

GOVAN INITIATIVE LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2002

Company number: SC108565

Scottish Charity number: SC023930



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GOVAN INITIATIVE LIMITED

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

MEMBERS OF THE COMPANY

Scottish Enterprise Glasgow
Glasgow City Council
Govan Community Liaison Forum
Scottish Trade Union Congress
Glasgow South Business Club

REGISTERED OFFICE

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

BANKERS

Lloyds TSB Bank Scotland plc
Commercial Banking Centre
P O Box 15344
6th Floor
2 Atlantic Quay
Glasgow
G2 8WE

SOLICITORS

Biggart Baillie
310 St Vincent Street
Glasgow
G2 5QR

AUDITORS

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

DIRECTOR OF THE ORGANISATION

Damien Yeates

COMPANY SECRETARY

Damien Yeates

GOVAN INITIATIVE LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 MARCH 2002

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GOVAN INITIATIVE LIMITED

MANAGEMENT COMMITTEE REPORT

The Management Committee submit their fifteenth Report and Accounts covering the year from 1 April 2001 to 31 March 2002.

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 surplus for the year was £772 (2001: £17). 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
John McLaughlin	(Chairman)	Glasgow South Business Club
Euphemia McClymont	(Vice Chairwoman)	Govan Community Liaison Forum
Councillor D Gaughan		Glasgow City Council
Councillor S Dorman		Glasgow City Council
Councillor C McCafferty		Glasgow City Council
Councillor S Butt		Glasgow City Council
John McDonagh		Glasgow South Business Club
Alistair McManus		Glasgow South Business Club
Daniel Whitelaw		Glasgow South Business Club
Stewart McIlwraith		Glasgow South Business Club
Jim Tait	(Vice Chairman)	Glasgow South Business Club
Richard Carabine		Govan Community Liaison Forum
Alan Davidson		Govan Community Liaison Forum
Raymond Young		Govan Community Liaison Forum
Gordon Young		Govan Community Liaison Forum
Richard Leonard		Scottish Trade Union Council
John Crawford		Scottish Enterprise Glasgow

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 2002 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

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

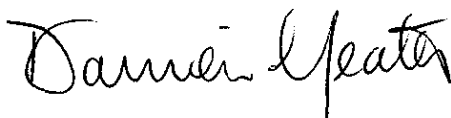
GOVAN INITIATIVE LIMITED

MANAGEMENT COMMITTEE REPORT (cont'd)

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

A handwritten signature in black ink, appearing to read 'Damien Yeates', written in a cursive style.

Damien Yeates
Secretary

27 June 2002

GOVAN INITIATIVE LIMITED

CHAIRMAN'S STATEMENT

In what has been one of the most turbulent business environments for many years Govan Initiative Ltd has out performed against all expectations. This our fifteenth year in existence has brought major new developments in the areas of industry centred learning, community capacity building and progressive partnership working. Progress has been achieved against the backdrop of an international crisis and significant changes to national policy directives.

Internationally the down turn in tech stocks and the shocking events of September 11th conspired to create powerful recessionary pressures on international markets. During the past year many international corporations and institutions have reorganised and restructured to reflect a more sobering business environment. In particular the telecoms and technology players have curtailed investment and divested non-core business activities.

Although the world's economy is still suffering the effects of the September 11th and a loss of confidence in the markets this was not reflected locally in Glasgow's economy. In their joint briefing document the Glasgow Economic Monitor, and An Upbeat Glasgow, Glasgow City Council and Scottish Enterprise Glasgow indicate that Glasgow's economy is still buoyant.

Moreover with some £900m private planning consents factored in for future developments and the potential investment of £3.2bn in the GHA housing stock transfer it appears that high levels of economic growth are likely to be maintained in Glasgow for some time to come. While economic growth remains positive there is clear evidence that the people of Glasgow are not benefiting from this renaissance. Glasgow's underlying social indicators point to a community that is 'disconnected' from the opportunity to achieve social and economic inclusion. To achieve real sustainable results local communities have to be involved in the process, to contribute to and benefit from the economic success of the area.

