% to 4.9% below targeted performance
-  Meets or exceeds targeted performance

During 2014-15 we agreed to report to Glasgow City Council on these three key areas of performance:






Measure	Target	Actual	Status
The number of attendances at Glasgow Life directly managed venues excluding festivals and events	17.03 million	*17.51 million	
Income generated through the company's charity and CIC	£33.5 million (charity) £28.3 million (CIC) £5.2 million	£34.9 million (charity) £28.4 million (CIC) £6.5 million	
Deliver against key themes set out in 2014 Commonwealth Games Legacy Framework	Active theme	On track	
	Inclusive priorities	Delivered	

***A further 1.31 million attendances were recorded at key events, festivals, musical performances and Commonwealth Games spectators, bringing the year-end total number of attendances up to 18.82 million.**







Trustees' Report for the year ended 31 March 2015 (continued)

Statutory Performance Indicators

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

Measure	Target	Actual	Status
Sport and leisure: the number of attendances per 1,000 population for all pools	2,614	2,506	
Indoor sport and leisure facilities: the number of attendances per 1,000 population	6,455	7,455	
The number of visits to/usages of council funded or part funded museums per 1,000 population	5,433	6,200	
The number of visits in person to council funded or part funded museums per 1,000 population	5,384	5,987	
The number of visits to libraries per 1,000 population	9,295	8,896	

Performance is reported to Glasgow Life's Board throughout the year across a range of measures including financial performance, learning, employability and volunteering opportunities in the city. The Board pay particular attention to the annual attendance target and scrutinise the contribution of each individual service to this corporate indicator at every Board meeting.

Measure	Target	Actual	Status
Breakdown of the number of attendances at Glasgow Life directly managed venues, excluding festivals and events	17,027,500	17,512,286	
Glasgow Sport	6,313,000	6,343,374	
Glasgow Libraries	5,574,000	5,334,257	
Glasgow Museums	3,053,900	3,590,070	
Community Facilities	1,130,600	1,333,462	
Glasgow Art, Music & Cultural Venues	956,000	911,123	

A further 1,311,946 attendances were recorded at key events, festivals, musical performances and the XX Commonwealth Games during 2014-15. The total figure for all attendances at Glasgow Life services was 18,824,232 – up 5.34% on the previous year.

Trustees' Report for the year ended 31 March 2015 (continued)

TARGETS for 2015/16

A target of 16.9 million has been approved for attendances at Glasgow Life directly managed venues for the financial year 2015-16. This takes into account a number of influencing factors, including the planned closure of venues for maintenance and refurbishment such as The Burrell and Hillhead Library. Spectators at key sporting events including the 2015 World Gymnastics Championships are not included in the overall target as we are not permitted to include these attendances in our SPI return which forms part of the newly legislated Local Government Benchmarking Framework. Finally, as Glasgow Life no longer programmes activities at Trongate103 we have not set an attendance target for this venue.

Venue	Target
Glasgow Libraries	5,269,775
Glasgow Museums	3,182,000
Glasgow Art, Music and Cultural Venues	813,318
Glasgow Sport	6,500,077
Community Facilities	1,167,800
Total	16,932,970

The 2015-16 target for income generated through the company's charity and CIC is as follows:

Income generation	Target
Charity	£29.4 million
CIC	£7.6 million
Total	£37.0 million

Our Future Plans

Glasgow Life will continue to lead and deliver on city strategies for culture, sport, lifelong learning, volunteering, events and legacies from the XX Commonwealth Games. Our role as a major contributor to tourism in the city, economic development, health and wellbeing, education, social cohesion and community development will continue through our relationship with Glasgow City Council and other leading partners and agencies in the city.

Our partnerships and relationships with Scottish Government and government agencies, national cultural organisations, sport governing bodies and leading sport agencies, the universities, housing organisations and the voluntary sector will ensure continued influence on policy and direction of our sector.

The Burrell

The Burrell Museum will close in August 2015 to allow plans to refurbish and redisplay the Burrell Collection through the Burrell Renaissance project, with a clear objective to re-open the Burrell Museum early in 2020. At the same time we will progress our plan for the Burrell International Tour, commencing 2016, delivering against the city's international strategy.

Trustees' Report for the year ended 31 March 2015 (continued)

Glasgow Libraries

We will set a vision for the future of Glasgow Libraries to deliver a service that meets the learning, digital and community needs of citizens, families and businesses. This will also encompass the role of Mitchell Library as a vital city-wide asset for the business sector and as a custodian of Glasgow's heritage. Our unique partnership with MacMillan Cancer Information and Support Services will enter phase two, delivered through a three year strategy that will include capital investment, volunteering and partnership working with over 30 organisations in the city.

Sports City

A key priority for the City is to maintain Glasgow's ranking on the world leader-board as an Ultimate Sports City, and this will be achieved through sustaining a major international sporting events programme through to 2020. Glasgow is currently ranked 8th position, ahead of competing cities such as Moscow, New York, Berlin, Paris and Beijing.

2015 World Gymnastics Championships

We will host the 2015 World Gymnastics Championships in October which will have over 85 countries in attendance and over 500 gymnasts competing. Attendance figures are anticipated to exceed 50,000 and live TV broadcasts will extend across Europe to Russia, China, Japan and the USA. To date we have secured £1 million in sponsorship and are fully on track to deliver the biggest and most significant single-sport event that Glasgow has ever hosted.

