

Leisure & Culture Dundee

**Report and accounts
for the year to 31 March 2013**

Charity number SC042421

ID198243

Leisure & Culture Dundee

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Leisure & Culture Dundee

Scottish Charitable Incorporated Organisation information

Trustees	R Duncan (Chair) S Aitken (Vice Chair) S Murdoch (Managing Director) M Stewart (Finance Director) A Bovill V Dinsmore B Gordon S Hunter I Luke A Rae G Robinson R McCready I Mathers L Mason
Senior management team	S Murdoch (Managing Director) J Dobbie (Head of Library and Information Services) C Findlay (Head of Support Services) B Gartley (Head of Cultural Services) G Wark (Head of Leisure and Sport)
Registered office	Level 3 Central Library The Wellgate Dundee DD1 1DB
Website	www.leisureandculturedundee.com
E-mail address	www.leisureandculturedundee.com/contactus
Telephone	01382 307460
Auditors	Henderson Loggie Royal Exchange Panmure Street Dundee DD1 1DZ
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

Any business which can claim to have met its targets, while at the same time reduced expenditure, is in a good place and I am very proud that Leisure & Culture Dundee has done that for the second year in a row.

In part, this comes about as a result of our ability to innovate as an independent charitable body. In part, it reflects the investment made by Dundee City Council in new facilities which we are able to operate and in part it is a reflection of the continuing commitment and dedication of the staff who work for Leisure & Culture Dundee and who have embraced our mission.

The completion of Dundee's new Olympia swimming pool has generated a great deal of excitement. It is a complex building and a number of compromises had to be made in its design, but the new pool offers Dundee, for the first time, a 50 metre tank within which swimmers can train and which can host regional competitions, it retains and enhances the flume choice which was so popular in the previous Olympia and will significantly improve the experience for young children who we are committed to encouraging into a healthy and active lifestyle.

The complete refurbishment of the Dick McTaggart to create a Regional Gymnastic Centre has also added significantly to the quality of sports facilities in the city and has allowed the development of the pathway for athletes from community to the elite level.

Our Library and Information Service was designated by the Bookseller Award as the Library of the Year 2013 – something that we should be rightly proud of. It is a great testament to the quality of Dundee's Library and Information Service and to the very important role that the service plays in the city.

Our Cultural Services have continued to enjoy the benefit of their partnership with the Victoria and Albert Museum. Exhibitions such as the Ten Drawings by Leonardo (from the Royal Collection) and Selling Dreams: One Hundred Years of Fashion Photography (from the V&A London) have met with huge popular acclaim. The Caird hall hosted its usual eclectic range of civic, cultural and music events and conferences. The visit by His Holiness the Dalai Lama will be long remembered.

Right across the portfolio of services we manage we have had great feedback. Where there have been criticisms, we take these seriously and will work with our service users to improve their experience in taking advantage of the range of assets that Leisure & Culture Dundee bring to the quality of life in the City.

Finally, I wish to put on record my thanks to the Board, some of whom will step down in the first of our planned programme of succession at this year's AGM. It has been a pleasure to chair this Board. The personal commitment of Trustees and staff has ensured that Leisure & Culture Dundee has delivered great results for this city.

Bob Duncan
Chairman

Leisure & Culture Dundee

Managing Director's report 2012/13

'Putting Quality Into Life'

Leisure & Culture Dundee is Scottish Incorporated Charitable Organisation. It is a new type of organisation, and a new way of managing and delivering key services. The organisation was set up to bring together the services provided by Dundee Leisure Trust and services which, at that time, were managed by the City Council for the delivery of libraries, information, arts, heritage, halls, music, leisure, golf, sports development, the wildlife centre and community use of school sports facilities.

The organisation was formally approved by the Office of the Scottish Charity Regulator (OSCR) in June 2011 and it was incorporated as one of the first SCIOs in Scotland.

The Board of Trustees have had well attended meetings throughout the year. Each trustee also serves on at least one sub-committee and has a lead area of responsibility.

