

**Greater Glasgow & Clyde Valley Tourist Board**

**Directors' report and financial statements**

31 March 2005

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## Directors' report

### Foreword

The Greater Glasgow & Clyde Valley Tourist Board ("the Tourist Board") is a body corporate establishment by Statutory Instrument under the powers conferred on the Scottish Ministers by the Local Government (Scotland) Act 1994. The Tourist Board became operational on 1 April 1996 and at that date inherited all property, rights and liabilities of the former Greater Glasgow Tourist Board and Convention Bureau Limited and Clyde Valley Tourist Board.

### Activities of the Tourist Board

The principal activity of the Tourist Board is the promotion of tourism throughout the local government areas of City of Glasgow, East Dunbartonshire, East Renfrewshire, Inverclyde, North Lanarkshire, Renfrewshire and South Lanarkshire.

### Financial results

The results of the Tourist Board for the year to 31 March 2005 are shown in the income and expenditure account on page 5. Included in the accounts is expenditure of £812,069 in respect of the Glasgow: Scotland with Style project, the first phase of which was completed in February 2005. Project funding was provided by ERDF £365,966 and by Glasgow City Council £100,000. Also included in the accounts is expenditure of £71,935 on the marketing and promotion of new air-routes into the city with funding provided by Glasgow City Council.

The loss for the year of £85,668 has been met from reserves. The balance sheet on page 6 shows total reserves of the Board, including reserves inherited from predecessor bodies, are £260,964.

The cash flow statement for the year is shown on page 7 and detailed notes to the accounts are to be found on pages 8 to 20.

### Board of Directors

During 2004-05 the Board of Directors comprised:

Councillor A Mosson (chairman)	Glasgow City Council
Councillor C Gordon	Glasgow City Council
Lord Provost E Cameron	Glasgow City Council
Mr M Closier	Scottish Exhibition and Conference Centre
Mr I Reid (resigned 9 September 2004)	British Airways
Councillor J Green	Renfrewshire Council
Councillor E Logan	South Lanarkshire Council
Mr D McVey (vice chairman)	Glasgow Moat House Hotel
Mr E Finlayson	Prestige Tours
Mr A Tomkins	Gamba Seafood Restaurant
Mr H Millar	Buchanan Galleries
Mr P Mahoney	Radisson SAS Hotel
Councillor J Logue	North Lanarkshire Council

### Post balance sheet events

On 1 April 2005 the assets and liabilities and undertakings of the Tourist Board transferred to the Scottish Network 1 Tourist Board which is directly managed and controlled by VisitScotland. The Tourist Board was dissolved on 1 April 2005 by Scottish Statutory Instrument 2004 No. 396, The Scottish Network 1 Tourist Board Scheme Order 2004.

### Auditors

KPMG LLP continued as auditors of the Tourist Board for the year ended 31 March 2005.

Signed on behalf of the Board on [date].

**Councillor A Mosson**  
Chairman

## **Statement on the systems of internal control**

As Acting Chief Executive, I acknowledge my responsibility on behalf of the other Board Members for ensuring that effective systems of internal control are maintained and operated by the Tourist Board.

The systems of internal controls can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The systems of internal control are based on an ongoing process designed to identify the principal risks to the achievement of Board policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system is supported by a framework of regular management and financial information (including budgetary control), standing orders and financial regulations and administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

As a result of the review of Scottish Tourism, the Board was advised that the Tourist Board would be dissolved on 31 March 2005 and on 1 April 2005 the assets and liabilities and undertakings of the Tourist Board were transferred to the Scottish Network 1 Tourist Board which is directly managed and controlled by VisitScotland.

The Board managed the transition from the Tourist Board to the Scottish Network 1 Tourist Board ensuring that good business practices were maintained, staff transferred to the new body, and that the commercial activities of the Tourist Board were carried out without intermission. Risk during this transition period was managed carefully to minimise exposure to the Tourist Board, to its responsibilities, and possible loss of staff. The Board ensured that during the year weekly management meetings, regular staff meetings and open and clear communication were maintained, to minimise the unexpected and uncertainties of change processes, brought about due to the review of Scottish Tourism. The Board also ensured that sufficient funding arrangements and commitments were in place for the transfer, based on estimates of activity, forward planning and operational commitments.

During the year, the Board participated with a due diligence audit by a firm of chartered accountants to assist in the planning of risk during the transition period.