2018 European Sports Championships

Glasgow has been chosen to stage the inaugural European Sports Championships in 2018 and will jointly host the event with Berlin. Glasgow Life will play a crucial role in the event, which will bring together Rowing, Triathlon, Swimming and Cycling (BMX, track, road race, mountain biking), with the strong likelihood of Golf and Gymnastics being added in the near future. Berlin will host the Athletics events. The event, which will be held over 12 days in July/August 2018, is expected to attract around 3,000 athletes and have a European TV audience of 850 million.

The European Sports Championships will continue the successful legacy of the XX Commonwealth Games delivering a number of significant benefits to Glasgow. One of these benefits will be a new BMX facility which will be built in Knightswood.

The Championships will be delivered using a staffing model which capitalises on the expertise and talent that have been developed in the city through hosting the XX Commonwealth Games and other major events.

Turner Prize

One of Europe's most important and prestigious contemporary visual art awards comes to Scotland for the first time in 2015. The Turner Prize, which leaves its home at Tate Britain every other year, will be hosted by Tramway, Glasgow. The exhibition of work by the four shortlisted artists will be open for viewing at Tramway between October 2015 and January 2016 and admission will be free.

Capital Programme

We will refurbish the Kelvinhall, delivering a combined museum facility with Glasgow University and a new Glasgow Club sports facility by early 2017. This major capital programme will be delivered in three phases over a nine year period: phase one is in partnership with the National Library of Scotland and Glasgow University; phases two and three will be delivered in partnership with the National Galleries of Scotland and the University of Glasgow.

Trustees' Report for the year ended 31 March 2015 (continued)

Phase two of the capital programme for the refurbishment of the Glasgow Royal Concert Hall and rotunda will commence, at the same time as the City's redevelopment of Buchanan Street and Queen Street train station.

We will continue to develop the long-term asset management strategy for the 168 venues and sites managed on behalf of the Council to deliver cultural, sport and learning services. Some of these buildings date back to Victorian times, others are pre-war buildings and some are new builds. Over the next few years significant investment will be made to upgrade and re-develop priority sites including Hillhead Library, Glasgow Museums Resource Centre, Tollcross International Swimming Centre, Scotland Street Museum, as well as ongoing maintenance and repairs to the property portfolio.

Financial Review

Review of the year

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

The deficit on unrestricted funds for the year to 31 March 2015 before adjustments for FRS 17 and the taxation charge within the subsidiary company was £1,166,000 (2014: £957,000). 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 2015 was a deficit of £76,634,000 (2014: £49,249,000). The group generated £13,570,000 (2014: £12,917,000) of restricted funds during the year, which after expenditure of £15,782,000 (2014: £8,960,000) had a closing balance of £6,442,000 (2014: £8,208,000).

The overall group reserve position is a deficit of £70,192,000 (2014: deficit of £41,041,000) as a result of the pension liability as at 31 March 2015 of £77,617,000 (2014: £51,905,000).

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 £6,461,000 (2014: £6,797,000) generating a profit before tax of £1,530,000 (2014: £2,086,000). The subsidiary company gifted £1,530,000 to the charitable company (2014: £2,086,000). 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 2015, 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 reviews the reserves Policy on an annual basis and at its meeting on 2nd December 2014, agreed to continue the reserves policy of a target of between 1.5% and 2.5 % of turnover to provide protection against future adverse economic conditions. The Board continues to review this position on an ongoing basis as the business continues to develop and grow its proposition. General reserves, which are shown in the balance sheet as unrestricted funds, amount to £700,000 (2014: £1,866,000), before inclusion of the pension reserve. This amount represents 0.6% (2014: 1.6%) of total unrestricted income which is below the target for reserves. The Board are aware of this drop in reserves as a result of one off costs to support future cost savings. The Board of Directors have approved a budget for 2015-16 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 2015 this amounted to £77,547,397 (2014: £78,096,276), which is the equivalent of eight months funding of expenditure (2014: 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 applicants with a disability and we have a variety of policies, procedures and guidance to support them in the workplace.

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 2015/16 budget. Discussions are underway with key partners and staff groups on potential saving options for future years from 2016/17 to 2017/18. 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 2014/15 we ensured that all of the Commonwealth Games venues were opened to the public and tested in the year leading up to the Games. Five of our venues were successfully used as Competition venues covering 7 sports and another three venues were used as support venues. All of these venues reopened to the public within three weeks of the games closing ceremony. 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 nearing completion. Phase 1 of an extensive redevelopment of Kelvin Hall is also currently on site and progressing well. Plans for the Burrell Refurbishment are progressing well with the majority of funding for the project already secured. 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 2015-16 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

Archie Graham

Chair

9 September 2015

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF INTERNAL CONTROL

Scope of Responsibility

As Director of Finance, 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 2015 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 and Governance

9 September 2015

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

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2015 and of the group's incoming resources and application of resources, including its income and expenditure and the group's 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 requirements of 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).