Govan Initiative Ltd is working tirelessly to ensure that the benefits of economic prosperity do translate into measurable benefits for the people of Greater Govan. The recent draft report from the OECD referred to Govan Initiative Ltd as an organisation that demonstrates the ability to deliver sustainable outcomes. They suggested that in many ways we were in advance of some of the policy debates surrounding sustainability particularly in relation to realising social sustainability through effective economic development.

Govan Initiative Ltd supported 561 people into employment, provided 1,393 training places, & assisted local people in their achievement of 612 qualifications.

In addition, during 2001/2002 the three key priorities for Govan Initiative Ltd were to focus on:-

- developing a new range of skills programmes that reflected the ambitions of A Smart Successful Scotland for a higher skilled, higher wage economy
- to build more progressive partnerships with the community through Glasgow City Council and the Glasgow Alliance
- to proactively develop new partnerships with private and public sector agencies

I am very pleased to report that Govan Initiative Ltd has made significant process across all three objectives. The company has invested heavily in developing a new state of the art facility to 'democratise' access to high quality industry centered content that will provide greater opportunities to access higher skilled, higher wage employment opportunities for local people. With an investment of some £2.5m in the Hills Trust Community Academy, Govan Initiative Ltd is offering access to 21st century 'blended' learning.

GOVAN INITIATIVE LIMITED

CHAIRMAN'S STATEMENT (cont'd)

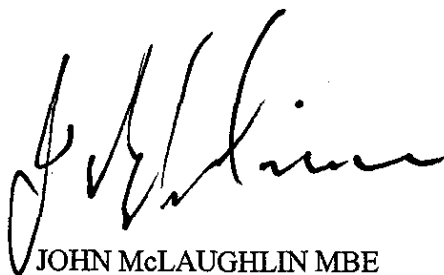
During 2001/2002 the company has invested significant time, energy and resources in building new and more productive relationships with the local community. Over the year Govan Initiative Ltd has supported local community organisations, provided a direct investment of over £360,000 in frontier community initiatives including the Community Learning Links, the Linthouse Flat, Community Development & Training and the Community Internet Project. Today Govan Initiative Ltd is delivering services into some 12 community outreach halls and centres. During the coming year we hope to establish a new social economy team to extend and intensive our support, leveraging in an additional £150,000 per annum for work supporting community organisations.

Productive partnerships built upon excellence and mutual reciprocity is the key to longer term success of Govan Initiative Ltd. This past year saw a major drive towards creating new partnerships. In the public sector Govan Initiative Ltd has initiated new partnership projects with the Glasgow Alliance, the Glasgow Housing Association, Communities Scotland, Scottish Universities for Industry and the three local housing associations; Govan, Linthouse and Elderpark. As ever our relations with the private sector continue to grow and develop at pace. During 2001/2002 Cisco Systems invested some \$500,000 towards developing the Hills Trust Academy. This level of private sector confidence in Govan Initiative Ltd was matched by a range of new partners including IKEA, DELL, NTL, & Cala Properties.

In conjunction with the 7 other LDC's, Govan Initiative formed a new partnership with the Glasgow Chamber of Commerce this year, and has as a result set up a new company that will deliver business services City Wide. This, the first contract of its kind in Glasgow, is an excellent example of the public and private sectors working together to deliver a £1million contract for the city.

We will continue to pursue new partnerships in the coming year, and to develop some of those that we have been working on this year. These include potential partnerships with Hewlett Packard, PANDUIT, Microsoft, Adobe, Sun Microsystems and Oracle, BusinessLabs, University of Abertay, BBC, Chanel 4, & Forward Scotland. All of these opportunities have the potential to bring benefit to the Greater Govan area in some shape or form, and we will work hard over the coming months to make sure that we maximise this potential.

The next year then will prove to be another busy and exciting one I am sure. We will have new challenges to face and new tasks to complete. I am confident though that with our continued commitment to quality, our belief in our values, and our strong focus on budgetary control and value for money we will continue to serve the area well. We can only manage this with the continued commitment of our staff and partners, who have once again been an excellent support to us this year. I would like to finish off then by thanking our staff for their dedication over the past year, for their team work and commitment to GI, and by thanking our partners for their ever valuable support and dedication to helping us achieve our aims.



