

GOVAN INITIATIVE LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 1999

Company number: SC108565

Scottish Charity number: SC023930

07 OCT 1999



## GOVAN INITIATIVE LIMITED

(A Company limited by guarantee and not having a share capital)

### MEMBERS OF THE COMPANY

Glasgow Development Agency  
Glasgow City Council  
Govan C of C  
STUC  
Glasgow South Business Club

### REGISTERED OFFICE

Ibrox Business Park  
Fairfield House  
1 Broomloan Place  
Govan  
Glasgow  
G51 2JR

### BANKERS

Lloyds TSB Bank Scotland plc  
21 Blythswood Square  
Glasgow  
G2 4BL

### SOLICITORS

Boys  
146 West Regent Street  
Glasgow  
G2 2RZ

### AUDITORS

Scott-Moncrieff  
Chartered Accountants  
Allan House  
25 Bothwell Street  
Glasgow  
G2 6NL

### DIRECTOR OF THE ORGANISATION

Ronald Culley

### COMPANY SECRETARY

Ronald Culley

GOVAN INITIATIVE LIMITED  
REPORT AND ACCOUNTS  
YEAR ENDED 31 MARCH 1999

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## GOVAN INITIATIVE LIMITED

## MANAGEMENT COMMITTEE REPORT

The Management Committee submit their eleventh Report and Accounts covering the year from 1 April 1998 to 31 March 1999.

**Activities of the Company**

Govan Initiative Limited is engaged in developing and managing projects in the fields of business development, training and education, physical development and community and health development which are designed to regenerate the local economy of the Greater Govan Area.

The company is recognised by the Inland Revenue as a charity.

**Results and dividends**

The operating surplus for the year was £111 (1998: £1,185 deficit). In accordance with Article IV of the *Memorandum of Association*, no income or property of the company shall be distributed to the Members, Officers and Servants of the Company and the entire surplus after taxation is carried to the Profit and Loss Account.

**Management Committee and their interests**

The Management Committee during the year were, and at the date of this report are:

**Members:****Nominating Body**

Archie Simpson	(Resigned 1 April 1999)	Glasgow City Council
John McLaughlin	(Acting Chairman)	South Side Business Club
Euphemia McClymont	(Vice Chairwoman)	Community Liaison Committee
Deirdrie Gaughan		Glasgow City Council
John McDonagh		Gray Dunn & Company Limited
Linda Anne Smith		Glasgow Development Agency
Daniel Whitelaw		Private Sector
Alistair McManus		Private Sector
Iris Gibson		Local Resident Representative
Stephen Dornan		Glasgow City Council
Paul Martin		Glasgow City Council
Iain Robertson		Private Sector
Isabelle Robertson		Local Resident Representative
Richard Carabine		Local Resident Representative
Alistair Watson		Glasgow City Council
Michael Mallon		Private Sector
Muhammad Shoaib		Glasgow City Council
Steven Inch	(Appointed 1 April 1999)	Glasgow City Council
Grahame Smith	(Appointed 1 April 1999)	STUC
John Flanagan	(Appointed 1 April 1999)	Glasgow City Council

**GOVAN INITIATIVE LIMITED****MANAGEMENT COMMITTEE REPORT (CONT'D)****Management Committee and their interests (cont'd)**

Under the terms of Clause 33 of the Articles of Association the Nominated Members shall remain as Members of the Management Committee for a period of three years provided they are nominated representatives of their nominating bodies. Clause 34 specifies the numerical limitation of the various nominating bodies. Thereafter under Clause 33 such persons as are co-opted by the Nominated Members of the Management Committee may be appointed until the date of the Annual General Meeting following the end of the Financial Year of the Company following the date of co-option but shall remain eligible for further annual periods of co-option without limit.

**Events since the end of the year**

Since 31 March 1999 there have been no events which require to be reported or which necessitate any adjustment to the accounts.

**Responsibility of the Management Committee in respect of the accounts**

Company Law requires the Management Committee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing their accounts the Management Committee are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- prepare accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the accounts comply with the Companies Act 1985. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and irregularities.