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent company financial statements (the "financial statements"), which are prepared by Culture and Sport Glasgow, comprise:

- the group and parent charitable company balance sheet as at 31 March 2015;
- the group and parent charitable company statement of financial activities and the group and parent charitable company summary income and expenditure account for the year then ended;
- the group cash flow statements for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 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 Report and Group Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF CULTURE AND SPORT GLASGOW (Continued)

Opinion on other matter prescribed by Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statements of Trustees' Responsibilities set out on page 11, the trustees 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 ISAs (UK & 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 company'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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF CULTURE AND SPORT
GLASGOW (Continued)**

Martin Pitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
9 September 2015

- (a) The maintenance and integrity of the Culture and Sport Glasgow website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group Statement of Financial Activities
(incorporating a group income and expenditure account)
For the year ended 31 March 2015

	Notes	Unrestricted General Funds £000	Unrestricted Designated Funds £000	Unrestricted Pension Funds £000	Total Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Incoming resources								
<i>Incoming resources from generated funds</i>								
Voluntary income: grants and donations	7	2,521	-	-	2,521	9,770	12,291	15,161
<i>Activities for generating funds</i>								
Commercial trading Company	10	6,461	-	-	6,461	-	6,461	6,797
Investment income	6	65	-	-	65	-	65	137
<i>Incoming resources from charitable activities</i>								
Provision of leisure and cultural facilities	8	25,814	54	-	25,868	3,800	29,668	27,857
Service contract with Glasgow City Council		77,547	-	-	77,547	-	77,547	78,096
Total incoming resources		112,408	54	-	112,462	13,570	126,032	128,048
Resources Expended								
<i>Costs of generating funds</i>								
Commercial trading company	10	(4,948)	-	-	(4,948)	-	(4,948)	(4,723)
<i>Charitable activities</i>								
Provision of leisure and cultural facilities	2	(107,671)	(561)	(1,389)	(109,621)	(15,782)	(125,403)	(121,992)
<i>Governance costs</i>	4	(509)	-	-	(509)	-	(509)	(566)
Total resources expended		(113,128)	(561)	(1,389)	(115,078)	(15,782)	(130,860)	(127,281)
Net (outgoing)/incoming resources before other recognised gains and losses		(720)	(507)	(1,389)	(2,616)	(2,212)	(4,828)	767
Transfers		(446)	-	-	(446)	446	-	-
Actuarial losses on defined benefit pension schemes	19	-	-	(24,323)	(24,323)	-	(24,323)	(8,817)
Net movement in funds		(1,166)	(507)	(25,712)	(27,385)	(1,766)	(29,151)	(8,050)
Fund balances brought forward at 1 April		1,866	790	(51,905)	(49,249)	8,208	(41,041)	(32,991)
Fund balances carried forward at 31 March		700	283	(77,617)	(76,634)	6,442	(70,192)	(41,041)

All of the activities are continuing. There is no difference between the historical cost result and the net deficit 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 9.

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

Balance Sheets

At 31 March 2015

		Group		Charity	
		2015 £000	2014 £000	2015 £000	2014 £000
	<i>Note</i>				
Fixed Assets					
Tangible assets	11	5,128	2,777	5,019	2,684
Investments	12	-	-	-	-
Total fixed assets		5,128	2,777	5,019	2,684
Current Assets					
Stocks and work in progress	13	444	477	10	-
Debtors	14	10,336	6,568	12,248	8,418
Cash at bank and in hand		5,574	14,367	4,879	13,451
Total current assets		16,354	21,412	17,137	21,869
Creditors: amounts falling due in one year	15	(14,057)	(13,325)	(14,733)	(13,691)
Net current assets		2,297	8,087	2,404	8,178
Total assets less current liabilities		7,425	10,864	7,423	10,862
Defined benefit pension liability	19	(77,617)	(51,905)	(77,617)	(51,905)
Net liabilities including pension deficit		(70,192)	(41,041)	(70,194)	(41,043)
The funds of the group:					
Unrestricted income funds		983	2,656	981	2,654
Pension reserve deficit	19	(77,617)	(51,905)	(77,617)	(51,905)
Total unrestricted income funds	17	(76,634)	(49,249)	(76,636)	(49,251)
Restricted income funds	16	6,442	8,208	6,442	8,208
Total charity funds	17	(70,192)	(41,041)	(70,194)	(41,043)

The financial statements on pages 16 to 40 were approved and authorised for issue by the Board and signed on its behalf by:

Archie Graham
Chair

9 September 2015

Registered number: SC 037844

Group Cash flow statement

	<i>Note</i>	2015 £000	2014 £000
Net cash outflow from operating activities	<i>18(a)</i>	(5,941)	(184)
Returns on investments and servicing of finance			
Interest received	6	65	137
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	11	(2,917)	139
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		<u>(8,793)</u>	<u>92</u>

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, Charities Accounts (Scotland) Regulations 2006, Charities and Trustee investment (Scotland) Act 2005, the Companies Act 2006 and consistently applied accounting policies. 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 2015.

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 7 years
Leasehold improvements	10 years

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

Taxation

Group

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

Notes to the financial statements *(continued)*

(forming part of the financial statements)

1. Accounting policies *(continued)*

Pensions *(continued)*

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

2. Analysis of resources expended

	Charitable Activities 2015 £000	Support Costs 2015 £000	Total 2015 £000	Total 2014 £000
<i>Unrestricted General funds – charitable activity / cost</i>				
Provision of leisure and cultural facilities (see below)	80,757	26,914	107,671	110,059
<i>Restricted funds – charitable activity / cost</i>				
Provision of leisure and cultural facilities (see below)	15,782	-	15,782	8,960
	<u>96,539</u>	<u>26,914</u>	<u>123,453</u>	<u>119,019</u>

Analysis of charitable activities by objective

	Unrestricted General Funds 2015 £000	Restricted Funds 2015 £000	Total 2015 £000	Total 2014 £000
Sports and Leisure Activities	39,446	3,414	42,860	45,967
Libraries and Community Facilities	12,240	947	13,187	13,416
Arts and Museums	13,885	2,401	16,286	16,051
Area Teams	14,100	800	14,900	14,349
Corp	(1,002)	7,485	6,483	932
Music	2,088	735	2,823	2,552
	<u>80,757</u>	<u>15,782</u>	<u>96,539</u>	<u>93,267</u>
Plus support costs excluding governance costs	26,914	-	26,914	25,752
	<u>107,671</u>	<u>15,782</u>	<u>123,453</u>	<u>119,019</u>

