

Leisure & Culture Dundee

**Report and financial statements
for the year to 31 March 2018**

Charity number SC042421

Leisure & Culture Dundee

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Leisure & Culture Dundee

Scottish Charitable Incorporated Organisation information

Trustees	S Aitken OBE (Chair) S Hunter (Vice Chair) S Murdoch (Managing Director) G Colgan R McCready I Mathers G Easson M Methven MBE G Laidlaw W Dawson S Maxwell C Docherty
Senior management team	S Murdoch (Managing Director) J Dobbie (Head of Library and Information Services) P Henehan (Head of Support Services) B Gartley (Head of Cultural Services) G Wark (Head of Leisure and Sport)
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Website	www.leisureandculturedundee.com
E-mail address	www.leisureandculturedundee.com/contactus
Telephone	01382 307460
Auditors	Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB
Solicitors	Burness Solicitors 50 Lothian Road Edinburgh EH3 9WJ
Bankers	Royal Bank of Scotland plc Dundee Chief Office PO Box 70 Chief Office 3 High Street Dundee DD1 9LY
Charity number	SC042421

Leisure & Culture Dundee

Chairman's Report

We have had another extremely successful year.

There was always a feeling that our growth in attendances and our continued improvement in business results might peak but, between 2017 and 2018, that was certainly not the case.

We have, yet again, increased the footfall, with well over 3,100,000 attendances recorded at our facilities. We have also had a significant increase in online/digital engagement and this has been achieved with further savings of £290,000 or 5% of our Management Fee. Benchmarked for cost and participation levels, performance of Leisure & Culture Dundee has been excellent.

2017 was the 150th Anniversary of the opening of The McManus: Dundee's Art Gallery and Museum. It provided a year of celebration which was remarkable and which has been recorded in many varied and different ways.

After much debate and some controversy, the Regional Performance Centre for Sport was finally approved. Contractors are now on site, with completion of the construction targeted for late 2019.

There are some parts of our business that have performed particularly well: Camperdown Wildlife Centre; Dundee Ice Arena; The McManus; and the Olympia; and the Central Library has retained its position as Scotland's busiest public library. This continued excellent performances across the full range of services and facilities comes down to the commitment of our staff and volunteers who support the delivery of services, and who take a huge personal pride in the quality of the service they provide. I want to put on record my thanks to each and every one of them.

Leisure & Culture Dundee manages the UNESCO City of Design designation on behalf of the Dundee Partnership. The second Dundee Design Festival 2017 built on the success of the first and our international links have, undoubtedly, assisted the recognition that Dundee is now achieving as a cultural destination and a city which is committed to culture led regeneration.

Our increased dependency on generated income has made Leisure & Culture Dundee more vulnerable to market trends and to unpredictable events. We are not alone in this and our discussions with our key stakeholder, Dundee City Council, with Audit Scotland, and with the Improvement Service, have all sought to learn from this experience to ensure that what is a successful model continues to develop and to deliver for the citizens and visitors to Dundee, high quality, affordable leisure and culture experiences.

Finally, I want thank my fellow Trustees who, on a voluntary basis, have committed many hours over the year to the work of Leisure & Culture Dundee and to supporting the huge diversity of activity which takes place under its charitable umbrella. It has been a real pleasure and privilege to work with them.

Sinclair Aitken OBE
Chair



Leisure & Culture Dundee

Managing Directors' Report 2017/18

CHILDREN & YOUNG PEOPLE

Leisure & Culture Dundee develops and delivers a wide range of activities, programmes and services for early years, school age children and young people. In the past year, all service areas have had success in actively engaging with younger audiences. It is particularly important for us to build good relationships with local schools to ensure that children of Dundee have access to our services regardless of their circumstances, and that their participation extends from the school day into the evenings, holidays and beyond their school life.

Our heavily used facilities are open for 361 days a year, with programmes starting from 6.00 am and ending at midnight. We provide opportunities for physical activity, active learning, cultural engagement and fun. Most of this happens with the support of parents or carers but some children need more support, with targeted intervention. Supported by Macmillan Cancer Care, sportscotland (Active Schools), the Northwood Trust, Coca-Cola and Dundee City Council, where possible, we enhance programmes by reinvesting income into social and charitable purposes.

We work closely with schools for the Dundee Picture Book Awards project, which involved over 400 pupils from eighteen P6 classes who shared the four shortlisted titles with their P1 classes. As part of Scotland's Year of Young People, McManus Youth Action has delivered a programme of co-produced events and activities and over 200 young people engaged in the Soundbase Music Workshops supported by professional musicians. The importance of being able to swim has been addressed through the Learn to Swim Programme, recording 10,641 0-5 years and 60,943 school age attendances. In addition, 34 primary schools have taken part in the Primary 6 Curriculum Swimming Lesson programme with a total of 1,485 children learning to swim.

Out of school activities are equally important. Libraries, with support from Young Stakeholder and Code Club volunteers, offer a Minecraft club which enables children to prototype their ideas. During 2017/18 the Active Schools team recorded 218,309 attendances at extra-curricular activities. The team were supported during the year by 552 volunteers and 119 secondary pupil Sport Leaders to deliver over 500 sessions in schools every week.

Throughout the year, Cultural Services has developed a programme of tailored activities to build engagement between museum and hard to reach families. There are regular opportunities for families to learn and play together, including interactive gallery tours and physical theatre workshops. Creative writing workshops have been held in collaboration with NHS Tayside Occupational Health targeting hard-to-reach young people with a wide range of additional support needs.

In addition to this, the partnership between The McManus and Shaper/Caper Dance Company continues to provide museum and gallery inspired physical theatre activities through Day to Play.

The Active Schools team recorded an astonishing 218,309 attendances at extra-curricular activities supported by 552 volunteers and 119 Secondary pupil Sport Leaders enabling them to deliver over 500 sessions in schools every week.

16% increase in children aged 4 months to 5 years in attending sports centres totalling 8,421.

Urban Moves hit an all-time high with attendance of 17,006 across all ages.

Soundbase Music Workshops were fully sold out with 200 young people throughout the year.

9,710 5-12 year olds borrowed 69,439 items, representing 90% of all primary school children.

Leisure & Culture Dundee

Managing Directors' Report 2017/18 (continued)

HEALTH & WELLBEING

Leisure & Culture Dundee plays a key role in the promotion of services which address health and wellbeing. There is substantial evidence that physical activities, reading and cultural engagement makes an important contribution to an individual's health and wellbeing. We actively seek funding opportunities with partners and involve local groups and individuals to ensure that the services and resources provided are relevant to local communities.

Leisure & Culture Dundee delivers services which contribute to the prevention, recovery and support of people who are experiencing health challenges or simply wish to improve their general fitness.

The Leisure and Sport Service has been highlighted nationally at the National Strategic Group for Physical Activity and Sport and it was the lead partner in the creation of the Physical Activity Strategy for Dundee. Active City Service had 744,702 customer engagements in 2017/18, an increase of almost 41,000. The ParkLives programme has had 10,035 attendances across the city and nearly 4,000 followers on Facebook. Delivering local physical activity for local people based on consultation is one of our best examples of the commitment to a co-production model.

