

REGISTERED COMPANY NUMBER: SC116334 (Scotland)
REGISTERED CHARITY NUMBER: SC007212

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2019**



HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
73 Union Street Greenock PA16 8BG

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

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INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Reference and Administrative Details for the Year Ended 31 March 2019

TRUSTEES

D. Muirhead
R. Ahlfeld
M. Mackin
H. Brown
E. McCready
C. Jackson
E. Robertson
J. Pearce
R. Davidson

SECRETARY

A. Johnstone

REGISTERED OFFICE

Westburn Centre
175 Dalrymple Street
Greenock
PA15 1JZ

REGISTERED COMPANY NUMBER

SC116334 (Scotland)

REGISTERED CHARITY NUMBER

SC007212

AUDITORS

Henderson & Company
73 Union Street
Greenock
Renfrewshire
PA16 8BG

SOLICITORS

Burness Paull Solicitors
242 West George Street
Glasgow
G2 4QY

INVERCLYDE COMMUNITY DEVELOPMENT TRUST
(A Registered Charity)

CHAIRMANS REPORT

Welcome to our Annual Review of the Trust and the presentation of our Annual Accounts.

This operational year has seen many challenges for us in terms of our service delivery model and the ongoing difficulties of funding.

This year we have

- Renewed our Employability contract for a year, allowing us to maintain our service to the local community.
- Although the Employability service has had some notable successes in supporting people into work and with their personal and career development it continues to face challenges in engaging willing participants.
- We have restructured our Community Tracks project to focus on supporting the development of new cycle routes. We have also tested a project using our electronic bikes.
- We have maintained all of our other community projects and services and continued to deliver vital support to our local communities.
- We have undergone a process of strategic and governance development to lead us into the years ahead.

Despite these changes and challenges the Board and the CEO are committed to continuing our mission and to developing new partnerships and opportunities.

Our thanks this year to all our supporters:

Inverclyde Council
Inverclyde Council's Economic Regeneration Service
Inverclyde Community Health & Social Care Partnership
Job Centre Plus
Development Trust Association (Scotland)
Heritage Lottery Fund
Big Lottery
Craigend Resource Centre
Stepwell Consultancy

West College
Branchton Community Centre
Inverclyde Alliance
Riverside Inverclyde
River Clyde Homes
Skills Development Scotland
CVS Inverclyde
Financial Fitness

Finally, I should like to thank my colleagues on the Board of the Trust and all staff and volunteers for all their work and support throughout the year.



A.D. MUIREHEAD
Chairman

22 November 2019

INVERCLYDE COMMUNITY DEVELOPMENT TRUST
(A Registered charity)

TRUSTEES REPORT

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2019.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, The Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their account in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details including professional advisers are shown on page 1 of the financial statements.

DIRECTORS AND TRUSTEES

The directors of the charitable company are its trustees for the purposes of charity law and throughout the report are collectively referred to as the trustees.

The trustees below have held office during the whole of the period from 1 April 2018 to the date of this report; except as noted

D Muirhead (Chairman)
R Brown
M Mackin
E McCready
R Ahlfeld
C Jackson
E Robertson
J Pearce (appointed 11.11.19)
R Davidson (appointed 4.11.19)
D McCorkindale Meek (resigned 8.7.19)
J McCallion (resigned 8.7.19)

THE MISSION OF INVERCLYDE COMMUNITY DEVELOPMENT TRUST (THE TRUST) IS:

- To contribute to the overall economic development of Inverclyde by providing or creating jobs for people from disadvantaged groups and areas.
- To provide a framework for local people to enhance their existing skills and enter a learning pathway which increases their potential for economic activity and/or the improvement of their quality of life.
- To remove obstacles to individuals and groups accessing training and employment.
- To provide a range of services within the community and other community groups.

The Trust continues to seek to achieve its mission through a series of operational objectives.

OBJECTIVE 1

To address the problem of economic and social inclusion facing local people in Inverclyde through the provision of community support services, and employment training services.

OBJECTIVE 2

To provide employment, volunteering and training opportunities for local people within the delivery of community based services.

OBJECTIVE 3

To develop sustainable community based services through a range of income generation and business services.