**2015
£000** **2014
£000**

Net incoming resources are stated after charging:

Depreciation	566	498
Auditors remuneration – see note 4	29	28

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

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

3. Allocation of Support Costs

	Charitable Activities 2015 £000	Governance 2015 £000	Total 2015 £000	Total 2014 £000
Finance, Procurement and Business Support	5,844	69	5,913	3,176
ICT	2,692	-	2,692	2,755
Human Resources	1,210	-	1,210	1,362
Marketing and Media	3,564	-	3,564	3,751
Administration and Management	13,604	440	14,044	15,274
	<u>26,914</u>	<u>509</u>	<u>27,423</u>	<u>26,318</u>

4. Governance costs

	Group			
	Unrestricted Fund 2015 £000	Restricted Fund 2015 £000	Total 2015 £000	Total 2014 £000
Strategic Planning Costs	440	-	440	500
External auditors' remuneration:				
Audit of these financial statements	23	-	23	22
Audit of financial statements of subsidiaries pursuant to legislation	3	-	3	3
Other services relating to taxation	3	-	3	3
Audit Fees – Internal	30	-	30	28
Directors and Officers Indemnity Insurance	10	-	10	10
	<u>509</u>	<u>-</u>	<u>509</u>	<u>566</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:

	Group		Charity	
	2015	2014	2015	2014
	£000	£000	£000	£000
Wages and salaries	55,213	54,753	54,225	53,830
Redundancy Costs	396	357	395	357
Social Security Costs	3,766	3,748	3,712	3,698
Other Pension Costs	10,280	9,362	10,153	9,247
Agency costs	471	338	471	338
	<u>70,126</u>	<u>68,558</u>	<u>68,956</u>	<u>67,470</u>

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

	Group and Charity	
	2015	2014
	Number	Number
£130,000 - £139,999	1	1
£90,000 - £99,999	1	1
£80,000 - £89,999	3	3
£70,000 - £79,999	-	-
£60,000 - £69,999	6	5
	<u>11</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 £134,864 (2014: £134,911) plus an employer's contribution to the defined benefit pension scheme of £23,025 (2014: £23,448)

	Group and Charity	
	2015	2014
	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:

	Group		Charity	
	2015 FTE	2014 FTE	2015 FTE	2014 FTE
Area Teams	414	378	414	378
Libraries and Community Facilities	257	282	257	282
Arts and Museums	316	308	316	308
Sports and Events	917	897	917	897
Retail	37	39	37	39
Management and Administration	274	352	274	352
	<u>2,215</u>	<u>2,256</u>	<u>2,215</u>	<u>2,256</u>

6. Investment income

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Interest receivable	65	137	48	126
	<u>65</u>	<u>137</u>	<u>48</u>	<u>126</u>

7. Voluntary Income: grants and donations

Group	Unrestricted	Restricted	Total	Total
	2015 £000	2015 £000	2015 £000	2014 £000
Contributions	427	4,142	4,569	3,575
Donations and Bequests	304	52	356	1,188
Grants	1,790	5,576	7,366	10,398
	<u>2,521</u>	<u>9,770</u>	<u>12,291</u>	<u>15,161</u>

Charity	Unrestricted	Restricted	Total	Total
	2015 £000	2015 £000	2015 £000	2014 £000
Gift aid from subsidiary company	1,530	-	1,530	2,086
Contributions	427	4,142	4,569	3,575
Donations and Bequests	304	52	356	1,188
Grants	1,790	5,576	7,366	10,398
	<u>4,051</u>	<u>9,770</u>	<u>13,821</u>	<u>17,247</u>

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

8. Incoming Resources from Charitable Activities

	Unrestricted 2015 £000	Restricted 2015 £000	Total 2015 £000	Total 2014 £000
Sports and leisure	20,451	475	20,926	19,854
Hires and lettings of facilities	2,920	49	2,969	2,668
Other	2,497	3,276	5,773	5,335
	<u>25,868</u>	<u>3,800</u>	<u>29,668</u>	<u>27,857</u>
Service contract with Glasgow City Council	77,547	-	77,547	78,096
	<u>103,415</u>	<u>3,800</u>	<u>107,215</u>	<u>105,953</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 2015 £000	Total 2014 £000
Gross incoming resources	121,084	124,629
Total expenditure on charitable activities	(125,403)	(123,295)
Governance costs	(509)	(566)
Net outgoing resources	(4,828)	768
Actuarial gain on defined benefit pension scheme	(24,323)	(8,817)
Total funds brought forward	(41,043)	(32,994)
Total funds carried forward	<u>(70,194)</u>	<u>(41,043)</u>
Represented by:		
Restricted income funds	6,442	8,208
Unrestricted income funds	(76,636)	(49,251)
	<u>(70,194)</u>	<u>(41,043)</u>