JOHN McLAUGHLIN MBE
CHAIRMAN

27 June 2002

GOVAN INITIATIVE LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF GOVAN INITIATIVE LIMITED

We have audited the financial statements of Govan Initiative Limited for the year ended 31 March 2002 as set out on pages 8 to 23. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 12.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company 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 company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 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 company'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 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 financial statements.

GOVAN INITIATIVE LIMITED

AUDITORS' REPORT

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group as at 31 March 2002 and of the surplus of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SCOTT-MONCRIEFF

Chartered Accountants
Registered Auditor

Allan House
25 Bothwell Street
Glasgow G2 6NL

27 June 2002

GOVAN INITIATIVE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2002

	Note	2002 £	2001 £
Turnover	2	4,348,319	3,637,438
Other operating income	3	599,591	599,156
		<u>4,947,910</u>	<u>4,236,594</u>
Administrative expenses		4,890,343	4,177,584
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST		57,567	59,010
Interest payable	4	56,795	58,993
		<u>772</u>	<u>17</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		772	17
TAX ON ORDINARY ACTIVITIES	7	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	17	<u>772</u>	<u>17</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 12 to 23 form part of these accounts.

GOVAN INITIATIVE LIMITED

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	3,742,228	3,144,870
Investments		-	-
		<u>3,742,228</u>	<u>3,144,870</u>
CURRENT ASSETS			
Stocks		23,328	21,158
Loans	10	111,851	173,517
Debtors	11	1,352,093	1,095,686
Cash at bank and on hand		1,998	166,266
		<u>1,489,270</u>	<u>1,456,627</u>
CREDITORS: Amounts falling due within one year	12	1,372,040	1,215,348
NET CURRENT ASSETS		<u>117,230</u>	<u>241,279</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,859,458</u>	<u>3,386,149</u>
CREDITORS: Amounts falling due after more than one year	15	841,905	872,222
DEFERRED CAPITAL GRANTS	16	<u>2,674,519</u>	<u>2,014,492</u>
NET ASSETS		<u>343,034</u>	<u>499,435</u>
RESERVES			
Profit and loss account	17	175,753	174,981
Business Development Fund Reserve	17&18	167,281	324,454
		<u>343,034</u>	<u>499,435</u>



JOHN McLAUGHLIN MBE
CHAIRMAN OF MANAGEMENT COMMITTEE

27 June 2002

The notes on pages 12 to 23 form part of these accounts.

GOVAN INITIATIVE LIMITED

COMPANY BALANCE SHEET

AT 31 MARCH 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	3,739,234	3,138,969
Investments	9	4	4
		<u>3,739,238</u>	<u>3,138,973</u>
CURRENT ASSETS			
Stocks		22,428	16,968
Debtors	11	1,286,663	786,575
Cash at bank and on hand		179	129,131
		<u>1,309,270</u>	<u>932,674</u>
CREDITORS: Amounts falling due within one year	12	1,344,522	999,357
NET CURRENT LIABILITIES		<u>(35,252)</u>	<u>(66,683)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,703,986</u>	<u>3,072,290</u>
CREDITORS: Amounts falling due after more than one year	15	841,905	872,222
DEFERRED CAPITAL GRANTS	16	2,673,739	2,012,498
NET ASSETS		<u>188,342</u>	<u>187,570</u>
RESERVES			
Profit and loss account	17	188,342	187,570
Business Development Fund Reserve	17 & 18	-	-
		<u>188,342</u>	<u>187,570</u>


 JOHN McLAUGHLIN MBE
 CHAIRMAN OF MANAGEMENT COMMITTEE

27 June 2002

The notes on pages 12 to 23 form part of these accounts.