**Auditors**

Moores Rowland merged with Scott-Moncrieff on 1 March 1999 and changed their name to Scott-Moncrieff on the same date. The auditors' report has been signed in their new name.

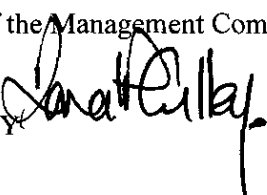
A resolution to re-appoint Scott-Moncrieff Chartered Accountants as auditors will be put to the members at the annual general meeting.

**General**

The Management Committee wishes to express thanks to all those who provided support and assistance during the period under review, over and above the financial contributions recorded in the Accounts.

On behalf of the Management Committee

R CULLEY  
SECRETARY



## GOVAN INITIATIVE LIMITED

## CHAIRMAN'S STATEMENT

During the last operational year, Govan Initiative yet again experienced a further period of successful company activity. Although the company has brought in another balanced budget at the year end, this reflects the increasing amount of effort which is being paid to securing assistance through joint ventures and work with the private sector which is financially rewarding. There is no doubt that the key relationships enjoyed by the Initiative remain with the public sector in terms of funding but the financial accounts of the Initiative point to an ever increasing trend of private sector participation and the development of private income schemes financing its work.

Last year, business development activity continued to support the local economy and Business Development Unit - restructured as the Company Development Centre - met its targets in assisting the growth of businesses within the area. Now incorporated within the CDC, the Life Long Learning Unit has also been extremely effective in supporting the continuing vocational and professional development of the local workforce. Despite staffing difficulties, the Business Start up element of the Unit last year established 130 business start ups - all of which are registered with the Inland Revenue.

While this has been encouraging, there is no question that the morale was badly effected by the uncertainty surrounding the future of Kvaerner Ship Yards. At the time of writing it appears that the short term future of the yard is safe but doubts remain as to its long term viability unless new orders are found.

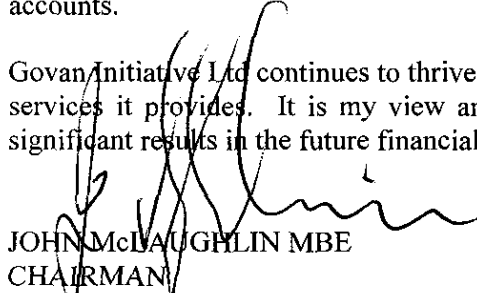
As a consequence of winning the EFQM "Business Of The Year" in 1997 the company was put forward as the Scottish representative in The European Business Of The Year Competition. Following consideration of its bid, the Initiative has been short leeted as a finalist and a team of International Assessors spent a week in July auditing the work of the company. A decision will be made on the European Business Of The Year in October 1999. Costs incurred in this have been accrued throughout the relevant financial year and the Initiative is grateful to the Bank of Australia for sponsoring its quality activities to the sum of £5,000.

In addition to this, the company was also awarded Citizens Charter Mark for displaying Excellence in the delivery of public services. This award is notable in that the company gave itself three years to obtain the accreditation but achieved it within 5 months.

Last year, the Board decided to restructure the running of the company to take account of the importance of some of the subsidiary activities in which the company is involved. As a result of this, four wholly owned subsidiaries have been established - GI Electronics, GI Telesales, GI Security and GI Enterprises. The Boards of these subsidiaries are drawn from the private sector representatives on the Board of the parent company and any surpluses earned will be invested in the local economy via the parent company.

The Initiative also vacated its long established headquarters in Ibrox Stadium and moved to a new custom built building close by in July 1999. Although the move was outwith the financial year, a significant amount of extraordinary expenses were incurred during the financial year and are reported in the accounts.

Govan Initiative Ltd continues to thrive financially, in terms of its mission and in respect of the quality of services it provides. It is my view and that of the Board that the company will continue to achieve significant results in the future financial year.