Over 300 referrals have been made into the Move More programme leading to a 60% uptake. Move More Dundee has received the second highest number of referrals as a percentage of cancer diagnoses nationally. A new Cancer Information and Support Service for people living with cancer and their families in Dundee opened in Central Library. The new service, which is a partnership between Leisure & Culture Dundee and Macmillan Cancer Support, is available for anyone affected by cancer, including the person with a cancer diagnosis, family, friends and carers.

A new partnership was formed with the Forestry Commission, NHS Tayside and Paths for All to deliver the Steps to Health project, targeting adults with long term health conditions. The Dementia facility in Central Library has received national acclaim and recently welcomed Professors from the University of Tsubuka in Japan who were investigating how public libraries are delivering services to people with dementia.

In partnership with the Maryfield Regeneration Unit and Dundee Urban Orchard (DUO), a small orchard of fruit trees has been planted in Arthurstone Library's garden, maintained by local volunteers. The Library continues to support DUO throughout its programme by hosting workshops, galleries and engaging in public events.

Through Cultural Services Learning & engagement programme, the Oral History element of The Peoples' Story has continued, generating personal reflection, conversation and enabling shared experiences. Participants reported an increased sense of belonging and connection.

Music Development supported 8 music workshops with RSNO and Tayside Healthcare Arts Trust which were aimed at stroke and acquired brain injury participants.

Following a successful bid to Carnegie UK Trust's Engaging Libraries Fund, Library Services were awarded £17,500 for the Talking 'Bout Teddies Project, partnering with acclaimed research scientist Dr Zeedyk to explore our biological need for comfort and reassurance. It was one of only 14 projects selected from across the UK.

Leisure & Culture Dundee

Managing Directors' Report 2017/18 (continued)

Active City had 744,702 customer engagements in 2017/18, an increase of almost 41,000 engagements on the previous year.

Park Lives had 10,035 attendances across the city and nearly 4,000 followers on Facebook.

93 volunteers have been involved in the supporters group McManus 168.

6,293 reading events.

FAIRNESS & INCLUSION

Dundee has a long-standing challenge resulting from the percentage of its population who are poor and who live in areas of deprivation. In recognition of this Leisure & Culture Dundee looks to mitigate this through our service delivery, which includes free and concessionary access at a local level. Partnerships have proven to be a key means of engagement with hard to reach groups. Key to this is the existence of Dundee's network of community based public libraries which continue to offer a wide range of free services.

Sports received £50,000 of funding from the Dundee Partnership to allow a range of free/low cost classes to be delivered to help tackle inequalities. In recognition of the impact of Welfare Reform, library staff and volunteers delivered 2128 digital support sessions during 2017- 18, helping library customers to access digital devices and services.

The Street Soccer programme supports people who have faced homelessness, mental health, unemployment, addiction or justice system issues. Six teams and 38 players from Dundee were supported to take part in the national Street Soccer Scotland competition. Cultural Services deliver a community programme of activities for vulnerable adults, identified through partnerships with Community Agencies, Dundee Care Homes, and Alzheimer's Scotland, which had a positive impact on the physical and mental well-being of participants. The Go for Gold project encourages residents in care homes in Dundee to become more physically active. Library staff used reminiscence activities to stimulate discussion and aid recall of the participants.

Ancrum Outdoor Learning Centre linked in with schools, community groups, third sector organisations, BME groups, and other partners to remove barriers of inequality and demonstrate that outdoor learning is for everyone. It has continued to support alcohol and drug recovery groups through cycle programmes and walking groups, and worked with foster care and social work teams to provide work experience to a number of vulnerable young people.

Partnerships with Dundee International Women's Centre, Dundee Carers' Centre and Volunteer Dundee have provided many women with access to facilities at Lochee Swim and Leisure Centre. As a direct result of Dundee's membership of the UNESCO Creative Cities Network, Libraries partnered the Polish Book Institute to promote a new e-book service for Polish readers as part of the initiative Read PL, organised by the Krakow Festival Office in Poland.

Cultural Services partnered with Home-start and Dundee Food and Fun Programme, who support a range of family groups from young parents to kinship carers, encouraging positive, healthier and active life choices and approaches to parenting.

Leisure & Culture Dundee

Managing Directors' Report 2017/18 (continued)

Over 700 Santas took part in our first ever Santa Dash with £5,500 donated to The ARCHIE Foundation.

In its 150th year, McManus attendance figures were up 5% at 158,117.

Libraries delivered 8,276 digital literacy sessions.

QUALITY OF LIFE

Improving people's quality of life is our key priority and we are committed to providing high quality, consistent and customer focussed access to our resources and to the services that we deliver.

Much of what we provide is free, and we have concessions that support the most vulnerable to ensure access and engagement across our communities, actively promoting inclusion.

Across our three service areas we provide a range of opportunities for volunteers to support our service delivery and gain a positive impact on their own quality of life. Active Schools launched the Year of Young People 10,000 hours volunteering campaign in February 2018. This campaign aims to encourage more young people to volunteer in local sport and develop new skills for life and work.

Leisure and Sport sees over 50s engaging in swim jog and lunchtime lane swim sessions and appreciating the social aspect of swimming. Lochee community pool has gym fitness classes and water based activities, including the provision of tuition for pre-school and school age children and adults.

The Dundee Musicians Award supported outstanding Dundee-based musicians by awarding grants towards the costs involved in creating new work in any genre, research and professional development. Soup 'n' Song Gaelic Lunchtime Concerts, funded through GLAIF and Dundee Festival Trust, offered an opportunity for Gaelic to be heard in an accessible way.

In its 150th year, The McManus: Dundee's Art Gallery and Museum staged a remarkable range of exhibitions which showcased the collections of the McManus, including Dundee Preserves, Face-to-Face and Revealing Characters, Museography: Calum Colvin Reflects on The McManus Collections, Fire and Stone, Sketch The City: Dundee's Portrait. The Maritime Quarter in Dundee and The World, was installed featuring 37 ship models from the City's permanent collections.

At the Central Library there is access to information relating to Dundee's heritage, culture and history with an impressive collection of unique material which attracts worldwide attention. As part of our commitment to community engagement, a number of exhibitions were hosted in the library and a range of author events were held throughout the year attracting large audiences.

We host and manage Dundee's UNESCO City of Design designation on behalf of the City, which makes an important contribution to the wider quality of life of our communities and visitors. As part of this the Dundee Design Festival 2017 delivered a stimulating programme of workshops, performances, exhibitions and talks on the theme of the Factory Floor. 7500 people visited the exhibition and associated events in West Ward Works and across the City.

Leisure & Culture Dundee

Managing Directors' Report 2017/18 (continued)

Total Attendances for Leisure and Sport were 1,734,456 – (increased by 26,608 from 2016/17).

Olympia attendances increased to 475,989, the highest annual attendance to date and an increase on the previous year by 3.52%

Dundee Central Library has retained its position as the business public library in Scotland.

McTaggart increased to 113,425 which is also the highest annual attendance to date.

DISC reached over 200,000 for the first time ever with 211,969 attendances.