OBJECTIVE 4

To develop the community infrastructure and provide facilities for local organisations and service users.

OBJECTIVE 5

To achieve meaningful local and social regeneration by providing ways to access and celebrate local history.

We provide a range of community services and projects across our charitable objectives. We have continued to provide and develop the majority of these during this year. At the same time, we have restructured our funding sources and values to either sustain or reshape these services and projects.

EMPLOYABILITY

The employment market continues to change, with reported high levels of employment but the local market continues to lag behind. This has led to the need for different types of employability support which we have delivered through our employability support service.

From April 2018 to March 2019 we continued to support local people into employment and to improve their knowledge and skills to improve their employability. Of the 901 people who registered with us:

- 211 people secured employment with a range of local employers
- 919 basic skills qualifications were achieved
- 364 full qualifications were gained by 214 people
- 132 people achieved industry recognised qualifications
- 19 people secured apprenticeships
- 44 wage subsidies – providing support to local employers to employ additional staff
- 67 young people secured a post through our Future Jobs programme which mixes training with practical work experience

We also delivered a number of jobs fairs, and supported local employers with recruitment campaigns, apprenticeship assessments and supporting recruitment in other ways.

COMMUNITY TRACKS

In 2019 Community Tracks did not have its funding renewed by Climate Challenge Fund but it did secure new funding from Sustrans to make improvements to the cycle network across Inverclyde. In 2019 the project engaged with 212 individuals within the year. People were able to participate in a range of activities such as led rides, volunteering and taking part in our 'doctor bike' sessions. We also gave out 124 recycled bikes to families across Inverclyde. In 2019 Community Tracks also developed and delivered an e-bike hire scheme across Inverclyde in partnership with Cloch Housing. Community Tracks also implemented a number of bike repair Pods/Stations across Inverclyde.

FOOD TO FORK

In 2019 we have engaged with 25 volunteers, trainees and clients within our community garden learning a range of horticulture skills. We have also had 31 people undertake our healthy cooking class and cooking on a budget class within the training kitchen at PGBTC. In 2019 we also distributed another 2 community freezers to two different community groups.

BEFRIENDING

We supported 47 Befriending relationships solely through our volunteers!

We hosted The Great Get Together in partnership with Your Voice at Clyde Square with a £300 grant from Inverclyde Council. This was well attended by the public and our local refugee community and also by many councillors and our Provost Martin Brennan

Our Volunteer Team were delighted to be selected as one of 3 finalists in a field of 30+ nominations for the Inverclyde Community Awards in the category of "Volunteer Team of the Year".

We also carried out multiple Outreach visits and events in our ever increasing challenge to recruit new volunteers. Our Befriending project is currently being reviewed by HSCP and we anticipate significant changes to our services

REFUGEE BEFRIENDING

Refugee befriending continues to expand and support new Scots in Inverclyde, in 2019 we worked with another 8 families from Syria and Sudan and 13 volunteers and we expect the programme to continue into 2020

ENTERPRISE

Our enterprise activity has continued to produce wood products, print and embroidery for t-shirts and uniforms and other small scale products. This is primarily a training opportunity to enhance people's employability prospects.

JOHN WOOD STREET CENTRE

The centre at 7 ½ John Wood Street continues to attract a good number of visitors, with over 6,100 people accessing the centre for a range of services. The centre supports 30 community groups, 26 voluntary groups and 9 statutory agencies to deliver a wide variety of community based activities including over 1,500 people attending community information & advice sessions, support groups & craft activities. We also provided access for:

- 1,327 people accessed health services
- 169 attending DWP sessions
- 65 attending housing advice
- 410 attending literacy support
- 82 attending addiction support sessions
- Over 250 people attending training sessions

INTERNAL OPERATIONS

We have been actively restructuring our staff structures and finances to make sure that they are focused on delivering the best possible outcomes within the resources available.

We have a new senior management team and have included business development as a specific role for the first time. We have also reduced our expenditure in some key areas and made significant savings in order to invest in our front line delivery of services to the people of Inverclyde.

We have also reinvigorated some of our properties. We have refurbished the Dutch Gable House to re-open it for use by the community; we have consolidated our presence within the Port Glasgow Business & Training Centre and have started looking for an alternative site for all the activities currently situated here. We have also brought our facilities in Nicholson Street back into use to create our new Training Centre.