JOHN McLAUGHLIN MBE  
CHAIRMAN

## GOVAN INITIATIVE LIMITED

## AUDITORS' REPORT

TO THE MEMBERS OF GOVAN INITIATIVE LIMITED

We have audited the accounts on pages 5 to 20.

**Respective responsibilities of the members of the management committee and auditors**

As described in the management committee report the company's management committee is responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of opinion**

We have 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 and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the members of the management committee in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

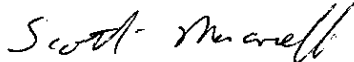
We planned and performed our audit so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

The positioning of the exceptional item as disclosed on the profit and loss account is not in accordance with format 1 of Schedule 4 to the Companies Act 1985.

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1999 and of its surplus for the year then ended and with the exception of the format of the profit and loss account and have been properly prepared in accordance with the Companies Act 1985.

We would further note that the accounts may not comply with FRS 8 in so far as not all directors have made disclosures of their other interests (see note 25).



SCOTT-MONCRIEFF

Chartered Accountants  
Registered Auditors

Allan House  
25 Bothwell Street  
Glasgow G2 6NL

GOVAN INITIATIVE LIMITED  
 PROFIT AND LOSS ACCOUNT  
 YEAR ENDED 31 MARCH 1999

	Note	1999 £	1998 £
Turnover	2	3,611,830	3,280,522
Other operating income	3	1,062,270	608,563
		<u>4,674,100</u>	<u>3,889,085</u>
Administrative expenses		<u>4,612,863</u>	<u>3,814,568</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST AND EXCEPTIONAL ITEM		61,237	74,517
Interest payable	4	<u>61,126</u>	<u>75,702</u>
OPERATING SURPLUS (DEFICIT)	5	111	(1,185)
Exceptional item	5	<u>233,019</u>	<u>(208,556)</u>
SURPLUS (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		233,130	(209,741)
TAX ON ORDINARY ACTIVITIES	7	<u>-</u>	<u>-</u>
SURPLUS (DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION	17	<u>233,130</u>	<u>(209,741)</u>

All disclosures relate only to continuing operations. All recognised gains and losses are included in the Profit and Loss Account.

The notes on pages 8 to 20 form part of these accounts.



## GOVAN INITIATIVE LIMITED

## BALANCE SHEET

AT 31 MARCH 1999

	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	8	3,304,321	3,498,759
Investments	9	-	16,000
		<u>3,304,321</u>	<u>3,514,759</u>
<b>CURRENT ASSETS</b>			
Stocks		17,430	12,830
Loans	10	163,676	185,913
Debtors	11	1,411,471	860,185
Cash at bank and on hand		2,729	105,415
		<u>1,595,306</u>	<u>1,164,343</u>
CREDITORS: Amounts falling due within one year	12	1,626,598	1,306,743
NET CURRENT LIABILITIES		<u>(31,292)</u>	<u>(142,400)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,273,029	3,372,359
CREDITORS: Amounts falling due after more than one year	15	632,043	749,520
DEFERRED CAPITAL GRANTS	16	2,086,638	2,295,389
NET ASSETS		<u>554,348</u>	<u>327,450</u>
<b>RESERVES</b>			
Profit and loss account	17	187,407	(45,723)
Business Development Fund Reserve	17&18	366,941	373,173
		<u>554,348</u>	<u>327,450</u>



JOHN McLAUGHLIN MBE  
CHAIRMAN OF MANAGEMENT COMMITTEE

The notes on pages 8 to 20 form part of these accounts.

## GOVAN INITIATIVE LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 1999

	Note	1999 £	1998 £
Net cash (outflow) inflow from operating activities	19	(856,165)	164,568
Returns on investments and servicing of finance	20	(61,126)	(75,702)
Capital expenditure	20	(143,054)	(469,980)
Net cash outflow before financing		(1,060,345)	(381,114)
Financing	20	298,196	126,219
Decrease in cash	21	(762,149)	(254,895)

The notes on pages 8 to 20 form part of these accounts.