My review of the effectiveness of the system of internal control is informed by the work of the due diligence auditors and of the executive managers within the Tourist Board who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. Having reviewed the above it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Tourist Board's internal control system.

**Scott E J Taylor**  
Former Acting Chief Executive

*[DATE]*

## **Statement of members' responsibilities**

The Tourist Board members are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Tourist Board and of its income and expenditure for that period. In preparing those financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- 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 Tourist Board will continue to operate.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Tourist Board and to enable them to ensure that the financial statements comply with the relevant statutes and regulations and in accordance with the area tourist boards approved financial reporting format. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Tourist Board and to prevent and detect fraud and other irregularities.

The Tourist Board members confirm they have discharged the above responsibilities during the financial year and in preparing the financial statements.

Signed on behalf of the Board on **[date]**.

**Councillor A Mosson**  
*Chairman*

## **ABCD**

191 West George Street  
Glasgow  
G2 2LJ  
United Kingdom

### **Independent auditors' report to the members of the former Greater Glasgow & Clyde Valley Tourist Board**

We have audited the financial statements on pages 5 to 20.

This report is made solely to the former Greater Glasgow & Clyde Valley Tourist Board ("the Tourist Board") in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Tourist Board those matters we are required to state to it in an auditors 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 Tourist Board for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The Tourist Board's directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant statutes and the area tourist boards approved financial reporting format, and whether, in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable guidance issued by grant awarding bodies. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Tourist Board has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Tourist Board is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **Basis of audit opinions**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Tourist Board's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, and that, in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable guidance issued by grant awarding bodies. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinions**

##### *Financial statements*

In our opinion the financial statements give a true and fair view of the state of the Tourist Board's affairs as at 31 March 2005 and of its deficit for the year then ended and have been properly prepared in accordance with the relevant statutes and the area tourist boards approved financial reporting format.

##### *Regularity*

In our opinion, in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable guidance issued by grant awarding bodies.

**KPMG LLP**  
*Chartered Accountants  
Registered Auditor*

27 February 2006

**Income and expenditure account**  
*for the year ended 31 March 2005*

	<i>Note</i>	2005	2004
		£	£
<b>Turnover</b>	2	454,231	504,625
Cost of sales		(197,557)	(207,130)
		<hr/>	<hr/>
<b>Gross surplus</b>		<b>256,674</b>	<b>297,495</b>
Other operating income	3	4,489,653	4,440,296
Operating expenses	4	(4,829,156)	(4,651,182)
		<hr/>	<hr/>
		(339,503)	(210,886)
<b>Operating surplus/(deficit)</b>	6	<b>(82,829)</b>	<b>86,609</b>
(Loss) on disposal of fixed assets		(13,803)	-
Interest receivable	7	12,290	12,215
Interest payable	8	(778)	(1,438)
		<hr/>	<hr/>
		11,512	10,777
		<hr/>	<hr/>
<b>(Deficit)/surplus on ordinary activities before taxation</b>		<b>(85,120)</b>	<b>97,386</b>
Taxation	9	(548)	(520)
<b>(Deficit)/surplus for the financial year</b>	17	<b>(85,668)</b>	<b>96,866</b>
		<hr/> <hr/>	<hr/> <hr/>
 <b>Summary of retained (deficits)/surpluses</b>			
Retained surplus brought forward		250,487	153,621
(Deficit)/surplus for the financial year		(85,668)	96,866
		<hr/>	<hr/>
<b>Surplus carried forward</b>		<b>164,819</b>	<b>250,487</b>
		<hr/> <hr/>	<hr/> <hr/>

In the current year, the Tourist Board made no acquisitions and had no discontinued operations.

There are no other recognised surpluses or deficits other than those reflected above.

**Balance sheet**

*as at 31 March 2005*

	<i>Note</i>	<b>2005</b> £	2004 £
<b>Fixed assets</b>			
Tangible assets	<i>10</i>	730,695	797,016
		<hr/>	<hr/>
<b>Current assets</b>			
Stock	<i>11</i>	83,019	77,182
Debtors	<i>12</i>	393,899	956,653
Cash at bank and in hand		156,333	768,764
		<hr/>	<hr/>
		633,251	1,802,599
<b>Creditors:</b> amounts falling due within one year	<i>13</i>	(474,631)	(1,582,040)
		<hr/>	<hr/>
<b>Net current assets</b>		158,620	220,559
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		889,315	1,017,575
<b>Accruals and deferred income</b>			
Deferred capital income	<i>15</i>	(628,351)	(670,943)
		<hr/>	<hr/>
<b>Net assets</b>		<b>260,964</b>	<b>346,632</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
General reserve	<i>16</i>	96,145	96,145
Income and expenditure account	<i>16</i>	164,819	250,487
		<hr/>	<hr/>
		<b>260,964</b>	<b>346,632</b>
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved on behalf of The Scottish Network 1 Tourist Board as statutory successor to the Greater Glasgow and Clyde Valley Tourist Board on **[date]**