PLANS FOR 2020

The coming years bring a great deal of uncertainty. With local council budgets forecast to reduce each year for the next three years; the future replacement for ESF funding that contributes to employability is uncertain due to Brexit; a broader political context that is in a state of flux; and a broader economy at risk of substantial downturn due to both Brexit and a forecast cyclical downturn, we face financial pressures at every turn.

Our board of Trustees has undertaken a governance development exercise this year to reposition the Trust for the future. This exercise clarifies our vision, mission, and strategic objectives so we are clear about our purpose and direction for the future. Our biggest risk will continue to be sourcing an appropriate mix of funding to deliver our purpose and the strategic objectives we have set for ourselves. Our future will depend on a 'mixed economy' of funding sources and reducing any over reliance on one single source of funds. Our business development and fundraising strategies are now directed towards this approach.

ECONOMIC IMPACTS

Staff employed – 50

£1.9 million spent on wages/salaries

SAFEGUARDING STATEMENT

Inverclyde Community Development Trust acknowledges the duty of care to safeguard and promote the welfare of vulnerable adults and children in their care and is committed to ensuring safeguarding practice which reflects statutory responsibility, government guidance and complies with best practice.

GOVERNANCE/

GOVERNANCE

The Trust is a representative type Organisation with its Directors being nominated by:

- Community Councils
- Local Community Forums
- Voluntary Sector Organisations
- Co-operation from interested parties

In addition, the Local Authority nominates 3 elected members.

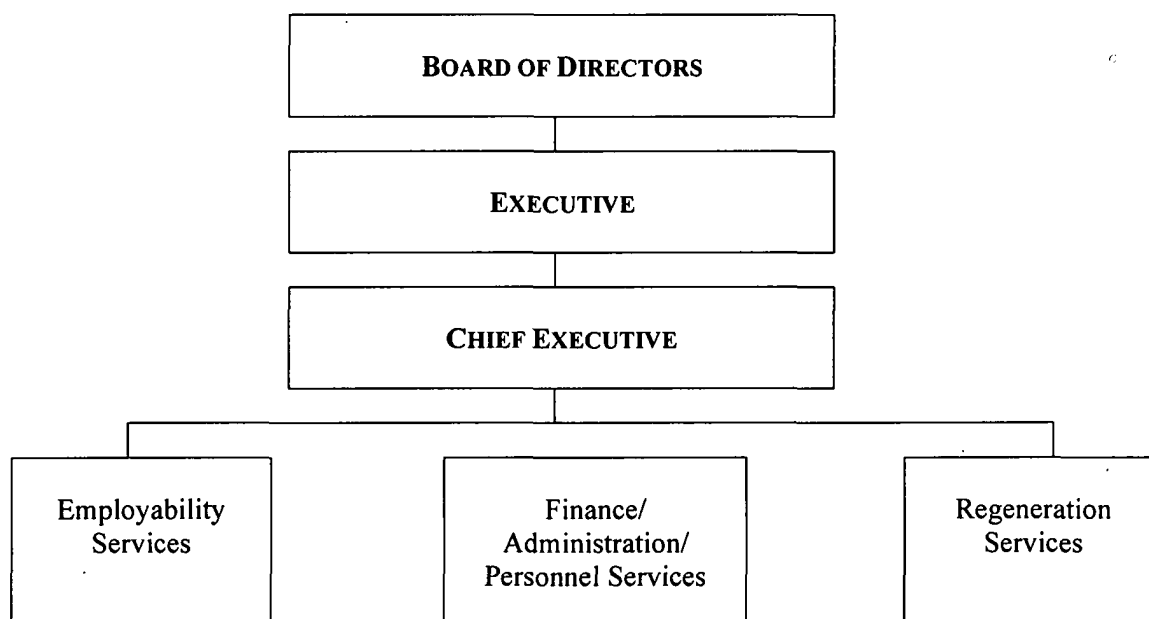
The Board can also co-opt additional Members to represent specific interests or new initiatives which are relevant to the work of the Trust.