Leisure & Culture Dundee has set out to establish high standards of governance and has completed the review of policies under which its services are delivered. The recommendations arising from the independent audit of governance arrangements carried out in 2012 have all been fully implemented.

Our website www.leisureandculturedundee.com contains details of:

- our Constitution
- the Trustee's role description
- the Trustee's code on conduct
- the Corporate Social Responsibility Policy
- the Health and Safety Policy

Performance 2012-2013

Library and Information Service

Library visitors - 1,346,402 visits across all locations, which represents 9,249 visits per 1,000 population to Libraries across the City. 10,005 new members were enrolled during 2012/13.

621,854 items were borrowed.

There were 627,027 visits to the Library Service website.

Library Services provided 4,679 activity sessions which promoted reading, including school visits, story times and author events. The quality and range of these events has gone up year on year.

In 2012/13 there were 17,613 different PC users who logged in 171,497 times in total.

Dundee's Central Library was again Scotland's most visited library in 2012/13, visited by 779,424.

A fuller report on the work of Library and Information Services will follow on the website version of the Leisure & Culture Dundee Annual Report 2012-13.

Visit www.leisureandculturedundee.com/ourpubs

Leisure & Culture Dundee

Managing Director's report 2012/13 (continued)

Cultural Services

The McManus: Dundee's Art Gallery and Museum continues to enjoy large numbers of visitors from Dundee and much further afield, with **168,173** for 2012/13, an increase of 7% on the previous year.

Attendance at other Cultural Facilities - **Broughty Castle, 32,154; Mills Observatory, 8,806; McManus Collections Unit, 846; Creative Learning events and activities, attended by 5,205** participants.

Cultural Services hosted Ten Drawings by Leonardo – A Diamond Jubilee exhibition from the Royal Collection in The McManus and the second in a series of four partnership exhibitions with V&A London, Selling Dreams: One Hundred Years of Fashion Photography.

The Caird Hall caters for a wide variety of cultural entertainment needs and civic events, with **147,916** attendances, a 9% increase in attendance figures for 2011/12. This is the third year in succession that increased attendances have been achieved.

A fuller report on the work of Cultural Services will follow on the website version of the Leisure & Culture Dundee Annual Report 2012-13.

Visit www.leisureandculturedundee.com/ourpubs

Leisure and Sport Service

A new Visitor Centre at Camperdown Wildlife Centre was completed and opened in 2011/12, immediately gaining an impressive four star rating from Visit Scotland. The 46% increase in visitors over the previous year has settled to **73,615** in 2012/13, which is still up 21% on the three year average prior to the construction of the new visitor centre.

Sports Centre attendances for 2012/13 were **305,907**, down by 9% on the previous year.

Attendances at Swim Centres were **470,103**, marginally up 3% on the previous year.

Sports Development continue to encourage more young people to participate in sport and join local clubs whilst seeing increasing activity from the work to engage hard to reach groups. Attendance at sports development activities – **155,584**. Up 5% on 2011/12.

The poor weather and tough economic conditions affected golf attendance in 2012/13, which were down by 24%. Despite this drop, **54,523** attendances were recorded, with some **1,667** golf memberships active during July 2012.

A fuller report on the work of the Leisure and Sport Service will follow on the website version of the Leisure & Culture Dundee Annual Report 2012-13.

Visit www.leisureandculturedundee.com/ourpubs

Leisure & Culture Dundee

Managing Director's report 2012/13 (continued)

Health and Safety

The Health and Safety Management Group have continued to meet regularly throughout the year.

Our specialist consultants QLM have carried out audits in the Wildlife Centre and Sports Development, and have provided advice on the health and safety arrangements for the new Olympia.

Health and safety remains a key concern for staff and trustees. Close attention is paid to monitoring of any near miss or accident. We are committed to making health and safety everyone's business.

Customer Relations

The Senior Management Team have paid particular attention to customer feedback during the past twelve months. Monitoring forms have allowed us to focus on those things where improvement can be made ... unfortunately, the weather is outwith our control!

Overall, feedback from customers has been excellent and the level of complaints continues at a very low level. These are always followed up closely.