**Peter Lederer**  
*Chairman*

**Philip Riddle**  
*Chief Operating officer*

## Cash flow statement

for the year ended 31 March 2005

	Note	2005		2004	
		£	£	£	£
<b>Net cash (outflow) from operating activities</b>	19a		(601,825)		(316,037)
<b>Returns on investments/servicing of finance</b>					
Interest received		12,290		12,215	
Interest element of finance lease rental payments		(778)		(1,438)	
		-----		-----	
			11,512		10,777
<b>Taxation</b>					
Corporation tax (paid)			(526)		(30)
<b>Investing activities</b>					
Payments to acquire tangible fixed assets			-		-
Receipt/(refund) of capital grants		2,441		(4,882)	
		-----		-----	
<b>Net cash inflow/(outflow) from investing activities</b>			2,441		(4,882)
			-----		-----
<b>Net cash (outflow) before use of liquid financing resources and financing</b>			(588,398)		(310,172)
<b>Financing</b>					
Capital element of finance lease rental repayments			(917)		(5,500)
			-----		-----
<b>Net cash (outflow) from financing</b>			(917)		(5,500)
			-----		-----
<b>Decrease in cash</b>	19b		<b>(589,315)</b>		<b>(315,672)</b>
			=====		=====

## Notes to the financial statements

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Tourist Board's financial statements.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost accounting rules, and in accordance with applicable accounting standards reporting in a format approved for the use of Scottish area tourist boards by VisitScotland.

The financial statements are prepared on the going concern basis, which provide that an entity will continue in operational existence for the foreseeable future. The Tourist Board was formally dissolved on 1 April 2005 when the Scottish Network 1 Tourist Board took over its activities, and assets and liabilities. The going concern concept has been applied to the activities of promoting tourism formerly carried out by the Tourist Board. Financial Reporting Standard 18, Accounting policies, requires financial statements to be prepared on a going concern basis if the entity is to continue in operational existence for the foreseeable future; and it sets out disclosure requirements, including where there are material uncertainties. In the public sector context, in situations where an entity providing a service ceases to exist, but the service continues to be provided using the same assets and incurring the same liabilities, but by a different public sector body, the concept of going concern applied to the provision of the service. This has been applied to the Tourist Board's activities that have been absorbed into the Scottish Network 1 Tourist Board.

Assets and liabilities of the Tourist Board were transferred to the Scottish Network 1 Tourist Board on 1 April 2005 at the values recorded in the financial statements of the Tourist Board for the year ended 31 March 2005.

Financial Reporting Standard 17 ("FRS17"), Retirement benefits, need not be applied in full until 2005-06, so pension costs have been accounted for under Statement of Standard Accounting Practice 24, Accounting for pension costs. Transitional FRS17 disclosures are provided under note 18.

#### *Fixed assets and depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less residual value, of each asset evenly over its expected useful life as follows:

Freehold property	-	over 25 years
Leasehold property	-	over 25 years
Fixtures and fittings	-	over 5 years
Motor vehicles	-	over 3 years
Computer equipment	-	over 3 years

#### *Stock*

Stock has been valued at the lower of cost and estimated net realisable value.

#### *Pension costs*

The Tourist Board is an admitted body of the Strathclyde Pension Fund, which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Board. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the Board. Further details are provided in note 18.

## **Notes to the financial statements** (*continued*)

### **1 Accounting policies** (*continued*)

#### ***Leasing***

Rental payments due under operating lease arrangements are charged to the income and expenditure account in the period to which they relate (see note 20).

Where assets are acquired under finance lease contracts, the amount representing the outright purchase price of such assets is included in tangible fixed assets. Depreciation is provided at rates designed to write off this cost in equal annual amounts over the estimated useful lives of the assets. The capital element of future payments is treated as a liability and the interest element is charged to the income and expenditure account over the period of the contract.