Local Authority Officers may also attend Board meetings, if required to give information or advice on specific areas.

Members of the Board are Directors of the Company. At the Annual General Meeting, the Chairman, Vice Chairman and Company Secretary are elected for a period.

The Board has overall responsibility for the strategic management of the Trust and its related activities. Day to day operation of the Trust is delegated to the Chief Executive.

ORGANISATIONAL STRUCTURE IN 2019



RESULTS

This year the Trust ended the year with a deficit of £289,121 (2018 – Surplus of £72,760). The deficit for the year can be split between a deficit on unrestricted activities of £198,531 and a deficit of £90,590 on restricted funds.

RESERVES POLICY

Reserves are important for:

- Contingency Planning
- Fulfilment of legal and moral commitments (e.g. outstanding service delivery or redundancy)

Our policy for reserves is required to demonstrate:

- Transparency and accountability to funders
- Sound financial management
- Justification of the amount of reserves

The Board of the Trust have set reserves at a level which requires:

- Reserves to be maintained at a level which ensures the continuity of the Trust's core activities during a period of unforeseen difficulty.
- The required level of reserves to be held in a readily realisable form.

The calculation of the required level of reserves is an integral part of the Trust's planning, budgeting and forecasting cycle.

Reserves are divided into the following categories:

1. Restricted Reserves

Restricted revenue reserves represents funds received from funders in advance of delivery of services. These reserves may be partly or wholly repayable if the Trust does not comply with the grant giver's conditions. These restricted revenue reserves are therefore not available to the Trustees for unrestricted purposes.

2. Designated Reserves

Designated reserves represents funds being held for a specific purpose decided by the Trust but which could be used for another purpose.

Funds employed stand at £1,515,806 (2018 - £1,804,927) of which £652,507 (2018 - £743,097) are of a restricted nature.

Risk Management

The Trustees have, with support from senior staff, adopted a structured approach to risk management and incorporated risk management into its management practices. A review of the risks facing the organisation, the risk mitigation possible, the impact and likelihood has been carried out by the Board and a new Risk Register has been introduced. A regular report will be made to the Board.

The company is not a risk averse organisation. It recognises that to stay in the forefront of representing the sector and developing services, risky activities need to be undertaken. The overall level of risk accepted may, if the risks materialise, lead to significant change and disruption in the organisation but should not place the organisation as a whole in jeopardy.

The level of risk acceptable is considered against the benefit to the sector. High risk activities with little direct benefit to the sector are not to be undertaken even if there is a possibility of significant amounts of income generation.

The management Board is the ultimate governing body of the company and is responsible for internal financial controls. The system of controls aims to give the Board reasonable (but not total) assurance that issues are identified as they arise and are dealt with appropriately in an effective, timely manner. The three main objectives of the control system are:

- To ensure that the company continues to maintain proper accounting records;
- To safeguard the organisation's assets from unauthorised disposal or use; and
- To ensure the integrity and reliability of financial and operational information used for decision-making within the organisation and for external publication.

The/

The Company's internal controls include:

- A strategic plan and an annual budget approved by the Trustees.
- Regular consideration by the Trustees of financial results, variance from budgets, non-financial and performance indicators.
- Delegation of authority and segregation of duties.
- Identification and management of risks.

Pensions

The company participates in a defined contribution pension scheme with Scottish Equitable via Stewart Asset Management Group. During the accounting period, the company paid contributions at the rate of 3-6% for all pensionable posts. Member contributions are at the discretion of each individual member.

Legal and Administrative Information

Inverclyde Community Development Trust (ICDT) is a Scottish Charity, Recognition Number SC007212. It is a private company limited by guarantee with no share capital, registration number SC116334. The operation of ICDT is governed by its Memorandum and Articles of Association.

Directors and Trustees

The directors of the charitable company are its trustees for the purposes of charity law and throughout the report are collectively referred to as the trustees.