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1999

**1. Accounting Policies***Basis of accounting*

The Accounts are prepared under the historical cost convention and in accordance with approved Accounting Standards.

*Group accounts*

The accounts present information about the company as an individual undertaking and not about its group.

Group accounts have not been prepared as permitted under Section 248(1) of the Companies Act 1985 on the grounds that the group qualifies as a medium sized group.

*Operating leases*

Rentals paid under operating leases are charged to profit and loss account as incurred. The obligation to pay future rentals on operating leases is shown by way of a note to the accounts

*Depreciation*

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

Office furniture and equipment	- over 4 to 6 years
Motor vehicles	- over 4 years
Project capital purchases	- over term of project
Leasehold improvements	- over 50 years
Buildings	- over 50 years

*Deferred capital grants*

Grants received and receivable are credited to a deferral account and are released to the Profit and Loss Account over the life of the asset.

*Pension scheme*

The company makes contributions to various personal pension arrangements for employees, up to a maximum of 6% of remuneration.

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**2. Turnover**

Turnover represents the amounts received and receivable from members and other sponsors:

	1999 £	1998 £
European Commission	1,187,355	762,776
Glasgow City Council	543,682	661,271
Glasgow Development Agency	1,234,296	1,293,984
Scottish Office	439,301	552,491
Rangers Football Club	10,000	10,000
Other partnership funding	197,196	-
	<u>3,611,830</u>	<u>3,280,522</u>

**3. Other operating income**

Training courses	-	32,953
Other	9,612	71,647
Company contributions	339,544	-
Interest on loans and current accounts	6,600	24,258
Rent	540,542	345,172
Fees - Business Advice Unit	8,345	1,950
Arts - Productions	17,435	12,049
Nurseries	48,889	26,725
Braehead Development	-	48,750
Training and Education	26,682	34,839
Health	249	767
Govan Works	64,372	9,453
	<u>1,062,270</u>	<u>608,563</u>

**4. Interest payable**

Term loan	61,126	74,664
Bank overdraft	-	1,038
	<u>61,126</u>	<u>75,702</u>

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**5. Operating surplus (deficit)**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Stated after charging or (crediting):		
Staff costs (note 6)	482,337	395,995
Depreciation	149,092	122,238
Operating lease rentals on:		
property	126,704	189,422
equipment	22,363	22,363
Auditors remuneration:		
- for audit services	6,600	6,500
- for non-audit services	4,666	11,909
Capital grants released	(208,751)	(64,148)
	<u>          </u>	<u>          </u>

## Exceptional items

In view of the financial results of G I Electronics Ltd (formerly known as Digitlink Ltd) the following provisions have been made:

In respect of value of investment	-	(50,130)
In respect of loan account	(50,000)	(158,426)
	<u>          </u>	<u>          </u>
	(50,000)	(208,556)
Gain on sale of unit 1 - Moorpark	283,019	-
	<u>          </u>	<u>          </u>
	233,019	(208,556)
	<u>          </u>	<u>          </u>
(see note 9(b))		

**6. Staff costs**

Direct wages and salaries	1,852,600	1,646,046
Social security costs	185,260	164,046
Pension costs	46,319	41,500
	<u>          </u>	<u>          </u>
	2,084,179	1,851,592
Charge for seconded staff	69,000	69,000
	<u>          </u>	<u>          </u>
	2,153,179	1,920,592
Deduct recovered through projects	1,670,842	1,524,597
	<u>          </u>	<u>          </u>
	482,337	395,995
	<u>          </u>	<u>          </u>

No fees or other emoluments were paid directly, or indirectly, to any Member of the Management Committee.

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

## 6. Staff costs (cont'd)

The average weekly number of persons employed by the company during the year was:

	1999 Number	1998 Number
Administrative	15	15
Projects	142	169

In addition, the salaries of certain members of staff were carried directly on payrolls outwith the company, and either re-charged or provided as a contribution-in-kind.

## 7. Tax on surplus (deficit) on ordinary activities

There is no liability to taxation as the company has obtained exemption under Section 505 of the Income and Corporation Taxes Act 1988 with effect from 30 June 1997. The Scottish Charity number for the company is SC023930.