Our service stakeholder groups for Library and Information, Cultural Services and Leisure and Sport have played a key role in relation to developing relationships between service users and service managers. In each area there have been significant developments and these have been reported regularly to the SCIO Board through the year.

Services' Developments

The online booking system for sports development courses and classes appears to have been well received and continues to be refined. There will be further development of online services during 2013.

In partnership with of Dundee City Council we have introduced a targeted discount scheme which improves the financial affordability of sport and leisure activities for those in receipt of Council Tax Reduction.

Library and Information staff have received intensive training on the new arrangements for the delivery of welfare benefits and these will be backed up by IT developments which will enable the public to access benefit claims online across the city's library network.

Improvements to our facilities have, in some cases, taken longer than hoped but have achieved the desired results with refurbishment of the Central Library toilets complete, community access to the upper floors of the Blackness Library underway, improvements to prevent leakage to the Lynch Sports Centre roof complete, the Dick McTaggart Regional Gymnastics Centre complete, and the new Olympia opened in June 2013.

The long awaited replacement of the golf starters' accommodation at Caird Park will be completed later this year, as will the new Whitfield Library. Plans for the refurbishment of the Arthursstone library are now well advanced, it is still hoped that façade improvements to the Dundee International Sports Complex will be carried out in the near future, the reception area in the Douglas Sports Centre is due for an upgrade, and the upgrade to the changing area at the Lochee Swim Centre ,which was deferred, remains a priority.

Leisure & Culture Dundee

Managing Director's report 2012/13 (continued)

Business Performance

The Leisure & Culture Dundee Business Plan 2013-2015 has been approved. In January 2013 Dundee City Council and the Board of Leisure & Culture Dundee received a report summarising the financial benefits which have been derived from the establishment of Leisure & Culture Dundee. Cumulatively £2,091,000 has been saved on a recurring basis, 22.6% of the baseline budget for 2011/12.

Although performance in different service areas will vary year by year, baseline performance standards, as set out in the Services Agreement, were exceeded in virtually every category.

Policy Development

The reviewed policy framework within which Leisure & Culture Dundee operates has resulted in a summary of key policies being placed on the intranet in order that all staff have ready access to relevant policy documents. A small working group from across service areas was established to develop a volunteer policy. The Volunteer Support Strategy has been approved and a Volunteer Pack will be published and promoted during 2013.

Marketing and Promotion

During the year, the Marketing and Design Team worked closely with the Architects, and staff from the Leisure & Sports Team to develop a branding regime and signage for the new Olympia.

Over the year, there has been a progressive switch of resources from traditional advertising to greater use of social media and digital marketing. This approach will continue to be developed during the year ahead.

The designers played a key role in the design work for the major exhibitions held in the McManus, in partnership with the Royal Collection and the V&A.

Working in partnership

There is very little that we do that is not in partnership with others.

I would like to thank those partners we have worked with, particularly Dundee City Council, but also Creative Scotland, **sportscotland**, the British Heart Foundation, the local cultural agencies in Dundee, the Royal Collection, Dundee and Angus College, the V&A, the University of Dundee and the University of Abertay Dundee, and the many local and community organisations who have worked tirelessly to add their own contribution to the quality of life of the city of Dundee, particularly those who we have worked with to develop community Sports Hubs.

My biggest thank you is reserved for the staff of Leisure & Culture Dundee. Their personal commitment to what we do is exceptional. It's the pride that they take in the services we provide that continues to ensure that we help deliver excellent results.

Leisure & Culture Dundee

Managing Director's report 2012/13 (continued)

Looking Forward

The completion, commissioning and opening of the New Olympia is a huge challenge for the Leisure and Sport Section.

There will be new challenges for library staff in relation to the implementation of the welfare benefit changes and the support required to enable people to access their benefits online.

The proposal to convert a large part of the Wellgate Centre into a multi-screen cinema is going to have a major impact on the operation of the Central Library, but should provide a sustainable future for the Wellgate Centre, with the Library still acting as the anchor tenant.

Developments in the fabric and use of community libraries are planned for Blackness, Whitfield, Arthurstone and, potentially, Broughty Ferry.