Active Living had 434,735 attendances in the year throughout the service.

Active for Life – There were 17,192 attendances in the Active for Life programme.

Ancrum's attendances increased by over 25%, recording some 15,600 visits during the year.

Caird Hall Complex had 124,011 attendances across 331 events.

Dundee City Box Office sold 141,466 tickets, an increase of 2%.

78 Music Development events with 2,623 people attending.

9,149 visitors to Mills Observatory

44,888 visitors to Broughty Castle.

1,078,874 visitors to libraries

458,237 loans

38,962 requests for library items

14,641 e-book and e-audio book downloads

6,291 e-magazine downloads

98,660 enquires

ORGANISATIONAL DEVELOPMENT

Key to our organisational development is the engagement of our staff. As a customer facing organisation, we know that their motivation, public responsiveness and personal satisfaction in their work is key. During 2017, we carried out an all staff health & wellbeing survey, the key results of which were:

- The survey was completed by 33% of all Leisure & Culture Dundee staff
- 91% of those surveyed found their work environment to be acceptable or above
- 92% of those surveyed considered their working environment to be safe
- 90.2% of responses on the elements of stress were positive responses
- 94% of those surveyed were aware of the benefits of at least 30 minutes of moderate activity at least 5 days per week

An action plan was put in place to address areas of concern raised by employees and those who felt that work conditions, environment etc. were not adequate, and the action plans were worked through by the Heads of each service area.

We have also continued to pilot initiatives such as a well-being initiative for staff who work in Leisure and Sport which essentially gives them free access to facilities in their own time and subject to availability. Going forward, we will examine the feasibility of extending well-being opportunities to all staff in the organisation.

Our headquarters functions have been fully reviewed and a revised staff structure was brought into place during 2017/18.

Leisure & Culture Dundee

Managing Directors' Report 2017/18 (continued)

In addition to the Health & Wellbeing focus, 2017 also saw the employment of six Modern Apprentices and one Graduate Trainee, the funding of which was ringfenced by the Leisure & Culture Dundee board from surpluses generated.

To enable our organisation to deliver our services, we depend critically on the support of Dundee City Council, who own the properties that Leisure & Culture Dundee manage.

There have been a number of challenges in relation to property closures and essential repairs and maintenance over the past year. A dialogue in relation to these challenges has been very positive, and Dundee City Council have recognised the need to invest more in their repairs and maintenance budget which we believe will help, going forward.

The remit of the Health and Safety Committee has been extended to include Property and, during the past twelve months, they have played a very active role in looking at the challenges we have faced through heavily used public buildings which are open for longer hours than any other in the city and which, over the course of the year, have over three million visitors.

Leisure & Culture Dundee continues to actively seek external funding to enhance the services it delivers, and during 2017/18 managed to secure funding, along with a very generous donation, to replace the grand Steinway piano at the Caird Hall which is used for orchestral performances by various organisations.

Looking Forward

Leisure and Culture Dundee can expect the roller coaster to continue to soar. We will be holding on to our stomachs as the next budget round approaches but are confident of more "ups" than "downs".

The construction of the Regional Performance Centre for Sport in Caird Park is on schedule and looking hugely impressive. We are optimistic that it will meet the ambitious target of completion and fit out and be operational as planned in October 2019.

There are ongoing discussions with Sport Scotland and other sporting bodies about further enhancements to Dundee's regional role in terms of sports facilities, events and increasing participation.

Top of the list from the Board is the creation of a driving range in Caird Park. We have facilitated a growth in women's golf and increased interest on the part of young people. Our ambitious plans include extending the reach into target groups with no or little involvement by making golf easily accessible and, most importantly, fun. These are priority objectives for us.

With Olympia Leisure Centre now 5 years old and property snagging issues associated with building being tackled through a planned programme of work, we look forward with anticipation to complement the other flagship facilities in the city centre to reach our target of an annual attendance of 500,000 visits. It is a highly complex building with systems which will always place demands on Dundee City Council and Leisure and Culture Dundee. The partnership we have will be essential in maintaining the pools reputation as the "best flume pool in Scotland".

Leisure & Culture Dundee

Managing Directors' Report 2017/18 (continued)

The Board of Leisure and Culture Dundee are committed to working with Dundee City Council to deliver income generating initiatives which will reduce the dependence on the Management Fee and will allow the SCIO to re-cycle funding into targeted initiatives and concessions.

Discussions about the long term future of the Central Library have begun. There is a recognition that while this remains the busiest public library in Scotland and is a very important resource for the city it is now starting to look tired, it has suffered from the uncertainty about the redevelopment of the Wellgate Centre and it is no longer in the best location.

We are delighted that the City Council has committed capital funding to refurbish Coldside Library and install lift access to the upper floors. It is planned that this work will commence early in 2019. We should apologise in advance to service users for the disruption and assure them that alternative arrangements will be put in place while the work is carried out.

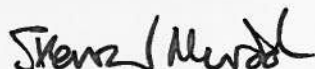
The plans for a community extension to the Broughty Ferry library remain in place, but the gap between the funds secured and the full cost of the project is significant. We will work with the City Council, the local Friends Group and others to keep this goal in our sights.

Refurbishment of the Mills Observatory Dome (the UK's oldest public observatory) is also a priority for 2019. There was huge disappointment when the operating mechanism failed and it was realised that the programme for the winter of 2018 would have to be curtailed. This will be a complex and expensive repair and at the time of writing specialists have been commissioned to develop a recommended method for the repair which it is hoped will attract external financial support.

2018 sees the 50th year of Broughty Castle as a museum. One of three accredited museums run by LACD, it has seen a good increase in visitor in recent years, both locals and from further afield including cruise ship passengers. Promotion of this anniversary will further enhance the visibility of this well loved visitor attraction.

Our success in raising sufficient funds to replace one concert grand piano and refurbish another in the Caird Hall and purchase a smaller grand for the Marryat Hall has surprised and delighted all who value this important aspect of the city's cultural life. At a time when the world's attention is on the cultural regeneration of this city we know that its core assets, those around which its recent profile has been developed, will need ongoing investment and support for their programming. We are immensely grateful to local trusts and sponsors for the key role they play in helping us.

Finally, the Dundee Partnership have extended the funding provided to Leisure and Culture Dundee to enable us to coordinate and manage the UNESCO City of Design designation for a further three years. We can look forward to working with the partnership to programme future Design Months, to holding future Design Parades and to using the designation to increase the international profile of this remarkable city that we are fortunate enough to work in.



Stewart Murdoch
Managing Director, Leisure & Culture Dundee

Leisure & Culture Dundee

Trustees' report

The trustees have pleasure in submitting their annual report and financial statements for the year ended 31 March 2018. The charity information set out on page 1 and the Chairman's and Managing Director's reports on page 2 and pages 3 to 9 respectively, form part of this report. The financial statements comply with the recommendations of the Statement of Recommended Practice and Accounting and Reporting by Charities and current statutory requirements.