## 8. Fixed Assets

	Buildings £	Leasehold Improvements £	Office Furniture & Equipment £	Total £
<i>Cost:</i>				
At 1 April 1998	4,366,681	402,990	1,069,131	5,838,802
Additions	85,624	-	57,430	143,054
Disposals	(501,255)	-	-	(501,255)
Contributions rec'd	(1,087,145)	-	-	(1,087,145)
At 31 March 1999	2,863,905	402,990	1,126,561	4,393,456
<i>Depreciation:</i>				
At 1 April 1998	138,390	8,060	793,593	940,043
Charge for year	61,048	8,060	79,984	149,092
On disposals	-	-	-	-
At 31 March 1999	199,438	16,120	873,577	1,089,135
<i>Net Book Value:</i>				
At 31 March 1999	2,664,467	386,870	252,984	3,304,321
At 31 March 1998	2,828,291	394,930	275,538	3,498,759

Included within Buildings is bank interest capitalised of £80,224 (1998: £80,224), being interest charged up to date of completion and internal salaries of £70,000 (1998: £70,000).

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**8. Fixed Assets (cont'd)**

The Festival Business Centre, Brand Street, Govan has a net book value of £1,934,101 and a corresponding deferred capital grant balance of £1,157,498.

The building was valued on 29 May 1997 by Messrs D.T.Z. Debenham Thorpe, Chartered Surveyors at £1,100,000 being the Open Market Value subject to sub-tenancies at that date.

The Management Committee are of the opinion that the revaluation does not represent a permanent diminution in value and therefore no account has been taken of the valuation within these accounts.

**9. Investments**

	Unlisted investments £	Shares in subsidiary undertaking £	Total £
At 1 April 1998	61,000	50,130	111,130
Provisions	(45,000)	(50,130)	(95,130)
Disposal in year	(16,000)	-	(16,000)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 1999	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>

**Shares in subsidiary undertaking**

The company owns the entire share capital, being 50,130 ordinary shares of £1 each, of G I Electronics Ltd (formerly known as Digitlink Limited), a company registered in Scotland. The company's principal activity is the development and sale of electronic locking systems.

As at 31 March 1999 the aggregate capital and reserves were £221,015 - debit (1998: £158,426 - debit).

Govan Initiative Ltd has provided for this deficiency in these accounts (see note 5).

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**10. Loans**

Loans are advanced to local businesses from the Business Development Fund.

	<b>1999</b> <b>£</b>	<b>1998</b> <b>£</b>
Outstanding at 1 April 1998	185,913	210,042
Loans granted during year	85,825	162,850
Repaid during year	(101,830)	(159,843)
Written off	(6,232)	(27,136)
Outstanding at 31 March 1999	<u>163,676</u>	<u>185,913</u>

Of the outstanding balance at 31 March 1999 £82,569 is due to be repaid after more than one year (1998: £81,796).

**11. Debtors**

	<b>1999</b> <b>£</b>	<b>1998</b> <b>£</b>
Debtors	1,078,406	759,192
Prepayments	276,213	40,327
Amounts due from subsidiary undertaking	13,400	42,408
Other debtors	43,452	18,258
	<u>1,411,471</u>	<u>860,185</u>

**12. Creditors: Amounts falling due within one year**

Bank overdraft	659,463	-
Trade creditors	21,340	77,962
Bank term loan (notes 13 and 15)	15,151	15,479
Other taxation and social security costs	8,026	46,553
Accruals	274,264	214,958
Funds received in advance (note 14)	648,354	951,791
	<u>1,626,598</u>	<u>1,306,743</u>



## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**13. Bank borrowings**

All bank borrowings are secured by a Standard Security over the company's property in Brand Street, Govan, and also by a Bond and Floating Charge over all assets of the company.

**14. Funds Received in Advance**

Where funds have been received for the purposes of core activities or projects and relate either to capital expenditure not expended by the end of the financial year or to revenue expenditure for periods falling outwith the financial year, these funds have been accounted for as funds in advance.