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

10. Activities for Generating Funds

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

	Total 2015 £000	Total 2014 £000
Turnover	6,461	6,797
Cost of sales and administration costs	(4,948)	(4,722)
Interest receivable	17	11
	<hr/>	<hr/>
Net profit on ordinary activities before taxation	1,530	2,086
Taxation on profit on ordinary activities	-	-
	<hr/>	<hr/>
Profit for the year	1,530	2,086
Gift aid to charity	(1,530)	(2,086)
Retained in the subsidiary	-	-
	<hr/> <hr/>	<hr/> <hr/>
The assets and liabilities of the subsidiary were:		
Fixed Assets	109	94
Current Assets	4,114	3,573
Current Liabilities	(4,220)	(3,664)
	<hr/>	<hr/>
Total Net Assets	3	3
	<hr/>	<hr/>
Aggregate share capital and reserves	<hr/> <hr/>	<hr/> <hr/>
	3	3

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

11. Tangible assets

Group	Leasehold Improvements	Plant & Equipment	Total
	2015	2015	2015
	£000	£000	£000
<i>Cost</i>			
At the beginning of year	3,456	2,969	6,425
Additions	1,167	1,965	3,132
Disposals	-	(215)	(215)
At end of year	<u>4,623</u>	<u>4,719</u>	<u>9,342</u>
<i>Accumulated Depreciation</i>			
At beginning of year	(1,666)	(1,982)	(3,648)
Charge for year	(406)	(375)	(781)
Disposals	-	215	215
At end of year	<u>(2,072)</u>	<u>(2,142)</u>	<u>(4,214)</u>
Net book value at 31 March 2015	<u>2,551</u>	<u>2,577</u>	<u>5,128</u>
Net book value at 31 March 2014	<u>1,790</u>	<u>987</u>	<u>2,777</u>
Charity			
	Leasehold Improvements	Plant & Equipment	Total
	2015	2015	2015
	£000	£000	£000
<i>Cost</i>			
At the beginning of year	3,336	2,963	6,299
Additions	1,136	1,965	3,101
Disposals	-	(215)	(215)
At end of year	<u>4,472</u>	<u>4,713</u>	<u>9,185</u>
<i>Accumulated Depreciation</i>			
At beginning of year	(1,638)	(1,977)	(3,615)
Charge for year	(391)	(375)	(766)
Disposals	-	215	215
At end of year	<u>(2,029)</u>	<u>(2,137)</u>	<u>(4,166)</u>
Net book value at 31 March 2015	<u>2,443</u>	<u>2,576</u>	<u>5,019</u>
Net book value at 31 March 2014	<u>1,698</u>	<u>986</u>	<u>2,684</u>

All assets owned are held for charitable use.

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

12. Investments

	Charity	
	2015 £000	2014 £000
Investment in subsidiary undertaking	-	-

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

13. Stocks and work in progress

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Merchandise for resale	444	477	10	-

14. Debtors

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade debtors	3,400	6,150	2,917	5,279
Amounts owed by group undertakings	94	83	84	78
VAT	-	-	2,747	2,738
Prepayments and accrued income	6,842	335	6,500	323
	<u>10,336</u>	<u>6,568</u>	<u>12,248</u>	<u>8,418</u>

15. Creditors: amounts falling due within one year

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade creditors	2,377	3,096	2,240	2,928
Amounts owed to group undertakings	-	-	2,096	1,286
Other Creditors	7,082	6,321	6,936	6,233
Taxation and Social Security	1,676	1,743	1,683	1,750
VAT	934	463	-	-
Accruals and deferred Income	1,988	1,702	1,778	1,494
	<u>14,057</u>	<u>13,325</u>	<u>14,733</u>	<u>13,691</u>

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

16. Restricted income funds

Group and Charity	Total £000
Balance as at 1 April 2014	8,208
Income	13,570
Expenditure	(15,782)
Transfers	446
Balance at 31 March 2015	<u>6,442</u>

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

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

Restricted Funds	Fund Balance Brought Forward £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	Fund Balances Carried Forward £000
Area Teams	987	778	(800)	-	965
Arts	143	1,287	(1,113)	-	317
Corporate	3,231	4,524	(7,485)	-	270
Events	17	1,302	(1,724)	446	41
Libraries	929	1,049	(947)	-	1,031
Museums	509	1,333	(1,288)	-	554
Music	72	893	(735)	-	230
Sport and Leisure Activities	2,320	2,404	(1,690)	-	3,034
	<u>8,208</u>	<u>13,570</u>	<u>(15,782)</u>	<u>446</u>	<u>6,442</u>

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

16. Restricted income funds

Analysis by fund of amounts received during the year in excess of £50,000 or where the fund balance at 31 March 2015 is greater than £25,000.

Service Area	Fund Name	Balance at Beginning of Year £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	Balance at 31 March 2015 £000
Area Teams	Youth Development Officer	68	75	(84)	-	59
	Swayed GHA	77	182	(173)	-	86
	Digital Volunteering	-	60	-	-	60
	North Glasgow Youth	52	6	(16)	-	42
	SE Vibrancy Action Programme	7	51	(32)	-	26
	Central West Hubs	48	10	(9)	-	49
	West Hubs	65	40	(50)	-	55
	NE Volunteering Prog	4	25	(4)	-	25
	Knightswood Pool	56	-	-	-	56
	Mend Project	-	61	-	-	61
	Smoke Free Play	64	(8)	(20)	-	36
	Other	546	276	(412)	-	410
	Total Area Teams	987	778	(800)	-	965
Arts	Albert Drive Project	-	30	(3)	-	27
	Arts Grants Payments	5	98	(92)	-	11
	GI Festival 2014	67	189	(225)	-	31
	Velocity	-	293	(293)	-	-
	Dirt Blood & Water	-	127	(127)	-	-
	Generation	3	192	(183)	-	12
	Age Creative	-	40	(2)	-	38
	Revitalise	-	68	(10)	-	58
	GI 2016	-	67	(67)	-	-
	Turner	-	120	-	-	120
	Other	68	63	(111)	-	20
Total Arts	143	1,287	(1,113)	-	317	