Structure, Governance and Management

Charitable status

Leisure & Culture Dundee is a Scottish Charitable Incorporated Organisation (SCIO), governed by its constitution, and has charitable status under the Charities and Trustee Investment (Scotland) Act 2005 and the Scottish Charity Number is SC042421. The SCIO was recognised by the Office of the Scottish Charity Regulator (OSCR) on 29 June 2011.

Trustees

There are twelve trustees of which five have been appointed by Dundee City Council, three elected members and two officers, specifically the Vice Chair and Managing Director. There are seven independent trustees in accordance with the SCIO's constitution.

At the conclusion of each Annual General Meeting, required under the constitution, two out of the required seven independent trustees shall retire from office, but may then be re-appointed. The trustees to retire shall consist of those who have been longest in office since they were last appointed or re-appointed. A trustee appointed by the Council (elected members) who has served for a period of six years shall not be eligible for re-appointment until a further period of one year has elapsed. The board may, by way of a resolution passed by majority vote at a board meeting, waive the provisions in relation to a particular charity trustee if they consider that exceptional considerations make that appropriate.

The trustees as at the date of this report are as detailed on page 1. In addition, A Bovill, B Gordon and A Rae were trustees until they retired on 15 November 2017. S Maxwell and W Dawson were appointed as trustees on 15 November 2017.

Policies and procedures for induction and training of trustees

The ongoing training needs of trustees are considered by the board from time to time.

Organisation Structure

The Trustees meet bimonthly where decisions are taken to set the overall strategy for the SCIO as well as to monitor its activities. Senior management are charged with the task of implementing these decisions.

Pay policy for key management personnel

The trustees consider the board of trustees, and the senior management team to comprise the key management personnel of the charity, in charge of directing and controlling, running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year.

Leisure & Culture Dundee

Trustees' report (continued)

Pay policy for key management personnel (continued)

As Leisure & Culture Dundee has a TUPE+ agreement under The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) with Dundee City Council, the pay of senior staff is set in line with policies and procedures for setting salary grades and scales for Dundee City Council Local Government employees. Each job description is subject to an evaluation process, which has been agreed with CoSLA, and through this process, the post is graded accordingly. Salaries will then increase through incremental progression through the four increments of the particular grade. Reviews of the grade will only take place if there is a significant change to the duties of the post.

Risks

The major strategic, business and operational risks that the organisation faces have been identified and are contained within the Risk Management Policy & Business Risk Assessment which was approved by the Board. In accordance with the policy, there will be an ongoing review of risks, with a formal review annually, which will be reported to the Board.

There are, within the assessment, identified existing controls and, where relevant, further actions detailed with timescales for completion and identified officers responsible.

Financial sustainability is identified as a major risk for Leisure & Culture Dundee.

The controls in place to mitigate the risk are as follows;

- Monthly monitoring position reported to the Finance Committee along with options identified to address any adverse variances
- Establish and maintain principles and timeline for settlement of Leisure & Culture Dundee revenue budget in conjunction with Finance Committee and Dundee City Council, with particular focus on any material changes to the management fee for Dundee City Council
- Treasury management, ensuring surplus balances are working for Leisure & Culture Dundee

Non-financial risks arising from health and safety, employee relations and total loss of IT are managed by having robust policies and procedures in place and maintaining staff standards through training and development.

Reserves policy

The organisation's principal charitable activities are:

- The operation, management and development of Galleries, museums, and other facilities which provide public access to collections of work of art, antiquities and objects of scientific interest;
- The development and delivery of arts and cultural activities and events, artistic programmes, and educational projects;
- The operation, management and development of libraries and provision of library and archive services
- The operation, management and development of indoor and outdoor sports facilities
- The development and delivery of sports activities directed towards wider participation in sport

Leisure & Culture Dundee

Trustees' report (continued)

These activities are funded by service fees from Dundee City Council and income generated from fees charged to access some of the activities.

The organisation's accounts reflect liquid or readily realisable assets, ie cash held to fund activities and operating costs.

The Board considers it appropriate that the Reserves Policy be established by reference to the organisation's liquidity position.

Accordingly, the Board has decided that the organisation should maintain cash and readily realisable assets equivalent to one month's planned income to be generated from activities. Based on the current income position, our policy requires the organisation to hold £725,000 including a minimum of £100,000 in cash, within unrestricted reserves excluding the pension deficit.

The reserves policy is adopted to ensure that the organisation remains able to continue providing its charitable activities in the event of greater volatility in our future income.

Purpose statement

To deliver, for the citizens of Dundee, and those who visit the City, high quality Leisure, Sport, Cultural and Learning Experiences which improve their quality of life.

Objectives and activities

Principal activity

The principal activity of the SCIO is the provision of recreation and leisure facilities on behalf of Dundee City Council in accordance with the following charitable objectives:

To advance the arts, heritage, culture and science; To advance public participation in sport; To provide recreational facilities, and organise recreational activities with such facilities/activities being made available to members of the public at large with the object of improving their conditions of life; To advance education; To advance health; To advance citizenship and/or community development (which may include the promotion of civic responsibility, volunteering, the voluntary sector and/or the effectiveness or efficiency of charities); To relieve those in need by reason of age, ill health, disability, financial hardship or other disadvantage; To promote, establish, operate and/or support other similar schemes and projects which further charitable purposes; through the provision of services (including those entrusted to it by Dundee City Council), which contribute to advancing well-being (primarily the wellbeing of residents of Dundee) including (i) the operation, management and development of galleries, museums and other facilities which provide public access to collections of works of art, antiquities and objects of scientific interest; (ii) the development and delivery of arts and cultural activities and events, artistic programmes, and educational projects; (iii) the operation, management and development of libraries and provision of library and archive services; (iv) the operation, management and development of indoor and outdoor sports facilities (including arrangements to facilitate access to such facilities by those on lower incomes or having special needs and to encourage wider participation in healthy exercise); (v) the development and delivery of sports activities and events directed towards wider participation in sport; (vi) the development and delivery of community learning and adult learning initiatives; and (vii) the delivery of services focused on social renewal and the needs of young people.

Leisure & Culture Dundee

Trustees' report (continued)

Objectives and activities (continued)

The Trustees and employees of Leisure & Culture Dundee are expected to abide by Leisure & Culture Dundee's Organisational Values in delivering its purpose, as set out in section 4 of the constitution: www.leisureandculturedundee.com/home/about-us

The Trustees agreed a set of organisational values which highlight:

- **The Commitment to Service Quality and Excellence:**

Leisure & Culture Dundee is committed to attaining and maintaining the highest possible standards of service quality and excellence across all of our services and to working with a continuous focus on service improvement. This includes the way we will work and the quality of the outputs and outcomes we aim to achieve. We will not be complacent; we will review progress, challenge assumptions and push boundaries so that we continuously improve.

We are committed to the principles of delivering excellent public service.

We will show respect to those we work with and expect them to show respect to our staff.

We continuously seek to improve the quality of the learning and cultural experiences offered by the organisation, and will work to include those who find it more difficult to participate, for whatever reason.

We value diversity and retain a commitment to empowering people to become more involved in the services we provide and the decisions which affect their lives.

These principles will underpin all of our actions.