Chief Executive

Allan Johnstone

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Inverclyde Community Development Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The/

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Henderson & Company, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 22 November 2019 and signed on its behalf by:

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

D. MUIRHEAD
Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Opinion

We have audited the financial statements of Inverclyde Community Development Trust for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements which indicates that the company's main grant funding with Inverclyde Council runs until the 31 March 2020 and the option to extend the contract beyond this date has not yet been agreed. If the contract is not extended the company may be unable to continue trading. This indicates a material uncertainty which may cast doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other information

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our Report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them 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 charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



David J. Quigg (Senior Statutory Auditor)
for and on behalf of Henderson & Company
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
73 Union Street
Greenock
Renfrewshire
PA16 8BG

22 November 2019

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year Ended 31 March 2019

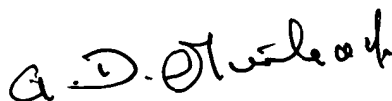
		2019			
		Unrestricted Funds	Restricted Funds	Total Funds	2018 Total Funds
	Notes	£	£	£	£
INCOME					
Income from Charitable Activities:					
Activities in the Furtherance of the Charities Objectives	2	241,926	2,296,321	2,538,247	3,689,530
Income from Other Trading Activities:					
Other Trading Activities	3	34,303	-	34,303	34,928
Investment Income		-	-	-	-
Total Income		276,229	2,296,321	2,572,550	3,724,458
EXPENDITURE					
Cost of Raising Funds:					
Other Trading Activities	4	19,153	-	19,153	31,628
Expenditure on Charitable Activities:					
Activities in the Furtherance of the Charities Objectives	5	451,988	2,386,911	2,838,899	3,615,899
Interest Paid		3,619	-	3,619	4,171
Total Expenditure		474,760	2,386,911	2,861,671	3,651,698
Net Income/(Expenditure) and Net Movement in Funds for the Year		(198,531)	(90,590)	(289,121)	72,760
RECONCILIATION OF FUNDS					
Total Funds brought forward		1,061,830	743,097	1,804,927	1,732,167
TOTAL FUNDS CARRIED FORWARD		863,299	652,507	1,515,806	1,804,927

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

INVERCLYDE COMMUNITY DEVELOPMENT TRUST
Registered Company Number: SC116334 (Scotland)
Statement of Financial Position
At 31 March 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible Assets	10	967,872	987,969
CURRENT ASSETS			
Debtors	11	309,922	58,015
Cash at Bank		<u>687,928</u>	<u>1,378,446</u>
		997,850	1,436,461
CREDITORS			
Amounts falling due within one year	12	<u>(399,430)</u>	<u>(548,950)</u>
NET CURRENT ASSETS		<u>598,420</u>	<u>887,511</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,566,292	1,875,480
CREDITORS			
Amounts falling due after more than one year	13	<u>(50,486)</u>	<u>(70,553)</u>
NET ASSETS		<u>1,515,806</u>	<u>1,804,927</u>
FUNDS	17-19		
Restricted Funds		652,507	743,097
Unrestricted Funds			
Revaluation Reserve		85,000	85,000
General Funds		<u>778,299</u>	<u>976,830</u>
TOTAL FUNDS		<u>1,515,806</u>	<u>1,804,927</u>

The financial statements were approved by the Board of Trustees on 22 November 2019 and were signed on its behalf by:



D. MUIRHEAD
Trustee

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Statement of Cash Flows for the Year Ended 31 March 2019

	Notes	2019 £	2018 £
Cash Flows from Operating Activities:			
Cash (Used in) / Generated from Operations	22	(667,678)	897,499
Interest Paid		<u>(3,619)</u>	<u>(4,171)</u>
Net Cash Provided by / (Used In) Operating Activities		<u>(671,297)</u>	<u>893,328</u>
 Cash Flows from Investing Activities:			
Purchase of Tangible Fixed Assets		-	-
Interest Received		<u>-</u>	<u>-</u>
Net Cash Provided By / (Used In) Investing Activities		<u>-</u>	<u>-</u>
 Cash Flows from Financing Activities:			
Loan Repayments in Year		<u>(19,221)</u>	<u>(18,519)</u>
Net Cash Provided By / (Used In) Financing Activities		<u>(19,221)</u>	<u>(18,519)</u>
 Change in Cash and Cash Equivalents in the Reporting Period		(690,518)	874,809
Cash and Cash Equivalents at the Beginning of the Reporting Period		<u>1,378,446</u>	<u>503,637</u>
Cash and Cash Equivalents at the End of the Reporting Period		<u><u>687,928</u></u>	<u><u>1,378,446</u></u>