Culture & Sport Glasgow
 Report and Group Financial Statements
 Year Ended 31 March 2015

Service Area	Fund Name	Balance at	Incoming	Outgoing	Transfers	Balance at
		Beginning			Resources	Resources
		of Year				2015
		£000	£000	£000	£000	£000
Corporate	Commonwealth CCQ Festops	1,988	1,496	(3,241)	-	243
	Commonwealth CCQ Content	1,096	436	(1,758)	-	(226)
	QBR	-	515	(515)	-	-
	C'wealth Marketing	-	85	(95)	-	(10)
	Fest 14 Security	-	1,485	(1,485)	-	-
	ENV 2 Funds	30	-	(61)	-	(31)
	Facility ENV2 Funding	-	114	-	-	114
	Facilities Mgt Rest	128	-	(57)	-	71
	Energy Projects	(20)	201	(181)	-	-
	BT Cont to Telecoms	-	116	(15)	-	101
	Other	9	76	(77)	-	8
Total Corporate		3,231	4,524	(7,485)	-	270
Events	IRB Rugby 7s	18	391	(659)	250	-
	Athletes Parade	-	263	(231)	-	32
	BBC Proms 2014	-	155	(155)	-	-
	World pipe Band	(1)	495	(690)	196	-
	Other	-	(2)	11	-	9
	Total Events		17	1,302	(1,724)	446
Libraries	Aye Write Festival	-	241	(233)	-	8
	Welfare Reform Digital Inclusion	-	335	(176)	-	159
	MacMillan at CCLB	74	327	(399)	-	2
	Future Family – Clyde Gateway	35	35	(15)	-	55
	James Moir Fund	609	-	-	-	609
	Other	211	111	(124)	-	198
	Total Libraries		929	1,049	(947)	-

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Service Area	Fund Name	Balance at Beginning Of Year £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	Balance at 31 March 2015 £000
					-	
Museums	Burrell Tour Develop	-	62	(167)		(105)
	Riverside Events	-	60	(60)	-	-
	Altogether Glasgpw	-	302	(80)	-	222
	Burrell Tapestries	77	-	(7)	-	70
	Exhibitions > 13/14	51	101	(70)	-	82
	Italian Art Tour	39	77	(10)	-	106
	JD Campbell Bequest	-	50	-	-	50
	History Hub Display	29	30	(25)	-	34
	Host City Volunteers	5	495	(578)	-	(78)
	Other	308	156	(291)	-	173
	Total Museums	509	1,333	(1,288)	-	554
Music	Big Big Sing	61	521	(439)	-	143
	UNESCO	-	175	(175)	-	-
	GRCH Organ	-	138	(54)	-	84
	Other	11	59	(67)	-	3
	Total Music	72	893	(735)	-	230
Sport	Walk Glasgow	7	84	(1)	-	90
	Active Living Development	40	-	(2)	-	38
	Commercial Sports	17	24	(8)	-	33
	COPD	26	37	(33)	-	30
	Netball Super League	62	-	-	-	62
	Obesity	137	7	(63)	-	81
	Teen Girls Dance	-	45	-	-	45
	Sports Grants	22	65	(55)	-	32
	Active Ageing Week	252	30	(91)	-	191
	2015 Gymnastic Champions	663	969	(309)	-	1,323
	Diamond League	-	125	(125)	-	-
	Greater E'hse Arts	(4)	50	(46)	-	-
	Health Referrals	71	25	(27)	-	69
	CRF	154	46	(38)	-	162

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Service Area	Fund name	Balance at Beginning of Year £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	Balance at 31 March 2015 £000
Sport (continued)		-	92	-		92
	Silver Deal GHA	277	62	(204)	-	135
	Community Sports Hubs	185	240	(105)	-	320
	Sport Spaces	33	-	-	-	33
	Football Youth	84	-	(50)	-	34
	Holiday Programme NOF	38	(11)	-	-	27
	NHS Active Staff	44	31	(42)	-	33
	Coach Core	-	174	(154)	-	20
	Other	212	309	(337)	-	184
	Total Sport	2,320	2,404	(1,690)	-	3,034
	Total Restricted Funds	8,208	13,570	(15,782)	446	6,442

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

Digital Volunteering

To fund Digital Volunteer Co-ordinator post

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

Knightswood Pool

Refurbishment of Knightswood Pool

Central West Hubs

Community Learning and Development Programmes in the North West

West Hubs

Youth Programmes in West

Smoke Free Play

Partnership with NHS Health Improvement Team to research and develop Youth Programmes

NE Volunteering Prog

Programme to support volunteering in the community

Mend Project

Physical activity programme for 2-5 year olds and their families

Albert drive Project

Large scale outreach project in G41 area

Arts Grants Payments

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

Velocity

Collective & cultural response to the impact of the Glasgow 2014 Commonwealth Games on the city

GI Festival 2014

Bi-annual arts festival

Dirt Blood Water

Research lab for public art collaborations

Generation

Exhibitions aimed at inspiring young people to pursue a career in the creative industries

Age Creative

Arts activities for older people

Revitalise

GHA funding to support art activity

GI 2016

Bi-annual arts festival

Turner

Annual Turner Prize

Facility ENV2 Funding

Funding for grounds maintenance and management facility services

Facilities Mgt Rest

Bequests to be used for refurbishment of various Glasgow Life properties

ENV2 Funds

To provide Small Scale Community Assets throughout the City such as Goalposts or play equipment

Energy Projects

Central Energy Efficiency Fund (CEEF) which is a Public Sector Energy Efficiency Initiative

BT Cont To Telecoms

Partnership arrangement with BT supplying and funding 10 years broadband connectivity at 31 community facilities.