- **The Commitment to our staff being Empowered and Accountable:**

We will ensure that our managers work in a way which facilitates people taking pride in their work. This will include systems and processes to support and manage performance, so that staff are both empowered to work effectively for Leisure & Culture Dundee, and are able to take individual responsibility for meeting the needs of our customers.

Management will also review and address issues which may undermine staff or reduce the effectiveness of the organisation. We will encourage and support employee and trade union engagement in the development of the organisation.

Everyone will be accountable - this means we will recognise success as well as mistakes, and learn from these.

We know that it is the attitude, outlook and ethos of our staff that will deliver great results.

Leisure & Culture Dundee

Trustees' report (continued)

Organisational Values

- **The Commitment to actively share Knowledge and Skills:**

We will value staff and Board members who harness knowledge from diverse sources and who seek to share that knowledge across the organisation.

We will work in an environment that supports and thrives on co-operation, inter-agency working and mutual support. Our working practices will make time and space for staff to share knowledge and skills.

- **The Commitment to ensuring Equality and promoting Diversity:**

We are committed to promoting equality of opportunity which recognises and respects the diversity of those who use our services and those who work for us.

Our Equality and Diversity Policies and Practices mirror those of Dundee City Council, and seek to promote equal treatment and opportunity for all, regardless of gender, sexuality, marital status, race, colour, disability, religion, age, ethnicity or nationality.

Organisational Values

- **The Commitment to practice Corporate and Social Responsibility:**

We will seek to ensure that our present actions do not have a negative future impact on our community. This includes considering the environmental and ethical implications and opportunities of our decisions and actions.

Achievements and performance

Review of activities and performance

A wide range of measures are used to assess the performance of the SCIO. These are reported to the board on a regular basis. The main measures are related to customer visits and these are incorporated within the Managing Director's Report.

Financial review

Review of the year

The results for the year are shown in the attached Statement of Financial Activities and Balance Sheet for the year to 31 March 2018. Before taking account of FRS 102 pension adjustments the deficit on unrestricted funds amounted to £223,826 and the deficit on the restricted funds was £83,571 giving an overall deficit of £307,397. After accounting for the service costs for FRS 102 adjustments the deficit on unrestricted funds for the year to 31 March 2018 was £2,037,697 and the deficit on restricted funds was £83,571. The overall fund balances are then impacted by the actuarial gains arising on the pension scheme during the year of £13,624,105.

Leisure & Culture Dundee

Trustees' report (continued)

Plans for future periods

These are summarised in the "Looking Forward" section of the Managing Director's report.

Auditors

So far as each trustee is aware, there is no relevant audit information of which the auditors are unaware. Each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the auditors are aware of it.

By order of the board



S Aitken OBE
Chair, Leisure & Culture Dundee

3 October 2018

Leisure & Culture Dundee

Statement of trustees' responsibilities

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to SCIO's in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the SCIO and of the incoming resources and application of resources of the SCIO 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 judgements and estimates that are reasonable and prudent;
- state whether applicable 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 SCIO will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the SCIO and which enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Constitution. They are also responsible for safeguarding the assets of the SCIO and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Leisure & Culture Dundee

Independent Auditor's Report to the Trustees of Leisure & Culture Dundee

Opinion

We have audited the financial statements of Leisure & Culture Dundee for the year ended 31 March 2018 which comprise, the statement of financial activities, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its incoming resources and application of resources, 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 Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of 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 company 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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.

Leisure & Culture Dundee

Independent Auditor's Report to the Trustees of Leisure & Culture Dundee (continued)

Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept, 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 trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to cease operations, or have no realistic alternative but to do so.

Leisure & Culture Dundee

Independent Auditor's Report to the Trustees of Leisure & Culture Dundee (continued)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Henderson Loggie

Henderson Loggie
Statutory Auditors
Dundee

(Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006)

8 October 2018

Leisure & Culture Dundee

Statement of financial activities for the year ended 31 March 2018

	Note	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Income					
Charitable activities	2	14,157,734	1,342,156	15,499,890	15,484,435
Investments		3,292	-	3,292	6,619
Total income		14,161,026	1,342,156	15,503,182	15,491,054
Expenditure					
Charitable activities	3	(16,198,723)	(1,425,727)	(17,624,450)	(16,928,962)
Net expenditure		(2,037,697)	(83,571)	(2,121,268)	(1,437,908)
Other recognised gains/(losses):					
Re-measurement of the defined benefit pensions schemes	12	13,624,105	-	13,624,105	(6,365,216)
Net movement in funds		11,586,408	(83,571)	11,502,837	(7,803,124)
Reconciliation of funds					
Total funds brought forward		(16,146,383)	828,494	(15,317,889)	(7,514,765)
Total funds carried forward		(4,559,975)	744,923	(3,815,052)	(15,317,889)

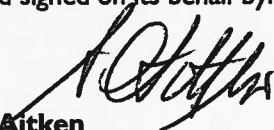
All gains and losses recognised in the year are included above.

Leisure & Culture Dundee

Balance Sheet at 31 March 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	6		296,178		325,918
Current Assets					
Stocks	7	73,117		70,175	
Debtors	8	2,761,473		1,138,482	
Cash in hand		3,133,233		2,997,194	
			<u>5,967,823</u>	<u>4,205,851</u>	
Current Liabilities					
Creditors: amounts falling due in one year	9	(3,935,203)		(1,895,574)	
			<u>2,032,620</u>		<u>2,310,277</u>
Net current assets			2,032,620		2,310,277
Pension deficit	12		(6,143,850)		(17,954,084)
			<u>(3,815,052)</u>		<u>(15,317,889)</u>
Net liabilities including pension deficit			(3,815,052)		(15,317,889)
Funds					
Unrestricted funds	15	1,583,875		1,807,701	
Less pension deficit	12	(6,143,850)		(17,954,084)	
			<u>(4,559,975)</u>	<u>1,807,701</u>	
Restricted funds	16		744,923		828,494
			<u>(3,815,052)</u>		<u>(15,317,889)</u>
Total funds			(3,815,052)		(15,317,889)

The financial statements were approved and authorised for issue by the Board on 3 October 2018 and signed on its behalf by:


S Aitken
 Chair

Leisure & Culture Dundee

Statement of cash flows for the year ended 31 March 2018

	Note	2018 £	2017 £
Cash provided/(used in) by operating activities	17	279,067	(291,959)
Cash flows from investing activities:			
Purchase of fixed assets		(143,028)	(216,602)
Net cash used in investing activities		(143,028)	(216,602)
Increase/(decrease) in cash and cash equivalents		136,039	(508,561)
Cash and cash equivalents at the beginning of the year		2,997,194	3,505,755
Total cash and cash equivalents at the end of the year		3,133,233	2,997,194

Leisure & Culture Dundee

Notes to the financial statements

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared in accordance with applicable accounting standards and Accounting and Reporting by Charities; Statements of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102).

Leisure & Culture Dundee meets the definition of a public benefit entity under FRS 102.

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

Funds

Funds are classified as either restricted funds or unrestricted funds, defined as follows:

Restricted funds are funds subject to specific trusts, which may be declared by the donor or with their authority. Some are restricted income funds expendable at the discretion of the Board in furtherance of a particular activity, such as government grants for a specific centre, and funds raised for particular client groups or activities. Others are capital funds where the assets are required to be invested for long term use.