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Notes to the Financial Statements for the Year Ended 31 March 2019

1. ACCOUNTING POLICIES

Basis of Preparing the Financial Statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going Concern

The majority of the company's income is derived from the employability contract which is delivered in partnership with Inverclyde Council. The current contract which runs until 31 March 2020 contains an option to be extended for a further year. Inverclyde Council have not yet informed the Trust whether it will extend the contract beyond 31 March 2020. If the employability contract is not secured then significant changes will need to be made to the structure of the company which may culminate in the cessation of operations. The trustees are confident that the contract will be extended and that the company will continue to operate successfully in the future. There however remains uncertainty as to whether the required funding will be secured from Inverclyde Council.

Income

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

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Allocation and Apportionment of Costs

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates:-

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include fees for external scrutiny and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. floor areas, per capita or estimated usage.

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

1. ACCOUNTING POLICIES – continued

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Port Glasgow Refurbishment	- 5% straight line
Fixtures and Fittings	- 20% reducing balance
Motor Vehicles	- 25% reducing balance
Plant and Machinery	- 10% straight line

The assets residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate or if there is an indication of significant change since the last reporting date.

Land and buildings held and used in the company's own activities are stated at their residual amount. The residual amount equates to the fair value at the date of revaluation less any depreciation or impairment losses subsequently accumulated.

Fund Accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Debtors

Trade and other debtors are recognised at the settlement amount due after any discounts offered.

Cash at Bank and in Hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount after allowing for any discounts.

Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of loans which are subsequently measured at amortised cost using the effective interest method.

Pension

The company operates a defined contribution scheme in respect of its employees. The assets of the scheme are held separately from those of the company. The pension charge represents the amounts payable to the scheme in respect of the year.

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

Operating Leases

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expenses in a straight line basis over the lease term.

Significant Judgements and Estimates

In the application of the company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods. The trustees are satisfied that the accounting policies are appropriate and applied consistently.

The key source of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the valuation of the company's properties. As described in note 10 to the financial statements freehold property is stated at fair value based on the valuation performed by an independent professional valuer who has experience in the location and category of property valued. The directors are of the opinion that there has been no change in the value of the properties since the valuations were carried out.

2. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2019 Total Funds £	2018 Total Funds £
Other Grants and Income	241,926	-	241,926	298,023
Grants	<u>-</u>	<u>2,296,321</u>	<u>2,296,321</u>	<u>3,391,507</u>
	<u>241,926</u>	<u>2,296,321</u>	<u>2,538,247</u>	<u>3,689,530</u>

Grants Received, included in the above, are as follows:

	2019 £	2018 £
Inverclyde Council – Employability Funding	1,920,720	2,742,826
Inverclyde Community Health Care Partnership	88,850	302,378
Inverclyde Council – Community Development Programme	177,547	184,272
Climate Challenge Fund	80,018	90,345
Nesta	29,186	-
Scottish Government Interface	-	34,686
People's Postcode Trust	-	15,000
Development Trusts Association Scotland	-	22,000
Other Grants and Income	<u>241,926</u>	<u>298,023</u>
	<u>2,538,247</u>	<u>3,689,530</u>

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

3. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2019 Total Funds £	2018 Total Funds £
Rental and Services Income	18,546	-	18,546	21,948
Café Sales	6,523	-	6,523	3,270
Financial Services	9,234	-	9,234	9,710
	<u>34,303</u>	<u>-</u>	<u>34,303</u>	<u>34,928</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2019 Total Funds £	2018 Total Funds £
Rental and Services Income	14,139	-	14,139	27,007
Café Sales	4,286	-	4,286	3,893
Financial Services	728	-	728	728
	<u>19,153</u>	<u>-</u>	<u>19,153</u>	<u>31,628</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support Costs (See Note 6) £	Totals £
Activities in the Furtherance of the Charities Objectives	<u>2,700,901</u>	<u>137,998</u>	<u>2,838,899</u>

6. GOVERNANCE AND SUPPORT COSTS

	2019 £	2018 £
Accommodation	75,964	177,177
Finance	8,268	18,646
Core	<u>53,766</u>	<u>155,814</u>
	<u>137,998</u>	<u>351,637</u>

Governance and support costs have been allocated in full to expenditure on charitable activities based on management estimation of usage.