Where assets are acquired under hire purchase contracts the amounts representing the outright purchase price of such assets is included in tangible fixed assets. The capital element of future payments is treated as a liability and the interest element is charged to the income and expenditure account over the period of the contract.

#### ***Government grants***

Capital based government grants are included within deferred capital income in the balance sheet and credited to the income and expenditure account over the estimated useful economic lives of the assets to which they relate.

#### ***Taxation***

The Tourist Board is liable to corporation tax only in respect of bank and other interest and this is charged to the income and expenditure account in the period to which it relates. The Tourist Board is unable to recover the full amount of Value Added Tax charged on costs incurred and such irrecoverable VAT is charged to the income and expenditure account in the period to which it relates.

**Notes to the financial statements (continued)**

**2 Turnover**

	2005	2004
	£	£
Retail sales	339,104	369,791
Advertising	22,020	20,860
Fees and commission	93,107	113,974
	454,231	504,625
	454,231	504,625

**3 Other operating income**

	2005	2004
	£	£
Local Authority contributions:		
Glasgow City Council	2,539,553	2,488,059
East Dunbartonshire Council	40,000	40,000
North Lanarkshire Council	50,000	50,000
Renfrewshire Council	98,393	91,744
South Lanarkshire Council	97,000	97,000
VisitScotland grant and contributions	470,500	321,841
Local Enterprise Company contributions:		
Scottish Enterprise Glasgow	25,000	32,575
European Regional Development Fund grant	365,966	499,182
Membership fees	332,162	331,475
Advertising within main brochures	110,046	158,160
Joint promotions	111,310	57,326
Tourism training fees	38,811	37,295
Other fees and commissions	165,879	191,013
Deferred capital income	45,033	44,626
	4,489,653	4,440,296
	4,489,653	4,440,296

## Notes to the financial statements (continued)

### 4 Operating expenses

	2005	2004
	£	£
Employee costs (note 5)	2,153,861	1,985,745
Property costs	564,021	544,488
Transport costs	9,556	9,077
Supplies and services:		
Furniture, equipment and computing	76,169	86,334
Telephones and postage	72,220	88,222
Other office expenses	77,400	78,211
Professional fees	215,357	221,665
Staff uniforms, training and travel	72,480	75,112
Marketing and promotional expenses:		
Advertising	57,758	26,847
Publications	131,738	159,916
Familiarisation visits	54,813	76,936
Trade shows	62,894	74,866
Travel and subsistence	79,989	65,311
Special promotions *	1,073,339	1,029,236
Distribution of promotional material	50,433	39,874
Depreciation	52,518	65,052
Bad debt expenses	956	-
Irrecoverable VAT	23,654	24,290
	<hr/>	<hr/>
	4,829,156	4,651,182
	<hr/> <hr/>	<hr/> <hr/>

\* Special promotions in 2004-05 and 2003-04 consists primarily of expenditure relating to the Glasgow: *Scotland with Style* campaign, financing being provided by the European Regional Development Fund and City of Glasgow Council. Further details are given on page one.

### 5 Employee information

	2005	2004
	£	£
Salaries	1,708,355	1,669,500
Social security costs	139,693	136,290
Pension costs	182,748	179,955
Compensation for loss of office	123,065	-
	<hr/>	<hr/>
	2,153,861	1,985,745
	<hr/> <hr/>	<hr/> <hr/>
	2005	2004

The average number of persons directly employed (including directors) during the year was:

Board members	12	13
Management and administration	82	81
	<hr/>	<hr/>
	94	94
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements (continued)

### 5 Employee information (continued)

The following numbers of employees received remuneration (excluding pension contributions) falling within the following ranges:-

	2005	2004
£45,001 - £50,000	3	2
£50,001 - £55,000	2	-
£55,001 - £60,000	-	1
£60,001 - £65,000	-	-
£65,001 - £70,000	1	-
£70,001 - £75,000	-	-
£75,001 - £80,000	-	-
£80,001 - £85,000	-	-
£85,001 - £90,000	-	-
£90,001 - £95,001	-	1

The remuneration of the highest paid employee was as follows:

	2005 £	2004 £
Chief Executive (1 April 2004 to 7 July 2004)	180,441	93,724
Acting Chief Executive (8 July 2004 to 31 March 2004)	69,105	-
	<u>          </u>	<u>          </u>

The amount paid in pension contributions in respect of the highest paid employee was as follows:

	2005 £	2004 £
Chief Executive	-	4,000
Acting Chief Executive	9,951	-
	<u>          </u>	<u>          </u>

There is no provision in the Boards' Constitution for the directors to be paid any remuneration or other expenses in connection with the discharge of their duties.