Unrestricted funds are expendable at the discretion of the Board in furtherance of the objectives of Leisure & Culture Dundee. If part of the unrestricted funds is earmarked at the discretion of the Board for a particular project it is designated as a separate fund. This designation has an administrative purpose only, and does not legally restrict the Board's discretion to apply the fund.

A transfer is made from unrestricted funds to restricted funds to compensate fully all restricted funds which would otherwise be in deficit at the accounting date.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

1 Accounting policies (continued)

Income (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of an event, performance or provision of other specified service is deferred until the criteria for income recognition are met.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of providing services and their associated support costs.

Irrecoverable VAT, due to partial exemption, is included within Supplies and services in note 3.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs have been allocated to expenditure on charitable activities.

Pensions

The Authority participates in the Tayside Superannuation Fund by virtue of its status as an "admitted body". This is a defined benefit scheme, and the assets are invested in external funds.

The costs of providing pensions are charged to the profit and loss account on a consistent basis over the working life-time of the members. These costs are determined by a qualified actuary and any variations from the regular costs are spread over the remaining working life-time of the current members.

Leisure & Culture Dundee

Notes to the financial statements (continued)

1 Accounting policies (continued)

Leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

Fixed assets

When expenditure of a capital nature is incurred by Leisure & Culture Dundee, this expenditure will be capitalised and depreciated over an agreed period, defined as its "useful economic life".

Expenditure should be capitalised when it is:

- Acquisition, enhancement, construction or replacement of buildings or other structures
- Acquisition, installation or replacement of plant, machinery, apparatus or vehicles

Enhancing an asset would be lengthening the useful economic life of the asset or increasing its market value. Expenditure on maintaining an assets previous standard of performance or useful life will be recognised as revenue.

The useful economic life of each asset will be determined on its own merits but it is anticipated that it will roughly fall into one of the following categories,

- | | |
|--------------------------|-------------|
| • New build / extensions | 25 years |
| • Tenants improvements | 10-15 years |
| • Equipment | 5-10 years |

All capitalised expenditure will be recorded at historic cost and depreciated using the straight line method over the agreed useful life of the asset

Stocks

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

Going concern

These accounts have been prepared on a going concern basis as the trustees are satisfied that the financial needs of the charity will be met from within its existing facilities and agreements. The validity of this assumption is dependent upon the continued support of Dundee City Council.

Leisure & Culture Dundee

Notes to the financial statements (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents 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.

Employee benefits

The costs of short term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Financial instruments

The company has elected to apply the provision of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Leisure & Culture Dundee

Notes to the financial statements (continued)

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reported end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Leisure & Culture Dundee

Notes to the financial statements (continued)

2	Income	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
	Admissions etc	3,400,964	40	3,401,004	3,379,552
	Membership	1,596,615	-	1,596,615	1,556,099
	Library income	224,663	-	224,663	237,403
	Hire of facilities	133,246	-	133,246	127,565
	Resaleable goods	316,420	120	316,540	309,390
	Funding	373,548	1,318,617	1,692,165	1,713,655
	Other income	800,356	23,379	823,735	733,628
	Catering income	285,922	-	285,922	240,686
	Service fee	7,026,000	-	7,026,000	7,186,457
		<u>14,157,734</u>	<u>1,342,156</u>	<u>15,499,890</u>	<u>15,484,435</u>
		=====	=====	=====	=====
3	Costs of providing service	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
	Employee costs	9,730,501	825,024	10,555,525	10,652,022
	Pension costs	2,730,820	-	2,730,820	2,423,443
	Property costs	87,926	379	88,305	241,138
	Supplies and services	2,891,912	582,725	3,474,637	2,952,939
	Transport costs	269,367	17,599	286,966	271,433
	Pension finance costs	466,820	-	466,820	366,086
	Pension administration expenses	13,232	-	13,232	13,436
	Governance costs	8,145	-	8,145	8,465
		<u>16,198,723</u>	<u>1,425,727</u>	<u>17,624,450</u>	<u>16,928,962</u>
		=====	=====	=====	=====
4	Governance costs			2018 £	2017 £
	Audit fees			8,145	8,465
				<u>8,145</u>	<u>8,465</u>
				=====	=====

Trustees and officers indemnity insurance was included within the main insurance policy this year and the cost is included within the Supplies and services costs above.

Leisure & Culture Dundee

Notes to the financial statements (continued)

5 Staff numbers and costs	2018	2017
	£	£
Wages and salaries and other staff costs	9,831,415	9,922,655
Social security costs	724,110	729,367
Pension costs	2,730,820	2,423,443
	13,286,345	13,075,465
	=====	=====

Included within wages and salaries and other staff costs above are termination benefits of £Nil (2017 - £177,612) paid to employees as a result of voluntary redundancy.

No member of the Board received remuneration or any expenses other than trustees indemnity insurance in either year.

The average monthly number of employees, based on head count, of the charity during the year was 672 (2017 - 689).

No employee received remuneration of over £60,000 per annum in either year.

The total remuneration of the five members of the senior management team is £412,470 (2017 - £400,465). One of the members of the senior management team is remunerated through Dundee City Council.

6 Fixed assets	Tenants improvements
	£
Cost at 1 April 2017 and 31 March 2018	355,658

Depreciation and impairment	
At 1 April 2017	29,740
Depreciation charged in the year	29,740

At 31 March 2018	59,480

Carrying amount	
At 31 March 2018	296,178
	=====
At 31 March 2017	325,918
	=====

Leisure & Culture Dundee

Notes to the financial statements (continued)

7	Stocks	2018 £	2017 £
	Stocks	73,117 =====	70,175 =====
8	Debtors		
	Trade debtors	123,640	524,341
	Prepayments and accrued income	134,119	581,428
	Other debtors	557	32,713
	Dundee City Council	2,503,157	-
		<u>2,761,473</u> =====	<u>1,138,482</u> =====
9	Creditors		
	Amounts falling due within one year:		
	Trade creditors	406,485	171,815
	Dundee City Council	716,269	1,030,074
	Accruals	308,858	332,465
	Deferred income	2,175,076	361,220
	Other taxation and social security	328,515	-
		<u>3,935,203</u> =====	<u>1,895,574</u> =====

Deferred income consists of amounts received during the year relating to events to be held after the year end.

	£
Deferred income	
At 1 April 2017	361,220
Released in year	(361,220)
Received in year	2,175,076
At 31 March 2018	<u>2,175,076</u> =====

Due to the timing of when Dundee City Council was invoiced for the first instalment of the management fee for the 2018/19 year end there is an amount included in deferred income of £1,742,500.

Leisure & Culture Dundee

Notes to the financial statements (continued)

10 Financial Instruments	2018 £	2017 £
Carrying amount of financial assets		
Financial assets measured at amortised cost	2,601,904 =====	524,341 =====
Carrying amount of financial liabilities		
Financial liabilities measured at amortised cost	1,431,612 =====	1,534,354 =====

Financial assets measured at amortised cost comprised of trade and other debtors.