GOVAN INITIATIVE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2002

	Note	2002 £	2001 £
Net cash (outflow) inflow from operating activities	19	(396,595)	346,674
Returns on investments and servicing of finance	20	(56,795)	(58,993)
Capital expenditure	20	(786,580)	(60,393)
Grant received	20	633,932	26,100
Net cash (outflow) inflow before financing		(606,038)	253,388
Financing	20	(30,318)	336,528
Net cash flow	21	<u>(636,356)</u>	<u>589,916</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease) increase in cash		(636,356)	589,916
Loan repayment		30,318	663,472
New loan		-	(1,000,000)
Net debt at 1 April 2001		<u>(772,623)</u>	<u>(1,026,011)</u>
Net debt at 31 March 2002		<u>(1,378,661)</u>	<u>(772,623)</u>

The notes on pages 12 to 23 form part of these accounts.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 2002

1. Accounting Policies*Basis of consolidation and accounting convention*

The consolidated accounts incorporate the accounts of Govan Initiative Limited and its subsidiary undertakings made up to 31 March 2002. No profit and loss account is presented for Govan Initiative Limited as permitted by s230 of the Companies Act 1985. The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

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 2002

2. Turnover

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

	2002 £	2001 £
European Commission	836,960	745,680
Glasgow City Council	1,451,076	1,149,492
Scottish Enterprise Glasgow	1,467,901	1,298,690
Scottish Enterprise National	135,925	-
Other partnership funding	340,738	324,285
Social inclusion partnership	115,719	119,291
	<u>4,348,319</u>	<u>3,637,438</u>

3. Other operating income

Company contributions	5,000	20,156
Interest on loans and current accounts	3,014	4,086
Rent	461,754	427,263
Fees - Nurseries	72,040	53,460
Sustainable communities	25,803	53,629
Govan Works	31,980	39,984
Business Advice Unit	-	578
	<u>599,591</u>	<u>599,156</u>

4. Interest payable

Term loan	<u>56,795</u>	<u>58,993</u>
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GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2002

5. Operating surplus	2002	2001
	£	£
Stated after charging or (crediting):		
Staff costs (note 6)	461,714	454,322
Depreciation	189,222	151,328
Operating lease rentals on:		
Property	84,344	106,875
Equipment	22,274	19,908
Auditors remuneration:		
- for audit services	8,500	8,100
- for non-audit services	6,061	7,580
Capital grants released	(98,905)	(48,842)
	<u> </u>	<u> </u>
6. Staff costs		
Direct wages and salaries	2,125,684	1,876,561
Social security costs	212,568	187,656
Pension costs	127,541	64,552
	<u> </u>	<u> </u>
	2,465,793	2,128,769
Deduct recovered through projects	2,004,079	1,674,447
	<u> </u>	<u> </u>
	461,714	454,322
	<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 2002

6. Staff costs (cont'd)

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

	2002 Number	2001 Number
Administrative	20	15
Projects	164	140

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 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

Group	Buildings £	Leasehold Improvements £	Office Furniture & Equipment £	Vehicles £	Total £
<i>Cost:</i>					
At 1 April 2001	3,893,393	414,990	1,223,420	3,750	5,535,553
Additions	-	617,210	169,370	-	786,580
Contributions rec'd	(1,003,899)	-	-	-	(1,003,899)
Reclassification	111	(1,575)	3,043	(20)	1,559
At 31 March 2002	2,889,605	1,030,625	1,395,833	3,730	5,319,793
<i>Depreciation:</i>					
At 1 April 2001	314,585	32,656	1,038,921	622	1,386,784
Charge for year	57,792	37,991	92,817	622	189,222
Reclassification	36,060	-	(34,505)	4	1,559
At 31 March 2002	408,437	70,647	1,097,233	1,248	1,577,565
<i>Net Book Value:</i>					
At 31 March 2002	2,481,168	959,978	298,600	2,482	3,742,228
At 31 March 2001	2,574,909	382,334	184,499	3,128	3,144,870

Company

All of the fixed assets of the group are also those of the company except for office furniture and equipment with a cost of £43,052 and accumulated depreciation of £40,058 giving a net book value of £2,994.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2002

9. Investments

Company	Shares in Subsidiary Undertaking £	Total £
At 1 April 2001 and 31 March 2002	4	4

Shares in subsidiary undertakings

Details of subsidiary undertaking

Name of Company	Nature of business	Proportion of shares held Ordinary
Electronic Adaptor Concerns Limited (formerly)	Dormant	
GI Electronics Limited		100%
Express Surveillance Solutions Ltd (formerly GI Security Limited)	Dormant	100%
GI Telesales Limited	Provision of sales and marketing services	100%
GI Enterprise Limited	Developing and managing projects in the local community	-

GI Enterprise Ltd does not have a share capital. It is a company limited by guarantee, Govan Initiative is the only member of this company.