Commonwealth CCQ Festops

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

Commonwealth CCQ Content

Programme of performances and events across the city before and during Games time

QBR

Queens Baton Relay

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Commonwealth Marketing

Marketing activity in relation to the Festival Programme

Fest 14 Security

Security in relation to Commonwealth Games

IRB Rugby 7s

SRU 7 a side rugby tournament at Scotstoun Stadium.

Athletes Parade

Parade of athletes from Kelvingrove to George Sq post Games

BBC Proms 2014

Bringing people together in a night of music

World Pipe Band

Pipe Band competition with bands from across the world competing

Aye Write Festival

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

Welfare Reform Digital Inclusion

To promote and facilitate local community access to computers

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).

James Moir Fund

Moir Bequest fund to be used for rare and costly books for Mitchell Library

Burrell Tour Develop

To promote Burrell Collection and develop a tour

Altogether Glasgow

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

Riverside Events

Activities/events at Riverside Museum

Burrell Tapestries

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

Exhibitions 13/14

Museums general exhibitions

History Hub Display

Funding the redisplay of the Glasgow History Hubs.

Italian Art Tour

Italian Art Exhibition on tour to England and various venues in USA

Host City Volunteers

Volunteer Programme to maximise opportunities for local people to feel connected to and play an active part in the Games

JD Campbell Bequest

To support young artists in their work.

Big Big Sing

To inspire thousands of people across the UK to sing to celebrate the Glasgow 2014 Commonwealth Games

UNESCO

Promotion of Arts&Music in Glasgow

GRCH Organ

Donation to purchase organ at Royal Concert Hall

Walk Glasgow

Walking programme

Active Living Development

Activities designed for older adults

Commercial Sports

NHS funding for sporting activities

COPD

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

Netball Super League

Development of Glasgow Wildcats netball team

Obesity

NHS funded project addressing obesity in children and young people

Health Referrals

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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

Active Ageing Week

A week of activities tailored towards older people in Glasgow

2015 Gymnastic Championships

Gymnastics Championships to be held in 2015 at Emirates Stadium

Greater E'hse Arts

Deliver a range of arts outreach across the community

NHS Active Staff

Staff health strategy to support better health and wellbeing for all our staff

Coach Core

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

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

Teen Girls Dance

NHS funding to develop physical activity opportunities for teenage girls.

Sports Grants

Talented Sports Performer scheme to subsidise cost of certain sports

Revitalise

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

Diamond League

Diamond League Athletics event staged at Hampden Park

17. Analysis of net assets between funds

Group	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fund balances at 31 March 2015 are represented by:			
Tangible fixed assets	5,128	-	5,128
Current assets	9,912	6,442	16,354
Current liabilities	(14,057)	-	(14,057)
Pension deficit	(77,617)	-	(77,617)
Total net assets	(76,634)	6,442	(70,192)

Charity	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fund balances at 31 March 2015 are represented by:			
Tangible fixed assets	5,019	-	5,019
Current assets	10,695	6,442	17,137
Current liabilities	(14,733)	-	(14,733)
Pension deficit	(77,617)	-	(77,617)
Total net assets	(76,636)	6,442	(70,194)

18. Notes to the cash flow statement

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

	2015 £000	2014 £000
Net (expenditure)/income for the year	(4,828)	767
Add depreciation	566	498
Retirement benefit scheme current service cost	1,389	2,553
Interest received	(65)	(137)
Decrease/(increase) in stocks	33	(31)
(Increase)/decrease in debtors	(3,768)	98
Increase/(decrease) in creditors and provisions	732	(3,932)
Net cash outflow from operating activities	<u>(5,941)</u>	<u>(184)</u>

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

18. Notes to the cash flow statement (continued)

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

	2015 £000	2014 £000
(Decrease)/Increase in cash in the year	(8,793)	92
Net funds at start of year	14,367	14,275
Net funds at end of year	<u>5,574</u>	<u>14,367</u>

(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	<u>14,367</u>	<u>(8,793)</u>	<u>-</u>	<u>5,574</u>

9. 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 2014.

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	
	2015 £000	2014 £000	2015 £000	2014 £000
Present value of funded obligations	(307,476)	(251,273)	(307,476)	(251,273)
Fair value of plan assets	237,387	205,786	237,387	205,786
	<u>(70,089)</u>	<u>(45,487)</u>	<u>(70,089)</u>	<u>(45,487)</u>
Present value of unfunded obligations	<u>(7,528)</u>	<u>(6,418)</u>	<u>(7,528)</u>	<u>(6,418)</u>
Net liability	<u>(77,617)</u>	<u>(51,905)</u>	<u>(77,617)</u>	<u>(51,905)</u>
Amounts in the statement of financial position:				
Liabilities	<u>(77,617)</u>	<u>(51,905)</u>	<u>(77,617)</u>	<u>(51,905)</u>
Net Liabilities	<u>(77,617)</u>	<u>(51,905)</u>	<u>(77,617)</u>	<u>(51,905)</u>