Financial liabilities measured at amortised cost comprises trade creditors, accruals and deferred income.

11 Commitments	Land & Buildings		Other	
	2018 £	2017 £	2018 £	2017 £
Total commitments under non-cancellable operating leases are as follows:				
Due within one year	29	29	28,259	73,913
Due in two to five years	116	116	27,493	55,752
Due in more than five years	377	406	-	-
	522 =====	551 =====	55,752 =====	129,665 =====

Lease payments recognised as an expense during the year amounted to £73,942 (2017 - £78,017).

The land and buildings commitment is the rent payable to the Dundee City Council for the use of the premises for the provision of recreation and leisure facilities on behalf of the Council for the period to 2036.

Leisure & Culture Dundee

Notes to the financial statements (continued)

12 Pension

Leisure & Culture Dundee is an admitted body to the Local Government Pension Scheme which is a funded defined benefit scheme. During the year Leisure & Culture Dundee made contributions of £1,734,505 (2017 - £1,606,243).

	2018 £	2017 £
i) Retirement benefit scheme deficit		
Change in benefit obligation		
Benefit obligation at 1 April 2017	59,963,941	43,353,003
Current service cost	3,528,891	2,166,846
Past service cost, including curtailments	-	477,802
Interest cost	1,639,944	1,648,116
Change in financial assumptions	(2,512,000)	12,796,261
Change in demographic assumptions	(2,627,157)	-
Experience loss/(gain) on defined benefit obligation	(5,971,780)	6,559
Liabilities assumed/(extinguished) on settlements	(1,399,420)	-
Contributions - employee	592,897	492,635
Benefits paid	(807,162)	(941,696)
Unfunded payments	(19,996)	(35,585)
Benefit obligations at end of year	52,388,158	59,963,941
Change in scheme assets		
Fair value of scheme assets at 1 April 2017	42,009,857	33,182,062
Interest on assets	1,173,124	1,282,030
Return on assets less interest	2,543,933	6,437,604
Other actuarial gains/(losses)	(30,765)	-
Administration expenses	(13,232)	(13,436)
Contributions - employee	592,897	492,635
Benefits paid	(827,158)	(977,281)
Settlement prices received/(paid)	(938,853)	-
Contributions - employer	1,734,505	1,606,243
Fair value of scheme assets at end of year	46,244,308	42,009,857
Retirement benefit deficit	(6,143,850)	(17,954,084)
Reconciliation to the balance sheet		
Present value of funded scheme liabilities	(52,021,482)	(59,544,896)
Fair value of scheme assets at end of year	46,244,308	42,009,857
Present value of unfunded obligations	(366,676)	(419,045)
Deficit	(6,143,850)	(17,954,084)

Leisure & Culture Dundee

Notes to the financial statements (continued)

12 Pension (continued)

	2018 £	2017 £
ii) Amounts recognised in net expenditure		
Current service cost	3,068,324	2,166,846
Past service costs	-	477,802
Interest costs	466,820	366,086
Administrative expenses	13,232	13,436
	<u>3,548,376</u>	<u>3,024,170</u>
	=====	=====
iii) Re-measurements of the net assets/(defined liability)		
Return on fund assets in excess of interest	2,543,933	6,437,604
Change in financial assumptions	2,512,000	(12,796,261)
Experience (loss)/gain on defined benefit obligations	5,971,780	(6,559)
Other actuarial gains/(losses) on assets	(30,765)	-
Change in demographic assumptions	2,627,157	-
	<u>13,624,105</u>	<u>(6,365,216)</u>
	=====	=====

iv) Financial assumptions

The principal assumptions used by the independent qualified actuary in updating the most recent valuation to 31 March 2018 for FRS 102 purposes were:

	2018 %	2017 %
Discount rate	2.6	2.8
Consumer price inflation/retail price inflation	2.3	3.6
Rate of increase of salaries	3.3	3.7
Rate of increase of pensions in payment	2.3	2.7
	===	===

Leisure & Culture Dundee

Notes to the financial statements (continued)

12 Pension (continued)

iv) Financial assumptions (continued)

	2018	2017
Life expectancy from age 65	Years	Years
Retiring today:		
Males	20	21
Females	22	24
Retiring in 20 years:		
Males	22	24
Females	24	26
	=====	=====
The assets of the scheme were:	2018	2017
	%	%
Asset category		
Equities	69.6	72.0
Gilts	4.9	6.6
Other bonds	11.4	9.9
Property	11.3	9.9
Cash	2.8	1.6
	-----	-----
	100.0	100.0
	=====	=====
	2018	2017
	£	£
Amounts included in the fair value of assets for:		
Equities	32,178,723	30,243,183
Gilts	2,259,079	2,784,857
Other bonds	5,259,195	4,143,747
Property	5,255,203	4,144,822
Cash	1,292,108	693,248
	-----	-----
Total market value of assets	46,244,308	42,009,857
	=====	=====

Leisure & Culture Dundee

Notes to the financial statements (continued)

13 Related party transactions

Leisure & Culture Dundee was contracted to provide recreation and leisure services by Dundee City Council. In the year to 31 March 2018 Leisure & Culture Dundee received from Dundee City Council £10,111,076 (2017 - £9,363,618) for services provided and paid them £507,648 (2017 - £640,237) for goods and services received including a peppercorn rent for the use of the facilities occupied by Leisure & Culture Dundee. At 31 March 2018 Dundee City Council owed Leisure & Culture Dundee £2,503,157 (2017 - £793,262) and the charity owed Dundee City Council £716,269 (2017 - £1,043,864) in relation to normal trading activities.

During the year the Trustees received replacement tablets with a value of £200 each.

14 Control

The Members of Leisure & Culture Dundee are Dundee City Council and D.C.C. Nominees Ltd.

The trustees are appointed by the Members and 5 of the 12 trustees of Leisure & Culture Dundee are appointed from the Council (42%) while the other 7 trustees are required to be independent of the Council.

15 Funds

Analysis of movements in funds

	Balance at 1 April 2017 £	Net income/ (expenditure) £	Transfer Between Funds £	Balance at 31 March 2018 £
Unrestricted funds	928,576	(50,685)	(25,000)	852,891
Unrestricted pension deficit	(17,954,084)	11,810,234	-	(6,143,850)
Designated funds	879,125	(173,141)	25,000	730,984
	<u>(16,146,383)</u>	<u>11,586,408</u>	-	<u>(4,559,975)</u>
Restricted funds	828,494	(83,571)	-	744,923
	<u>(15,317,889)</u>	<u>11,502,837</u>	-	<u>(3,815,052)</u>
	=====	=====	=====	=====

Leisure & Culture Dundee

Notes to the financial statements (continued)

15 Funds (continued)

Analysis of movements in funds (continued)

Unrestricted funds	The 'free reserves' after allowing for all designated funds.
Unrestricted pension deficit	The pension deficit liability (note 12).
Designated funds	Funds for specific approved expenditure on various projects including developing Wi-Fi capacity in Leisure & Culture Dundee facilities, events development, refurbishment costs, implementing the ICT action plan and the Broughty Ferry library extension and a Steinway piano.
Restricted funds	Analysis of restricted funds is shown in note 16.