The above subsidiaries are registered in Scotland. All of these companies have been included in these consolidated accounts.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 2002

10. Loans**Group**

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

	2002 £	2001 £
Outstanding at 1 April 2001	173,517	216,698
Loans granted during year	25,200	71,300
Repaid during year	(54,693)	(78,899)
Written off	(32,173)	(35,582)
Outstanding at 31 March 2002	<u>111,851</u>	<u>173,517</u>

Of the outstanding balance at 31 March 2002 £54,784 is due to be repaid after more than one year (2001: £110,099).

11. Debtors

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Trade Debtors	223,823	107,573	221,900	100,636
Prepayments	272,235	432,985	272,235	304,095
Other debtors	856,035	555,128	792,528	371,271
Amount due from subsidiary undertaking	-	-	-	10,573
	<u>1,352,093</u>	<u>1,095,686</u>	<u>1,286,663</u>	<u>786,575</u>

12. Creditors: Amounts falling due within one year

Bank overdraft	472,088	-	513,407	-
Trade creditors	330,998	317,773	327,004	190,816
Bank term loan (notes 13 and 15)	66,666	66,667	66,666	66,667
Other taxation and social security costs	32,938	55,550	24,222	37,390
Other creditors and accruals	205,598	168,819	192,353	142,193
Funds received in advance (note 14)	263,752	606,539	220,870	562,291
	<u>1,372,040</u>	<u>1,215,348</u>	<u>1,344,522</u>	<u>999,357</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2002

13. Bank borrowings

All bank borrowings are secured by a bond and floating charge over all assets of the company. In addition, the bank has First Standard Security over Moorpark Industrial Estate (except unit 1) and Brand Street, Business Centre.

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.

	2002 £	2001 £
Core	36,000	36,000
Project balances	227,752	570,539
	<u>263,752</u>	<u>606,539</u>

All the above relate to the company with the exception of £42,882 (2001: £44,248) which relates to G I Enterprise Ltd.

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

	2002 £	2001 £
Bank term loan	<u>841,905</u>	<u>872,222</u>

The loan is repayable in equal monthly instalments over 13 years. Interest on the loan will be charged at 2% per annum over the Bank's Base Rate.

	2002 £	2001 £
The loan is repayable as follows:		
In one year or less	66,666	66,667
Between one and two years	66,666	66,667
Between two and five years	200,000	200,000
In five years or more	575,239	605,555
	<u>908,571</u>	<u>938,889</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2002

16. Deferred Capital Grants**Group**

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.

	2002 £	2001 £
The movements during the year were:		
Balance at 1 April 2001	2,014,492	2,037,234
Received in the year	758,932	26,100
Released to Profit and Loss Account	(98,905)	(48,842)
	<u>2,674,519</u>	<u>2,014,492</u>
Balance at 31 March 2002	<u>2,674,519</u>	<u>2,014,492</u>

The balance comprises:

Hills Trust	697,924	-
Festival Business Centre	1,088,974	1,111,488
Small Business Development Centre – Govan Town Hall	360,114	368,142
Environmental task force	5,653	7,066
Moorpark Business Centre	501,764	512,004
Teleworks	555	1,994
Other projects	19,535	13,798
	<u>2,674,519</u>	<u>2,014,492</u>

All of the above deferred capital grants relate to the company with the exception of £780 (2001: £1,994).