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

19. Pension Scheme (continued)

The amounts recognised in the balance sheets are as follows:

Defined benefit pension plans	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Current service cost	10,256	9,263	10,256	9,263
Interest on obligation	11,268	10,414	11,268	10,414
Expected return on plan assets	(12,531)	(9,874)	(12,531)	(9,874)
Losses on curtailments and settlements	<u>679</u>	<u>660</u>	<u>679</u>	<u>660</u>
Total	<u>9,672</u>	<u>10,463</u>	<u>9,672</u>	<u>10,463</u>
Actual return on plan assets	<u>27,327</u>	<u>12,787</u>	<u>27,327</u>	<u>12,787</u>

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

Defined benefit pension plans	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Opening defined benefit obligation	257,691	227,370	257,691	227,370
Current service cost	10,256	9,263	10,256	9,263
Interest cost	11,268	10,414	11,268	10,414
Actuarial losses/(gains)	36,880	11,731	36,880	11,731
Losses on curtailments	679	660	679	660
Contributions by members	2,677	2,523	2,677	2,523
Estimated unfunded benefits paid	(326)	(295)	(326)	(295)
Estimated Benefits paid	<u>(4,121)</u>	<u>(3,975)</u>	<u>(4,121)</u>	<u>(3,975)</u>
Closing defined benefit obligation	<u>315,004</u>	<u>257,691</u>	<u>315,004</u>	<u>257,691</u>

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

Defined benefit pension plans

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Opening fair value of plan assets	205,786	186,835	205,786	186,835
Expected return	12,531	9,874	12,531	9,874
Actuarial losses/(gains)	12,557	2,914	12,557	2,914
Contributions by members	2,677	2,523	2,677	2,523
Contributions by employer	7,957	7,615	7,957	7,615
Contributions in respect of unfunded benefits	326	295	326	295
Estimated unfunded benefits paid	(326)	(295)	(326)	(295)
Estimated Benefits Paid	(4,121)	(3,975)	(4,121)	(3,975)
	<u>237,387</u>	<u>205,786</u>	<u>237,387</u>	<u>205,786</u>

19. Pension Scheme (continued)

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

	2015	2014
Equities	75%	76%
Bonds	13%	12%
Property	11%	7%
Cash	1%	5%

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

	2015	2014
Discount rate at 31 March	3.2%	4.3%
Expected return on plan assets at 31 March	3.2%	6.0%
Future salary increases	4.3%	5.1%
Future pension increases	2.4%	2.8%

Defined benefit pension plans

Group	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Defined benefit obligation	(315,004)	(257,691)	(227,370)	(183,045)	(162,412)
Plan assets	<u>237,387</u>	<u>205,786</u>	<u>186,835</u>	<u>157,387</u>	<u>138,399</u>
Surplus/(deficit)	<u>(77,617)</u>	<u>(51,905)</u>	<u>(40,535)</u>	<u>(25,658)</u>	<u>(24,013)</u>
Experience adjustments on plan liabilities	<u>9,125</u>	<u>(81)</u>	<u>(248)</u>	<u>11,941</u>	<u>(99)</u>
Experience adjustments on plan assets	<u>12,557</u>	<u>2,914</u>	<u>14,302</u>	<u>(3,186)</u>	<u>842</u>

Charity	2015	2014	2013	2012	2011
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	£000	£000	£000	£000	£000
Defined benefit obligation	(315,004)	(257,691)	(227,370)	(181,671)	(161,050)
Plan assets	<u>237,387</u>	<u>205,786</u>	<u>186,835</u>	<u>155,968</u>	<u>137,165</u>
Surplus/(deficit)	<u>(77,617)</u>	<u>(51,905)</u>	<u>(40,535)</u>	<u>(25,703)</u>	<u>(23,885)</u>
Experience adjustments on plan liabilities	<u>9,125</u>	<u>(81)</u>	<u>(248)</u>	<u>11,657</u>	<u>(99)</u>
Experience adjustments on plan assets	<u>12,557</u>	<u>2,914</u>	<u>14,302</u>	<u>(3,137)</u>	<u>835</u>

20. Operating Leases

The Charity utilises 470 items of plant and equipment under the terms of operating leases. Lease rental payments charged to the income and expenditure account in the year for such assets was £151,256 (2014: £116,887). The future minimum lease payments due under non-cancellable leases in future years and in cash terms are as follows:

Operating lease commitments	2015 £000	2014 £000
No later than one year	191	150
Later than one year and not later than five	457	483
Total	648	633

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 2015 GCC provided funds of £77.5m (2014: £78.1m) to the charity in respect of the services undertaken by the charity on its behalf. At 31 March 2015 GCC owed the charity £3.5m (2014: £1.7m) in relation to normal trading activities.

The charity supplied goods and services amounting to £37,911 (2014: £59,644) and purchased goods and services of £92,183 (2014: £73,610) from Jobs & Business Glasgow of which Emma Gillan is a director.

The charity provided goods and services amounting to £615,196 (2014: £432,745) and purchased goods and services amounting to £71,088 (2014: £66,000) from Glasgow City Marketing Bureau of which Professor Lesley Sawers is a director.

The charity provided goods and services amounting to £2,159 and purchased goods and services amounting to £50,000 from Scottish Opera of which John McCormick is Vice Chair.

The charity provided goods and services amounting to £4,827,727 (2014: £1,166,865) and purchased goods and services from amounting to £330,563 from Glasgow 2014 Limited of which Dr Bridget McConnell CBE and Archie Graham OBE were both directors.

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.