	1999 £	1998 £
Core	36,000	50,960
Project balances	612,354	900,831
	<u>648,354</u>	<u>951,791</u>

**15. Creditors: Amounts falling due after more than one year**

Bank term loan	<u>632,043</u>	<u>749,520</u>
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The loan is repayable in equal monthly instalments over 18 years. Interest on the loan will be charged at 3% per annum over the Bank's Base Rate.

	1999 £	1998 £
The loan is repayable as follows:		
In one year or less	15,151	15,479
Between one and two years	16,910	16,979
Between two and five years	63,450	63,419
In five years or more	551,683	669,122
	<u>647,194</u>	<u>764,999</u>

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**16. Deferred Capital Grants**

Where capital grants have been received, or have been claimed, these grants are treated as deferred and are released over the expected life of the assets concerned, or the length of the project if shorter.

	1999 £	1998 £
The movements during the year were:		
Balance at 1 April 1998	2,295,389	2,222,154
Grants receivable	-	137,383
Released to Profit and Loss Account	(208,751)	(64,148)
Balance at 31 March 1999	<u>2,086,638</u>	<u>2,295,389</u>
The balance comprises:		
Festival Business Centre	1,157,498	1,181,120
Small Business Development Centre	383,880	391,940
Theatre Works	2,302	2,763
Konver	2,386	2,863
Moorpark Business Centre	533,632	707,490
Teleworks	6,940	8,328
Sustainable environments	-	885
	<u>2,086,638</u>	<u>2,295,389</u>

**17. Statement of reconciliation of reserves**

	Business Development Fund Reserve £	Profit and Loss Account £	Total £
Balance at 1 April 1998	373,173	(45,723)	327,450
Surplus for year	-	233,130	233,130
Bad debts written off	(6,232)	-	(6,232)
Balance at 31 March 1999	<u>366,941</u>	<u>187,407</u>	<u>554,348</u>

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**18. Business Development Fund Reserve**

The movements in this Reserve are set out in note 17. Grants are received through ERDF RENAVAL (and previously through Urban Programme) to fund the Business Development Fund (previously known as the Grants and Loan Scheme). The grants are used specifically to finance loans to local businesses. The grants are not repayable and have been shown as a Business Development Fund Reserve.

**19. Reconciliation of operating surplus to net cash (outflow) inflow from operating activities**

	1999 £	1998 £
Operating surplus (deficit)	294,256	(134,039)
Depreciation of tangible fixed assets	149,092	130,298
Increase in stocks	(4,600)	(12,830)
Increase in debtors	(559,049)	(130,741)
(Decrease) increase in creditors	(447,569)	194,608
Release of deferred capital grants	(49,044)	(64,148)
Bad debts written off	(6,232)	(27,136)
Exceptional item	(233,019)	208,556
	<u>(856,165)</u>	<u>164,568</u>

**20. Gross cash flows**

Interest paid	<u>61,126</u>	<u>75,702</u>
Payment to acquire tangible fixed assets	<u>143,054</u>	<u>469,980</u>
<b>Financing</b>		
Sale of investments	16,000	-
Capital grants received	-	137,383
Loan repayment	(117,805)	(11,164)
Sale of fixed assets	400,001	-
	<u>298,196</u>	<u>126,219</u>

	At 1 April 1998	Cash flow	At 31 March 1999
<b>21. Analysis of changes in net funds</b>			
Cash in hand	105,415	(762,149)	(656,734)
Bank loan	(764,999)	117,805	(647,194)
	<u>(659,584)</u>	<u>(644,344)</u>	<u>(1,303,928)</u>

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**22. Statement of financial activities**

The table below is provided in accordance with the requirements of SORP2, the Statement of Recommended Practice on the accounts of charities.