Analysis of net assets over funds

	Unrestricted funds £	Designated funds £	Unrestricted pension deficit £	Restricted funds £	Total funds £
Fixed assets	-	296,178	-	-	296,178
Stocks	73,117	-	-	-	73,117
Debtors	2,761,473	-	-	-	2,761,473
Cash	1,953,504	434,806	-	744,923	3,133,233
Creditors	(3,935,203)	-	-	-	(3,935,203)
Pension deficit	-	-	(6,143,850)	-	(6,143,850)
	<u>852,891</u>	<u>730,984</u>	<u>(6,143,850)</u>	<u>744,923</u>	<u>(3,815,052)</u>
	=====	=====	=====	=====	=====

Leisure & Culture Dundee

Notes to the financial statements (continued)

16	Restricted funds		Balance at 1 April 2017 £	Income in year £	Expenditure in year £	Balance at 31 March 2018 £
	Fund	Purpose				
	Cultural services					
	Transport Collection Officer	Transportation	7,069	-	-	7,069
	Acquisition Fund	Display items	285,582	16,769	(98,653)	203,698
	Dundee Dance Day	Dance Day Event	1,538	-	-	1,538
	Scotland Creates	Project	3,337	-	-	3,337
	Civilisations Project	Project	-	780	(93)	687
	Commonwealth Ceilidh	Event	1,199	-	-	1,199
	Dundee Fusion Fest	Music Development	592	-	-	592
	Dundee Visual Artist Awards	Music Development Awards Scheme	4,981	8,500	-	13,481
	Festival of Museums	Event	272	1,500	(1,727)	45
	YMI Development Grant	Music Development	4,276	-	-	4,276
	Hogmanay Event	Event	187	2,000	(1,975)	212
	Succession on Planning Project	Cataloguing Collection	-	18,613	(18,613)	-
	Angus Moth Project	Cataloguing Collection	-	4,044	(3,574)	470
	Soundbase Sessions	Music Development Programme	-	2,445	(2,445)	-
	Steinway Purchase	Purchase of new piano for Caird Hall	-	123,873	(73,625)	50,248
	Light Project Exhibition	Exhibition	-	83,193	(83,193)	-
	Library and information					
	Opportunities Project	Wellfoe Reform Support	-	5,764	(5,764)	-
	Dundee in the Great War	Authors can write a children's book on war experiences in Dundee	7,990	-	(932)	7,058
	Carried forward		317,023	267,481	(290,594)	293,910

Leisure & Culture Dundee

Notes to the financial statements (continued)

16	Restricted funds (continued)	Purpose	Balance at 1 April 2017 £	Income in year £	Expenditure in year £	Balance at 31 March 2018 £
	Brought forward		317,023	267,481	(290,594)	293,910
	Library and information					
	Great War Dundee	Events celebrating Dundee Great War involvement	-	8,763	(250)	8,513
	BOS Community Fund	Community prize for use of on IT equipment for community use	352	-	-	352
	Reader in Residence	Resources for use by Reader in Residence	346	-	-	346
	Read, Write, Count	Library Project	58	-	-	58
	Creative Apprentice	Funded Apprenticeship	2,931	-	(2,387)	544
	Macmillan @ Dundee Libraries	Cancer sufferers activities and wellbeing	-	31,490	(31,490)	-
	Scottish Reading Strategy	Reading project for Dyslexia sufferers	11,526	-	(6,201)	5,325
	Bequests to Dundee Library Services	Bequests and gifts in relation to various library related purposes	12,931	-	-	12,931
	Scottish Book Trust Fund	Funding for children's books	250	-	-	250
	Carnegie Trust Talkin' Bout Teddies	Project exploring attachment to soft toys for children	-	10,500	(882)	9,618
	Broughy Ferry Library Extension	Fund raising and donations	-	11,623	-	11,623
	Carried forward		345,417	329,857	(331,804)	343,470

Leisure & Culture Dundee

Notes to the financial statements (continued)

16	Restricted funds (continued)	Purpose	Balance at 1 April 2017 £	Income in year £	Expenditure in year £	Balance at 31 March 2018 £
	Fund		345,417	329,857	(331,804)	343,470
	Brought forward					
	Leisure and sport					
	Hockey	Activities	14,878	-	-	14,878
	Eat Well Play Well	Healthy lifestyles	19,873	(19,854)	(19)	-
	Rugby	Rugby Development	12,749	25,000	(25,000)	12,749
	Football	Football development	10,269	19,332	(19,332)	10,269
	Active for Life - NHS	Healthy Lifestyles	-	12,000	(12,000)	-
	Community Sports Hub Officer	Community engagement	9,417	41,560	(39,006)	11,971
	Street Football	Providing coaches for Street Football	-	21,000	(21,000)	-
	McTaggart Surplus	Property costs to DCC	75,000	-	(21,728)	53,272
	Spirit of 2012	Legacy Project	9,029	-	(9,029)	-
	Move More Macmillan Project	Cancer sufferers activities and wellbeing	8,885	51,698	(50,176)	10,407
	Dundee Disability Sport	Minibus Funding	30,000	-	(6,000)	24,000
	Regional Performance Centre Funding	Funding for RPC staffing	60,000	-	-	60,000
	Active Schools	Funding for sporting activities within schools	-	448,327	(448,327)	-
	Growth Mindset	Positive coaching for school children	-	42,692	(42,692)	-
	ParkLives	Outdoor activities funding	14,197	46,237	(55,174)	5,260
	Playrangers	Outdoor activities funding	11,828	-	(7,880)	3,948
	Bikeability Project	Promotion of healthy lives through cycling	40,966	22,365	(46,354)	16,977
	Ancrum	Enhanced transition programme for P7 pupils	-	12,000	(12,000)	-
	Community Coach Development	Enhanced transition programme for P7 pupils funded through DCC Children & Families	-	-	-	-
	Steps to Health	Dept	-	9,500	(9,500)	-
	Bairns Tea Party	Walking programme in partnership with NHS – various funders	-	11,125	(3,582)	7,543
	Support services	Small grant from Dundee Bairns for afterschool programme	-	1,150	(1,150)	-
	Place Partnership	Cultural projects & UNESCO City of Design for Dundee	165,986	268,167	(263,974)	170,179
			<u>828,494</u>	<u>1,342,156</u>	<u>(1,425,727)</u>	<u>744,923</u>

putting quality into life

Leisure & Culture Dundee

Notes to the financial statements (continued)

17 Reconciliation of net (expenditure)/income to net cash (outflow)/inflow

	2018 £	2017 £
Net income/(expenditure)	11,502,837	(7,803,124)
Adjustments for:		
Depreciation	29,740	29,740
Loss on disposal	-	3,972
Increase in stock	(2,942)	(9,654)
Increase in debtors	(1,622,991)	(703,247)
Increase/(decrease) in creditors	2,182,657	407,211
Pension movement	(11,810,234)	7,783,143
Net cash inflow/(outflow) from operating activities	279,067 =====	(291,959) =====