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

7. NET INCOME/(EXPENDITURE)

Net Income/(Expenditure) is Stated after Charging/(Crediting):

	2019	2018
	£	£
Auditors' Remuneration	8,500	8,500
Other Non-Audit Services	2,450	2,450
Depreciation - Owned Assets	20,097	20,428
Operating Lease Rentals - Property	31,000	30,667
- Equipment	<u>23,543</u>	<u>23,543</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There was no trustees' remuneration or other benefits for the year ended 31 March 2019 nor for the year ended 31 March 2018.

9. STAFF COSTS

	2019	2018
	£	£
Wages and Salaries	1,804,797	2,196,093
Social Security Costs	109,259	123,606
Pension Costs	<u>72,674</u>	<u>80,321</u>
	<u>1,986,730</u>	<u>2,400,020</u>

The average monthly number of employees during the year was 101 (2018 – 151).

No employees received emoluments in excess of £60,000.

Total remuneration paid to key management personnel (defined as the Chief Executive Officer, Head of Service for Finance and Operations Managers) amounted to £264,991 (2018 - £231,718).

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

10. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant and Machinery £	Fixtures and Fittings £	Motor Vehicles £	Totals £
COST					
At 1 April 2018	925,000	185,514	125,730	22,030	1,258,274
Additions	-	-	-	-	-
At 31 March 2019	<u>925,000</u>	<u>185,514</u>	<u>125,730</u>	<u>22,030</u>	<u>1,258,274</u>
DEPRECIATION					
At 1 April 2018	-	141,079	110,770	18,456	270,305
Charge for year	-	<u>14,811</u>	<u>4,393</u>	<u>893</u>	<u>20,097</u>
At 31 March 2019	-	<u>155,890</u>	<u>115,163</u>	<u>19,349</u>	<u>290,402</u>
NET BOOK VALUE					
At 31 March 2019	<u>925,000</u>	<u>29,624</u>	<u>10,567</u>	<u>2,681</u>	<u>967,872</u>
At 31 March 2018	<u>925,000</u>	<u>44,435</u>	<u>14,960</u>	<u>3,574</u>	<u>987,969</u>

The company's properties were revalued by Allied Surveyors Scotland PLC on 8th October 2013, on an open market basis. In their opinion the value at this time was £925,000. The trustees consider that this valuation represents a reasonable basis upon which to assess the fair value of the properties at 31 March 2019.

The historical cost of the company's properties is £1,302,390 (2018 - £1,302,390).

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade Debtors	291,864	36,602
Other Debtors	<u>18,058</u>	<u>21,413</u>
	<u>309,922</u>	<u>58,015</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Bank Loan	20,149	19,303
Trade Creditors	34,246	111,042
Social Security and Other Taxes	26,344	42,451
Accruals	100,584	124,332
Other Creditors	<u>218,107</u>	<u>251,822</u>
	<u>399,430</u>	<u>548,950</u>

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Bank Loan	<u>50,486</u>	<u>70,553</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year on demand:		
Other Loans	<u>20,149</u>	<u>19,303</u>
Amounts falling between one and two years:		
Other Loans – 1-2 years	<u>21,033</u>	<u>20,150</u>
Amounts falling due between two and five years:		
Other Loans – 2-5 years	<u>29,453</u>	<u>50,403</u>
Amounts falling due in more than five years:		
Repayable by Instalments:		
Other Loans more than 5 years by instalments	<u>-</u>	<u>-</u>

The loan is repayable in 40 monthly instalments. The rate of interest on the loan is 3.8% above the base rate.

15. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid:

	Property Operating Leases	
	2019	2018
	£	£
Expiring:		
Within one year	31,000	31,000
Between one and five years	<u>10,333</u>	<u>41,333</u>
	<u>41,333</u>	<u>72,333</u>
	Other Operating Leases	
	2019	2018
	£	£
Expiring:		
Within one year	22,524	23,543
Between one and five years	<u>43,171</u>	<u>65,695</u>
	<u>65,695</u>	<u>89,238</u>

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

16. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2018 £
Bank Loan	<u>70,635</u>	<u>89,856</u>

The bank have a first ranking standard security over two of the company's properties in Greenock.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	2019 Total Funds £	2018 Total Fund £
Fixed Assets	967,872	-	967,872	987,969
Current Assets	345,343	652,507	997,850	1,436,461
Current Liabilities	(399,430)	-	(399,430)	(548,950)
Long term Liabilities	<u>(50,486)</u>	<u>-</u>	<u>(50,486)</u>	<u>(70,553)</u>
	<u>863,299</u>	<u>652,507</u>	<u>1,515,806</u>	<u>1,804,927</u>

18. MOVEMENT IN FUNDS

	At 1.4.18 £	Net Movement in Funds £	At 31.3.19 £
Unrestricted Funds			
General Fund	1,061,830	(198,531)	863,299
Restricted Funds			
Inverclyde Council – Employability Projects	692,813	(65,539)	627,274
Inverclyde Community Health Care Partnership	110	(110)	-
Inverclyde Council – Community Development Programme	1,572	(1,572)	-
Capital Grant	25,928	(8,641)	17,287
People's Postcode Trust	9,224	(9,224)	-
Development Trusts Association Scotland	<u>13,450</u>	<u>(5,504)</u>	<u>7,946</u>
	<u>743,097</u>	<u>(90,590)</u>	<u>652,507</u>
TOTAL FUNDS	<u>1,804,927</u>	<u>(289,121)</u>	<u>1,515,806</u>

INVERCLYDE COMMUNITY DEVELOPMENT TRUST

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

19. MOVEMENT IN FUNDS – continued

Net movement in funds, included in the above are as follows:

	Incoming Resources £	Resources Expended £	Movement in Funds £
Unrestricted Funds			
General Fund	276,229	(474,760)	(198,531)
Restricted Funds			
Inverclyde Council – Employability Projects	1,920,720	(1,986,259)	(65,539)
Inverclyde Community Health Care Partnership	88,850	(88,960)	(110)
Inverclyde Council – Community Development Programme	177,547	(179,119)	(1,572)
Capital Grant	-	(8,641)	(8,641)
Climate Challenge Fund	80,018	(80,018)	-
Nesta	29,186	(29,186)	-
People's Postcode Trust	-	(9,224)	(9,224)
Development Trusts Association Scotland	-	(5,504)	(5,504)
	<u>2,296,321</u>	<u>(2,386,911)</u>	<u>(90,590)</u>
TOTAL FUNDS	<u>2,572,550</u>	<u>(2,861,671)</u>	<u>(289,121)</u>

Name of Fund	Description, Nature and Purposes of the Fund
Unrestricted Funds	
General Fund	The Free Reserves of the Company
Restricted Funds	
Inverclyde Council - Employability Projects	Monies received to create employment via training and employment opportunities
Inverclyde Council - Health Care Partnership	Delivery of domiciliary care services
Inverclyde Council	Operation of John Wood Street
Capital Grant	Funding received for a capital project being reduced by the annual depreciation charge
Climate Challenge Fund and Nesta	Provision of a cycling programmes
People's Postcode Trust	Provision of refugee befriending
Development Trusts Association Scotland	Provision of a community conversation café and delivering a community led response to austerity and welfare reform

20. CAPITAL COMMITMENTS

	2019	2018
	£	£
Contracted but not Provided for in the Financial Statements	<u>Nil</u>	<u>Nil</u>

21. RELATED PARTY DISCLOSURES

There were no related party transactions during the year ended 31 March 2019.

22. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Net Income/(Expenditure) for the Reporting Period (as per the Statement of Financial Activities)	(289,121)	72,760
Adjustments for:		
Depreciation Charges	20,097	20,428
Interest Paid	3,619	4,171
(Increase)/Decrease in Debtors	(251,907)	450,113
(Decrease)/Increase in Creditors	<u>(150,366)</u>	<u>350,027</u>
Net Cash Provided by/(used in) Operating Activities	<u>(667,678)</u>	<u>897,499</u>