In common with all public services, Leisure & Culture Dundee will be required to reduce expenditure, and we will work to minimise the impact on the services we provide.

Leisure & Culture Dundee has played a key role in securing funding for a Regional Performance Centre for Sport, which will have a football focus as well as considering other sports, such as tennis, and early discussions have taken place with the City Council regarding Leisure & Culture Dundee having the management function for the facility.

We have also played a key role in Dundee's being shortlisted for UK City of Culture status in 2017. The city's image has never looked better and the recognition of the importance of leisure and culture in the city's regeneration has never been clearer.

Looking ahead, our mission remains clear. Our objective is to maintain attendances, reaching out to those who find it more difficult to take advantage of the services we provide. In all areas our challenge is to maintain and improve upon our performance.

Stewart Murdoch
Managing Director, Leisure & Culture Dundee

Leisure & Culture Dundee

Trustees' report

The trustees have pleasure in submitting their annual report and accounts for the year ended 31 March 2013. The charity information set out on page 1 and the Chairman's and Managing Director's reports on pages 2 and 3 form part of this report. The accounts 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 thirteen trustees of which six have been appointed by Dundee City Council, four elected members and two officers, specifically the Chair, Managing Director and Finance 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 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 (independent charity trustees) 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 Cameron was a trustee until he resigned on 3 May 2013. I Mathers and L Mason were appointed as trustees on 28 October 2013. V Dinsmore has indicated her intention to resign with effect from the AGM on 6 November 2013.

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 meets monthly 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.

Risks

The major strategic, business and operational risks that the organisation faces have been identified and are reviewed by the board periodically. Systems have been established and are regularly reviewed. These are strengthened as required to ensure that the necessary steps are taken to lessen these risks.

Leisure & Culture Dundee

Trustees' report (continued)

Reserves policy

The organisation's principal charitable activities are:

- Cultural Services
- Leisure and Sport
- Library and Information Services

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

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

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

The Board has decided that the organisation should maintain a reserve fund which is approximately equal to two months' income generated from activities, estimated at £400,000.

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)

What we manage

Leisure and Sport Services

Indoor

- Management and development of Swim Centres, Sports Centres and the Regional Gymnastic Centre.
- Operation of Community Sport and Leisure Use of Schools.

Outdoor

- Management and development of Camperdown and Caird Park Golf Courses.
- Liaison with golf clubs.
- Management and development of Camperdown Wildlife Centre.
- Dundee International Sports Complex (DISC) Pitches.

Sports Development

- Providing sport and physical activity programmes and a programme of events, including a youth sports programme.
- Delivering programmes aimed at reducing inactivity in children, young people, families and hard to reach groups.
- Developing sport specific programmes ensuring pathways from beginner to elite.
- Developing pathways across all services, from early years upwards.
- Supporting implementation of Dundee Sport and Physical Activity Strategy.

Library and Information Services

Adult Library and Information Services

- Management and development of services to adults across the City.
- Central Library - Leisure Reading.
- Advice and support for online welfare benefits.
- Outreach Services, including Housebound and Mobile Services.

Children's Library and Information Services

- Management and development of services to children across the City.
- Central Library - Children's Services.
- Outreach Services, including work with schools and early years partnerships.

Information Services

- Management and development of information services across the City.
- Central Library: Reference Library, Local History and Science and Business.
- Website development and support.
- Access to electronic resources, including the Directory of Local Organisations.
- Free public wi-fi and internet access at 14 different locations and 240 terminals across the city.

Leisure & Culture Dundee

Trustees' report (continued)

What We Manage (continued)

Cultural Services

Museum Services

- Management and development of history and natural sciences collections.
- Registration and documentation of all collections.
- The McManus: Dundee's Art Gallery and Museum.
- Collections Unit.
- Broughty Castle.
- Old Steeple.

Fine and Applied Arts

- Management and development of art collections.
- Exhibition Programme.
- Liaison with other art providers.
- Camperdown House.

Learning and Engagement

- Management and development of creative learning programmes.
- Front of house operations.
- Partnerships with other learning providers.
- Mills Observatory.