	Unrestricted funds £	Restricted funds £	1999 Total funds £	1998 Total funds £
<b>Incoming resources</b>				
Grants - European	-	1,187,355	1,187,355	762,776
- Local authority	272,840	1,387,138	1,659,978	1,837,255
- GDA	118,000	-	118,000	118,000
- Scottish Office	-	439,301	439,301	552,491
- Other	10,000	-	10,000	10,000
Investment income	267	6,333	6,600	24,258
Rent	4,385	536,157	540,542	345,172
Other income	387,551	324,773	712,324	239,133
Total incoming resources	<u>793,043</u>	<u>3,881,057</u>	<u>4,674,100</u>	<u>3,889,085</u>
<b>Resources expended</b>				
Direct charitable expenditure	-	3,881,057	3,881,057	3,234,006
Management and administration of the charity	792,932	-	792,932	656,264
Total resources expended	<u>792,932</u>	<u>3,881,057</u>	<u>4,673,989</u>	<u>3,890,270</u>
Net incoming (outgoing) resources for the year	111	-	111	(1,185)
<b>Other recognised gains and losses</b>				
Exceptional item	233,019	-	233,019	(208,556)
Net movement in funds	<u>233,130</u>	<u>-</u>	<u>233,130</u>	<u>(209,741)</u>

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**23. Capital commitments**

	1999 £	1998 £
Authorised but not contracted for	-	-
Contracted for	-	-
	<u>          </u>	<u>          </u>

**24. Operating lease commitments**

The company had annual commitments under non-cancellable leases as set out below:

	1999		1998	
	Property £	Other £	Property £	Other £
Operating leases which expire:				
Within one year	60,800	165	55,800	Nil
In the second to fifth years inclusive	65,904	22,198	133,622	22,363
	<u>126,704</u>	<u>22,363</u>	<u>189,422</u>	<u>22,363</u>

**25. Directors' interests**

Due to the nature of the company's operations and the composition of its Board of Directors it is inevitable that transactions will take place with companies or other organisations in which a Director may have an interest. All transactions involving companies or organisations in which a Director may have an interest are conducted at arms length and in accordance with normal project and programme rules. Directors are not permitted to participate in discussions or decisions on transactions involving their related businesses.

The company works in partnership with a number of public and other bodies with whom many joint projects have been undertaken during the year. The following persons who were directors held official positions with such bodies:

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**25. Directors' interests (cont'd)**

<u>Director</u>	<u>Organisation</u>	<u>Position held</u>
Archie Simpson	Glasgow City Council	Councillor
John McLaughlin	Glasgow South Side Business Club	Chairman
Linda Anne Smith	Glasgow Development Agency	Network Development Manager
	Glasgow Science Centre	Husband is Executive Director
Richard Carabine	Govan Workspace	Shareholder
	Govan Housing Association	Committee member
	Govan Community Organisation	Committee member
	Council	
Richmond Cameron	Cardonald College	Board member
	East End Tegs	Depute Director
	Pacific Institute	Consultant
Ronald Culley	Strathclyde European Partnership Ltd	Board member
	Scottish Urban Regeneration Forum	Board member
	Ibrox Community Complex	Secretary
Stephen Inch	Developing Strathclyde Ltd	Director
	Wise Group Ltd	Director
	Glasgow Works Ltd	Director

In relation to non public bodies the following persons who were directors held the following official positions with such bodies:

<u>Director</u>	<u>Organisation</u>	<u>Position held</u>
John McLaughlin	Skylight International Ltd	80% shareholder and chairman
	Govan Chairman Ltd	90% shareholder and chairman
Daniel Whitelaw	Neptune Fabrication (SP) Ltd	33% shareholder and director

No declarations were received from nine of the directors as required by Financial Reporting Standard 8 - Related party disclosure.

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 1999

**26. Related party transactions**

During the year the company had transactions with related parties as follows:

	1999 £	1998 £
Administrative charge to subsidiary undertaking	-	13,000
Balance due by subsidiary undertaking	<u>13,400</u>	<u>42,408</u>
Exceptional item (see note 5)		

**27. Controlling party**

No individual or company has a dominant influence over the company.