### 6 Operating (deficit)/surplus

This is stated after charging/(crediting):

	2005 £	2004 £
Auditors' remuneration:		
Audit services	13,750	9,000
Other services	1,500	700
Depreciation of tangible fixed assets	52,518	59,752
Depreciation of assets held under finance leases and hire purchase contracts	-	5,300
Operating lease payments	297,870	295,720
Government grants and other deferred capital income released	(45,033)	(44,626)
	<u>          </u>	<u>          </u>

**Notes to the financial statements (continued)**

<b>7</b>	<b>Interest receivable</b>	2005	2004
		£	£
	Bank interest	12,290	12,215
		<u>          </u>	<u>          </u>

<b>8</b>	<b>Interest and similar charges</b>	2005	2004
		£	£
	Finance charges payable on finance leases and hire purchase contracts	778	1,438
		<u>          </u>	<u>          </u>

<b>9</b>	<b>Taxation</b>	2005	2004
		£	£
	Taxation based on the bank interest received for the year	548	520
		<u>          </u>	<u>          </u>

*Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2004: lower) than the standard rate of corporation tax in the UK (19%, 2004: 19%). The differences are explained below.

	2005	2004
	£	£
<i>Current tax reconciliation</i>		
Interest income	12,290	12,215
	<u>          </u>	<u>          </u>
Current tax at 19% (2004: 19%)	2,335	2,321
<i>Effects of:</i>		
Starting rate relief	(1,791)	(1,801)
Adjustments to tax charge in respect of previous periods	4	-
	<u>          </u>	<u>          </u>
Total current tax charge (see above)	548	520
	<u>          </u>	<u>          </u>

**Notes to the financial statements (continued)**

<b>10 Tangible fixed assets</b>	<b>Motor vehicles</b>	<b>Fixtures, fittings and equipment</b>	<b>Leasehold property</b>	<b>Freehold property</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Cost</i>					
At beginning of year	28,820	351,325	1,153,052	15,000	1,548,197
Additions	-	-	-	-	-
Disposals	(28,820)	-	-	-	(28,820)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	351,325	1,153,052	15,000	1,519,377
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	15,017	347,800	383,564	4,800	751,181
Charge for the year	-	3,525	48,393	600	52,518
Disposals	(15,017)	-	-	-	(15,017)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	351,325	431,957	5,400	788,682
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
<b>At 31 March 2005</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2004	13,803	3,525	769,488	10,200	797,016
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The figures stated above include the following assets held under finance leases and hire purchase contracts:

	<b>Motor vehicles</b>	<b>Fixtures, fittings and equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<i>At 31 March 2005</i>			
<b>Net book value</b>	-	-	-
Aggregate depreciation	-	13,980	13,980
	<hr/>	<hr/>	<hr/>
<i>At 31 March 2004</i>			
<b>Net book value</b>	13,803	-	13,803
Aggregate depreciation	15,017	13,980	28,997
	<hr/>	<hr/>	<hr/>

<b>11 Stock</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Goods for resale	83,019	77,182
	<hr/>	<hr/>

**Notes to the financial statements (continued)**

**12 Debtors**

	2005	2004
	£	£
<i>Amounts falling due within one year</i>		
Trade debtors	223,903	132,840
Other debtors	37,774	242,924
Prepayments and accrued income	132,222	580,889
	393,899	956,653
	393,899	956,653

These balances are net of a provision for bad debts of £956 (2004: £nil).

**13 Creditors: amounts falling due within one year**

	2005	2004
	£	£
Trade creditors	-	491,138
Accruals and deferred income	146,241	820,871
Obligations under finance leases and hire purchase contracts (note 14)	-	917
Other creditors including taxation and social security:		
Corporation tax	544	522
Other creditors	87,553	31,613
Subvention fund	240,293	213,863
Bank overdraft (unsecured)	-	23,116
	474,631	1,582,040
	474,631	1,582,040

**14 Obligations under finance leases and hire purchase contracts**

The future minimum lease payments to which the Board was committed as at 31 March 2005 under finance leases were as follows:

	2005	2004
	£	£
Within one year	-	917
	-	917

The total net obligation under finance leases can be analysed as follows:

Creditors: Amounts falling due within one year	-	917
Liability	-	917

## Notes to the financial statements (continued)

### 15 Accruals and deferred capital income

	2005	2004
	£	£
Deferred capital income		
At beginning of year	670,943	720,451
Receivable/(refundable) for year	2,441	(4,882)
Credited to income and expenditure account	(45,033)	(44,626)
	<hr/>	<hr/>
At end of year	628,351	670,943
	<hr/> <hr/>	<hr/> <hr/>

### 16 Reserves

	Income and expenditure account	General reserve
	£	£
Balance at 1 April 2004	250,487	96,145
(Deficit)/surplus for year	(85,668)	-
	<hr/>	<hr/>
<b>Balance at 31 March 2005</b>	<b>164,819</b>	<b>96,145</b>
	<hr/> <hr/>	<hr/> <hr/>

### 17 Capital commitments

Capital commitments authorised by the directors but not contracted for totalled £Nil at 31 March 2005.

### 18 Pensions

The employees of the Tourist Board have an option to be members of Strathclyde Pension Fund. The pension scheme is a defined benefit scheme with employee contributions fixed by statute. Employers' contributions are assessed every three years by a consulting actuary and are calculated to ensure the actuarial solvency of the fund. An actuarial valuation of the fund as at 31 March 2002 required each employing authority for the period 1 April 2003 to 31 March 2006 to contribute 230% of employees' contributions in 2003/04, 240% in 2004/05 and 250% in 2005/06 in order to meet future liabilities.

#### Pension assets and liabilities

Whilst the Board continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension Costs', under FRS 17 'Retirement Benefits' the following transitional disclosures are required:

The valuation at 31 March 2002 has been updated by the actuary on an FRS 17 basis as at 31 March 2003 and 31 March 2004. The major assumptions used in this valuation were:

	2005	2004	2003
Rate of increase in salaries	4.4%	4.4%	4.0%
Rate of increase in pensions in payment and deferred pensions	2.9%	2.9%	2.5%
Discount rate applied to scheme liabilities	5.4%	5.5%	5.4%
Inflation assumption	2.9%	2.9%	2.5%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

## Notes to the financial statements (continued)

### 18 Pensions (continued)

#### Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return 2005	Value at 2005 £000	Long term rate of return 2004	Value at 2004 £000	Long term rate of return 2003	Value at 2003 £000
Equities	7.7%	2,850	7.7%	2,367	8.0%	1,746
Bonds	4.8%	516	5.1%	461	4.8%	286
Other – Property	5.7%	369	6.5%	276	6.0%	271
Other-cash	4.8%	123	4.0%	135	4.0%	86
		<hr/>		<hr/>		<hr/>
Total		3,858		3,239		2,389
		<hr/>		<hr/>		<hr/>
Present value of scheme liabilities		4,900		4,240		3,512
Surplus/(deficit) in the scheme – asset/(liability) Pension		(1,042)		(1,001)		(1,123)
		<hr/>		<hr/>		<hr/>
Net pension asset/(liability)		(1,042)		(1,001)		(1,123)
		<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>

The amount of this net pension asset/liability would have a consequential effect on reserves.

The pension cost charge for the year was £182,749 (2004: £175,955).

There are no material changes in the pension arrangements which are anticipated to affect future costs.

#### Movement in deficit during the year

	2005 £000	2004 £000
Deficit in scheme at beginning of year	(1,001)	(1,123)
Current service cost	(225)	(169)
Contributions paid	183	154
Past service cost	-	-
Other finance income/cost	(3)	(15)
Actuarial gain/(loss)	4	152
	<hr/>	<hr/>
Deficit in the scheme at end of year	(1,042)	(1,001)
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements (continued)

### 18 Pensions (continued)

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

Analysis of other pension costs charged in arriving at operating profit/loss

	2005 £000	2004 £000
Current service cost	225	169
Past service cost	-	-
Curtailement and settlements	-	-
Decrease in irrecoverable surplus	-	-
	225	169
<b>Total operating charge (A)</b>	<b>225</b>	<b>169</b>

Analysis of amount credited to other finance income

	2005 £000	2004 £000
Expected return on pension scheme assets	238	180
Interest on pension scheme liabilities	(241)	(195)
	(3)	(15)
<b>Net revenue cost (B)</b>	<b>(3)</b>	<b>(15)</b>
<b>Net revenue account cost (A) – (B)</b>	<b>228</b>	<b>184</b>