Halls and Music Development

- Management and development of Caird Hall and facilities, and Burgh Halls.
- Negotiations and liaison with hirers, promoters, franchisee, etc.
- Management of Dundee City Box Office.
- Music Development.

Leisure & Culture Dundee

Trustees' report (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.leisureandculturaldundee.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.

- **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 period to 31 March 2013. The surplus on unrestricted funds for the year to 31 March 2013 was £68,553. The overall fund balances are then impacted by the actuarial gain arising on the pension scheme during the year of £3,107,375.

Plans for future periods

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

Leisure & Culture Dundee

Trustees' report (continued)

Auditors

So far as each director 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

R Duncan
Chair, Leisure & Culture Dundee

6 November 2013

Leisure & Culture Dundee

Statement of trustees' responsibilities

The Trustees are responsible for preparing the Report of the Trustees and the accounts 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 accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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

We have audited the accounts of Leisure & Culture Dundee for the year ended 31 March 2013, which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities set out on page 16, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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 responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity'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 accounts. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the SCIO's affairs as at 31 March 2013 and of its incoming resources and application of resources, for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

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

- the information given in the Report of the Trustees is inconsistent in any material respect with the accounts; or
- proper accounting records have not been kept; or
- the accounts 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.

Henderson Loggie

Dundee

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

6 November 2013

Leisure & Culture Dundee

Statement of financial activities for the year ended 31 March 2013

	Note	Unrestricted funds £	Restricted funds £	Year to 31 March 2013 Total £	Period to 31 March 2012 Total £
Incoming resources					
Incoming resources from generated funds:					
Investment income		8,638	-	8,638	233
Income from Dundee Leisure		-	-	-	86,628
		<u>8,638</u>	<u>-</u>	<u>8,638</u>	<u>86,861</u>
Incoming resources from charitable activities					
Provision of leisure and culture facilities	2	4,944,990	355,660	5,300,650	3,518,161
Service fee from Dundee City Council		7,352,653	-	7,352,653	5,798,496
		<u>12,297,643</u>	<u>355,660</u>	<u>12,653,303</u>	<u>9,316,657</u>
Total incoming resources		<u>12,306,281</u>	<u>355,660</u>	<u>12,661,941</u>	<u>9,403,518</u>
Resources Expended					
Charitable activities					
Provision of leisure and culture facilities	3	12,226,873	305,535	12,532,408	8,291,235
Governance	4	10,855	-	10,855	8,600
		<u>12,237,728</u>	<u>305,535</u>	<u>12,543,263</u>	<u>8,299,835</u>
Total resources expended		<u>12,237,728</u>	<u>305,535</u>	<u>12,543,263</u>	<u>8,299,835</u>
Net movement in funds and net income for the year		68,553	50,125	118,678	1,103,683
Actuarial gain/(loss) on Tayside Superannuation Fund	11	3,107,375	-	3,107,375	(5,380,488)
Other resources expended	5	-	-	-	(3,893,287)
Net movement in funds (after actuarial gain/(loss) on pension scheme)		<u>3,175,928</u>	<u>50,125</u>	<u>3,226,053</u>	<u>(8,170,092)</u>
Fund balances at 1 March 2012		(8,223,515)	53,423	(8,170,092)	-
Fund balances at 31 March 2013		<u>(5,047,587)</u>	<u>103,548</u>	<u>(4,944,039)</u>	<u>(8,170,092)</u>

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

Leisure & Culture Dundee

Balance Sheet at 31 March 2013

	Note	31 March 2013		31 March 2012	
		£	£	£	£
Current Assets					
Stocks	7	54,659		51,183	
Debtors	8	496,274		234,711	
Cash in hand		1,904,837		2,958,614	
		<u>2,455,770</u>		<u>3,244,508</u>	
Current Liabilities					
Creditors: amounts falling due in one year	9	(922,727)		(2,250,093)	
			<u>1,533,043</u>		<u>994,415</u>
Net current assets			<u>1,533,043</u>		<u>994,415</u>
Pension deficit	11		(6,477,082)		(9,164,507)
Net liabilities including pension deficit			<u>(4,944,039)</u>		<u>(8,170,092)</u>
Funds					
Unrestricted funds		1,429,495		940,992	
Less pension deficit	11	(6,477,082)		(9,164,507)	
		<u>(5,047,587)</u>		<u>(8,223,515)</u>	
Restricted funds	14		103,548		53,423
Total funds			<u>(4,944,039)</u>		<u>(8,170,092)</u>