17. Statement of reconciliation of reserves

	Group		Company
	Business Development Reserve £	Profit and Loss Account £	Profit and Loss Account £
Balance at 1 April 2001	324,454	174,981	187,570
Surplus in year	-	772	772
Bad debts written off	(32,173)	-	-
Transfer to Glasgow Regeneration Services	(125,000)	-	-
	<u>167,281</u>	<u>175,753</u>	<u>188,342</u>
Balance at 31 March 2002	<u>167,281</u>	<u>175,753</u>	<u>188,342</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2002

18. Business Development Fund Reserve

The movements in this Reserve are set out in note 17. The fund is used specifically to finance loans to local businesses.

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

	2002 £	2001 £
Operating surplus	57,567	59,010
Depreciation of tangible fixed assets	189,222	151,328
Increase in stocks	(2,170)	(3,087)
Increase (decrease) in debtors	(194,741)	59,479
(Decrease) increase in creditors	(315,395)	164,368
Release of deferred capital grants	(98,905)	(48,842)
Bad debts written off	(32,173)	(35,582)
Net cash (outflow) inflow from operating activities	<u>(396,595)</u>	<u>346,674</u>

20. Gross cash flows

Interest paid	56,795	58,993
Payment to acquire tangible fixed assets	786,580	60,393
Capital grants received (net)	633,932	26,100
Financing		
Loan repayments	(30,318)	(663,472)
Loan finance	-	1,000,000
	<u>(30,318)</u>	<u>336,528</u>

21. Analysis of changes in net funds

	At 1 April 2001 £	Cash flow £	At 31 March 2002 £
Cash in hand	166,266	(164,268)	1,998
Bank overdraft	-	(472,088)	(472,088)
	<u>166,266</u>	<u>(636,356)</u>	<u>(470,090)</u>
Bank loan	(938,889)	30,318	(908,571)
Net Debt	<u>(772,623)</u>	<u>(606,038)</u>	<u>(1,378,661)</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2002

22. Statement of financial activities

The table below is provided in accordance with the requirements of the Statement of Recommended Practice (Accounting and Reporting by Charities).

	Unrestricted funds £	Restricted funds £	2002 Total Funds £	2001 Total Funds £
Incoming resources				
Scottish Enterprise National	-	135,925	135,925	-
Grants - European	-	836,960	836,960	745,680
- Local authority	220,000	1,231,076	1,451,076	1,149,492
- Scottish Enterprise Glasgow	112,000	1,355,901	1,467,901	1,298,690
- Other	-	115,719	115,719	119,291
Investment income	-	-	-	4,086
Rent	397,797	63,957	461,754	427,263
Other income	21,032	457,543	478,575	492,092
Total incoming resources	750,829	4,197,081	4,947,910	4,236,594
Resources				
Direct charitable expenditure	-	4,197,081	4,197,081	3,448,370
Management and administration of the charity	750,057	-	750,057	788,207
Total resources expended	750,057	4,197,081	4,947,138	4,236,577
Net movement in funds	772	-	772	17

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2002

23. Capital commitments	2002 £	2001 £
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:

	2002		2001	
	Property £	Other £	Property £	Other £
Operating leases which expire:				
Within one year	54,144	22,274	56,625	5,992
In the second to fifth years inclusive	-	-	23,250	13,916
After five years	30,200	-	30,000	-
	<u>84,344</u>	<u>22,274</u>	<u>109,875</u>	<u>19,908</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 2002

25. Directors' interests (cont'd)

<u>Director</u>	<u>Organisation</u>	<u>Position held</u>
Councillor D Gaughan	Glasgow City Council	Councillor
Councillor S Butt	Glasgow City Council	Councillor
Alan Davidson	Northwest Economic Network	Director
	Horizons Ltd	Director
Raymond Young	Rural Forum Trust	Trustee
Councillor C McCafferty	Glasgow Opportunities Ltd	Board Member
	Glasgow City Council	Councillor
	Scottish Enterprise Glasgow	Board Member
	Scottish Council Development and Industry	Board Member
Richard Carabine	Govan Workspace	Board Member

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	Director
Stewart McIlwraith	Modular Holdings Ltd	95% shareholder and director
	Coffee Scotland Ltd	Director
	Jigsaw Development Ltd	Director
Jim Tait	Harmony Row Ltd	50% shareholder and director

26. Controlling party

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