Analysis of amount recognised in statement of total recognised gains and losses

	2005 %	2005 £000	2004 %	2004 £000	2003 %	2003 £000
Difference between the expected and actual return on assets		126		454		(807)
Value of assets		3,858		3,239		2,389
<b>Percentage of assets</b>	<b>3.3%</b>		<b>14.0%</b>		<b>(33.8%)</b>	
Experience gains/(losses) arising on liabilities		(1)		12		(320)
Total present value of liabilities		4,900		4,240		3,512
<b>Percentage of present value of year end scheme liabilities</b>	<b>(0.0%)</b>		<b>0.3%</b>		<b>(9.1%)</b>	
Actuarial gain/(loss) recognised in statement of total recognised gains and losses		4		152		(1,305)
Total present value of liabilities		4,900		4,240		3,512
<b>Percentage of present value of year end scheme liabilities</b>	<b>0.1%</b>		<b>3.6%</b>		<b>(37.2%)</b>	

## Notes to the financial statements *(continued)*

### 19 Cash flow statement

(a) Reconciliation of operating surplus to net cash outflow from operating activities

	2005	2004
	£	£
Operating surplus	(82,829)	86,609
Depreciation charge	52,518	65,052
Deferred capital income release	(45,033)	(44,626)
(Increase)/decrease in stocks	(5,837)	5,079
(Increase)/decrease in debtors	562,754	(685,473)
Increase/(decrease) in creditors due within one year	(1,083,398)	257,322
	<hr/>	<hr/>
Net cash outflow from operating activities	(601,825)	(316,037)
	<hr/> <hr/>	<hr/> <hr/>

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

	2005	2004
	£	£
Decrease in cash for year	(589,315)	(315,672)
Decrease in debt during year	917	5,500
	<hr/>	<hr/>
Movements in net funds	(588,398)	(310,172)
Opening net funds	744,731	1,054,903
	<hr/>	<hr/>
Closing net funds	156,333	744,731
	<hr/> <hr/>	<hr/> <hr/>

(c) Analysis of net funds

	1 April 2004	Cash flows Other	31 March movements	2005
	£	£	£	£
Cash in hand	768,764	(612,431)	-	156,333
Overdrafts	(23,116)	23,116	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	745,648	(589,315)	-	156,333
Debt due within one year				
Finance leases	(917)	917	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	744,731	(588,398)	-	156,333
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements (continued)

### 20 Other commitments

The Board had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings £	Other £	2005 Total £	2004 Total £
Operating leases which expire:				
Within one year	-	2,275	2,275	2,275
Between two and five years (inclusive)	58,000	2,803	60,803	2,803
Over five years	235,000	-	235,000	290,500
	<hr/>	<hr/>	<hr/>	<hr/>
	293,000	5,078	298,078	295,578
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 21 Related parties

The Tourist Board is a body corporate set up by statute to operate tourism services within the local government areas of City of Glasgow, East Dunbartonshire, East Renfrewshire, Inverclyde, North Lanarkshire, Renfrewshire and South Lanarkshire. As such it does not consider itself to be controlled by any individual party other than the extent to which it can be influenced by the members of the Tourist Board and VisitScotland.

The members of the Tourist Board are considered to be related parties as they represent the local government areas listed above. During the year, the Tourist Board received contributions from certain bodies represented by the members of the Tourist Board and these are disclosed in note 3.

The following members represented these bodies:

<b>Member</b>	<b>Body represented</b>
Councillor A Mosson (chairman)	Glasgow City Council
Councillor C Gordon	Glasgow City Council
Lord Provost E Cameron	Glasgow City Council
Councillor J Logue	North Lanarkshire Council
Councillor J Green	Renfrewshire Council
Councillor E Logan	South Lanarkshire Council

### 22 Post Balance Sheet Events

Under the terms of the Scottish Network 1 Tourist Board Scheme Order (Scottish Statutory Instrument 2004 No. 396), the assets, liabilities and undertakings of the Tourist Board were transferred to the Scottish Network 1 Tourist Board on 1 April 2005 and the Tourist Board dissolved. All financial transactions for the Tourist Board after 31 March 2005 have been taken on by the Scottish Network 1 Tourist Board. The assets and liabilities of the Tourist Board reported in these financial statements will be brought into account from the start of the financial year within the financial statements of the Scottish Network 1 Tourist Board for the year ending 31 March 2006.