The accounts were approved and authorised for issue by the Board on 6 November 2013 and signed on its behalf by:

R Duncan
Chair

Leisure & Culture Dundee

Cash flow statement for the year ended 31 March 2013

	Note	Year to 31 March 2013 £	Period to 31 March 2012 £
Net incoming/(outgoing) resources		3,226,053	(8,170,092)
Non operating cashflows eliminated			
- Pension non cash movement		(2,687,425)	9,164,507
		<u>538,628</u>	<u>994,415</u>
Increase in stock		(3,476)	(51,183)
Increase in debtors		(261,563)	(234,711)
(Decrease)/increase in creditors		(1,327,366)	2,250,093
Net cash (outflow)/inflow from operating activities	15	<u><u>(1,053,777)</u></u>	<u><u>2,958,614</u></u>

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost basis of accounting and in accordance with applicable accounting standards.

The accounts have been prepared in accordance with the Statement of Recommended Practice - "Accounting and Reporting by Charities" (SORP 2005), comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

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.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) in the year in which they are receivable.

Resources expended

All expenditure is included on an accruals basis and is recognised when there is a legal obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended.

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 accounts (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.

Stocks

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

2 Incoming resources

	Unrestricted funds £	Restricted funds £	Year to 31 March 2013 Total £	Period to 31 March 2012 Total £
Admissions etc	2,159,772	-	2,159,772	1,404,625
Membership	1,257,452	-	1,257,452	842,982
Library income	203,055	-	203,055	184,470
Hire of facilities	100,879	-	100,879	66,256
Resaleable goods	242,020	-	242,020	146,235
Funding	265,199	345,660	610,859	421,428
Other	716,613	10,000	726,613	452,165
	<u>4,944,990</u>	<u>355,660</u>	<u>5,300,650</u>	<u>3,518,161</u>

3 Costs of providing service

Employee costs	8,838,248	110,081	8,948,329	5,854,108
Pension costs	1,190,408	9,043	1,199,451	851,960
Property costs	132,195	-	132,195	92,395
Supplies and services	1,913,321	137,577	2,050,898	1,345,781
Transport costs	109,575	6,074	115,649	94,252
Cultural & museum acquisitions	-	42,760	42,760	52,712
FRS17 Finance costs	43,099	-	43,099	-
Rent	27	-	27	27
	<u>12,226,873</u>	<u>305,535</u>	<u>12,532,408</u>	<u>8,291,235</u>

Leisure & Culture Dundee

Notes to the accounts (continued)

4 Governance

	2013 £	2012 £
Audit Fees	9,755	7,500
Directors and Officers Indemnity	1,100	1,100
	<u>10,855</u>	<u>8,600</u>

5 Other resources expended

For the period to 31 March 2012, the £3,893,287 relates to the pension deficit attributed to the employees transferred at 1 July 2011 from Dundee City Council under the TUPE regulations and from Dundee Leisure on 1 August 2011. The liabilities were transferred on a "fully funded" basis, however, the calculation of the liabilities required under FRS17 uses different assumptions and a lower discount rate resulting in the combined FRS17 liability at 1 August 2011 of £3,893,287.

6 Staff numbers and costs

	Year to 31 March 2013 £	Period to 31 March 2012 £
Wages and salaries	8,005,212	5,514,007
Social security costs	485,751	340,101
Pension costs	1,199,451	851,960
	<u>9,690,414</u>	<u>6,706,068</u>

No member of the Board received remuneration or any expenses other than Directors indemnity insurance.

The average monthly full-time equivalent number of employees of the company during the year was 530 (2012 - 534).

No employee received remuneration of over £60,000 per annum during the year.

Leisure & Culture Dundee

Notes to the accounts (continued)

7	Stocks	2013 £	2012 £
	Stocks	<u>54,659</u>	<u>51,183</u>
8	Debtors		
	Trade debtors	181,285	103,983
	Prepayments and accrued income	307,096	86,992
	Other debtors	7,893	43,736
		<u>496,274</u>	<u>234,711</u>
9	Creditors		
	Amounts falling due within one year:		
	Trade creditors	262,488	467,497
	Dundee City Council	169,011	1,180,029
	Accruals	207,986	124,360
	Deferred income	283,242	478,207
		<u>922,727</u>	<u>2,250,093</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 2012	478,207
Released in year	(478,207)
Received in year	283,242
	<u>283,242</u>
At 31 March 2013	<u><u>283,242</u></u>

Leisure & Culture Dundee

Notes to the accounts (continued)

10 Commitments

	Land & Buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Actual commitments under non-cancellable operating leases as follows:				
Operating leases which expire:				
Due within	-	-	34,462	-
Due in two to five years	-	-	268,192	-
Due in more than five years	28	27	71,114	-
	<u>28</u>	<u>27</u>	<u>373,768</u>	<u>-</u>

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.

11 Retirement benefit scheme deficit

	At 31 March 2013 £	At 31 March 2012 £
Change in benefit obligation		
Benefit obligation at 1 April 2012	31,585,772	17,647,354
Liabilities assumed (Dundee Leisure)	-	7,428,589
Current service cost	1,504,619	851,960
Past service cost	10,989	-
Interest cost	1,456,139	1,013,789
Actuarial (gain)/loss	(638,968)	4,443,366
Contributions - employee	388,194	274,742
Benefits paid	(307,467)	(72,388)
Unfunded payments	(3,770)	(1,640)
Losses on curtailments	55,604	-
Benefit obligations at end of year	<u><u>34,051,112</u></u>	<u><u>31,585,772</u></u>

Leisure & Culture Dundee

Notes to the accounts (continued)

11 Retirement benefit scheme deficit (continued)

	At 31 March 2013 £	At 31 March 2012 £
Change in scheme assets		
Fair value of scheme assets at 1 April 2012	22,421,265	15,075,748
Assets acquired (Dundee Leisure)	-	6,106,908
Expected return on scheme assets	1,413,040	1,126,885
Actuarial gain/(loss)	2,468,407	(937,123)
Contributions - employee	388,194	274,742
Benefits paid	(311,237)	(74,028)
Contributions - employer	1,194,361	848,133
	<hr/>	<hr/>
Fair value of scheme assets at end of year	27,574,030	22,421,265
	<hr/>	<hr/>
Retirement benefit deficit	(6,477,082)	(9,164,507)
	<hr/> <hr/>	<hr/> <hr/>
History		
Benefit obligation at end of year	34,051,112	31,585,772
Fair value of scheme assets at end of year	27,574,030	22,421,265
	<hr/>	<hr/>
Deficit	(6,477,082)	(9,164,507)
	<hr/> <hr/>	<hr/> <hr/>
Amount	2,468,407	(937,123)
Percentage of scheme assets	9.0%	(4.2%)
Experience gains and losses on scheme liabilities:		
Amount	(3,391)	(3,137)
Percentage of scheme liabilities	0.0%	0.0%

Leisure & Culture Dundee

Notes to the accounts (continued)

11 Retirement benefit scheme deficit (continued)

Retirement benefits - FRS17

The principal assumptions used by the independent qualified actuary in updating the most recent valuation to 31 March 2013 for FRS17 purposes were:

	2013 %	2012 %
Discount rate	4.7	4.6
Retail price inflation	3.4	3.3
Rate of increase of salaries	4.8	4.8
Rate of increase of pensions in payment	2.6	2.5
	<u> </u>	<u> </u>
	2013 Years	2012 Years
Life expectancy from age 65		
Retiring today:		
Males	21	21
Females	23	23
Retiring in 20 years:		
Males	22	22
Females	25	24
	<u> </u>	<u> </u>
	2013 %	2012 %
The assets of the scheme were:		
Asset category		
Equities	71	68
Gilts	7	8
Other bonds	11	11
Property	9	11
Cash	2	2
	<u> </u>	<u> </u>
	100	100
	<u> </u>	<u> </u>
	2013 £	2012 £
Amounts include in the fair value of assets for:		
Equities	19,577,561	15,246,461
Gilts	1,930,182	1,793,701
Other bonds	3,033,143	2,466,339
Property	2,481,663	2,466,339
Cash	551,481	448,425
	<u> </u>	<u> </u>
Total market value of assets	<u>27,574,030</u>	<u>22,421,265</u>

Leisure & Culture Dundee

Notes to the accounts (continued)

12 Related Party

Leisure & Culture Dundee was contracted to provide recreation and leisure services by Dundee City Council. In the year to 31 March 2013 Leisure & Culture Dundee received from Dundee City Council £7,827,748 (2012 - £6,788,251) for services provided and paid them £395,506 (2012 - £385,052) for goods and services received including a peppercorn rent for the use of the facilities occupied by the SCIO. At 31 March 2013 Dundee City Council owed Leisure & Culture Dundee £140,014 (2012 - £46,409) and the charity owed Dundee City Council £169,011 (2012 - £1,180,029) in relation to normal trading activities.

13 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 6 of the 13 trustees of Leisure & Culture Dundee are appointed from the Council (46%) while the other 7 trustees are required to be independent of the Council.

14 Funds

	Unrestricted £	Unrestricted Pension Deficit £	Restricted £	Total £
Balance at 1 April 201	940,992	(9,164,507)	53,423	(8,170,092)
Net incoming resources before transfers	488,503	2,687,425	50,125	3,226,053
Balance at 31 March 2013	1,429,495	(6,477,082)	103,548	(4,944,039)
Represented by:				
Stocks	54,659	-	-	54,659
Debtors	496,274	-	-	496,274
Cash	1,801,289	-	103,548	1,904,837
Creditors	(922,727)	-	-	(922,727)
Pension deficit	-	(6,477,082)	-	(6,477,082)
	1,429,495	(6,477,082)	103,548	(4,944,039)

Leisure & Culture Dundee

Notes to the accounts (continued)

15	Restricted funds	Purpose	Balance at 1 April 2012 £	Income in year £	Expenditure year £	Transfer £	Balance at 31 March 2013 £
	Cultural services						
	Project Dundee	Visual Artist Award	-	10,000	(10,000)	-	-
	Environmental Monitoring	-	-	3,590	(3,590)	-	-
	Acquisition fund	Display items	36,077	149,650	(99,300)	-	86,427
	Transport Collection Officer	Transportation	-	7,069	-	-	7,069
	Library and information						
	Hard to reach	-	-	8,639	(8,627)	-	12
	Project opportunities	-	-	10,013	(6,273)	-	3,740
	Summer reading	-	-	350	(350)	-	-
	Library mobile application	-	-	4,500	-	-	4,500
	Leisure and sport						
	Football Development Officer	Football development	17,346	20,624	(36,170)	(1,800)	-
	Community Sports Hub Officer	Community engagement	-	63,184	(63,184)	-	-
	Active families	Healthy lifestyles	-	62,725	(62,725)	-	-
	Hockey	Activities	-	-	-	1,800	1,800
	Active for Life	-	-	15,316	(15,316)	-	-
			<u>53,423</u>	<u>355,660</u>	<u>(305,535)</u>	<u>-</u>	<u>103,548</u>

Leisure & Culture Dundee

Notes to the accounts (continued)

16	Reconciliation of net incoming resources to net cash inflow	2013
		£
	Net incoming resources	3,226,053
	Increase in stock	(3,476)
	Increase in debtors	(261,563)
	Decrease in creditors	(4,014,791)
	Net cash outflow from operating activities	<u>(1,053,777)</u>
17	Analysis of funds	
	Cash in hand and at bank 1 April 2012	2,958,614
	Cash in hand and at bank 31 March 2013	1,904,837
	Change in funds	<u>(1,053,777)</u>

