

GORBALS INITIATIVE

FINANCIAL STATEMENTS

31 MARCH 2003

REGISTERED NUMBER 137617



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GORBALS INITIATIVE
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2003

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GORBALS INITIATIVE

COMPANY INFORMATION

31 MARCH 2003

INCORPORATED IN SCOTLAND ON 7 APRIL 1992

NUMBER 137617

MEMBERS OF THE COMPANY

CHAIRMAN

GLASGOW CITY COUNCIL
SCOTTISH ENTERPRISE GLASGOW
JOBCENTRE PLUS
C. HUNTER
A. BRYDEN
B. FITCH
A. MCLAUGHLIN
A. GRIMES
P. CROLLA
J. MUTTER
A. DUNCAN
F. STEWART
A. COX

SECRETARY

STUART CALLISON

REGISTERED OFFICE

12 COMMERCIAL ROAD
GLASGOW
G5 0PQ

BANKERS

ROYAL BANK OF SCOTLAND
23 SAUCHIEHALL STREET
GLASGOW
G2 3AD

SOLICITORS

BURNESS
242 WEST GEORGE STREET
GLASGOW
G2 4QY

AUDITORS

WYLIE & BISSET
135 WELLINGTON STREET
GLASGOW G2 2XE

GORBALS INITIATIVE

DIRECTORS REPORT

31 MARCH 2003

The directors present their report and the audited financial statements for the year ended 31 March 2003.

Constitution

Gorbals Initiative is a company limited by guarantee (Reg. No. 137617), and recognised by the Inland Revenue as a charity under Scottish Charity Number SCO 20135.

Principal Activity

The principal activity of the company is to create, find, fill and sustain jobs for residents in the Glasgow Gorbals area. The company pursues five strategic goals, being:

- Developing the local employment base
- Preparing people for the world of work
- Linking employers and job seekers
- *Enabling the most disadvantaged to benefit from opportunities*
- Building the capacity of the whole community

During 2002/03, significant progress was made towards achieving these goals:

- 739 clients registered
- 407 jobs filled by G.I. clients
- 382 training places taken up

For 2002/03, the company recorded an overall surplus of £33,208 after a transfer to designated funds of £46,000. As at 31 March 2003, Gorbals Initiative held reserves of £649,095 of which £67,227 represents restricted funds.

Directors

The directors of the company during the year are recorded as follows: -

C. Hunter	
B. Fitch	(from March 2003)
A McLaughlin	(from March 2003)
A. Grimes	
A. Bryden	
J. Hamilton	(resigned 19 March 2003)
J. Mutter	
A. Duncan	(from September 2002)
H. Barton	(September 2002 – resigned March 2003)
D. Eaglesham	(resigned 20 June 2002)
A. Cox	
F. Stewart	(from June 2002)
P. Crolla	

In accordance with the Articles of Association, all Directors retire each year but they all offer themselves for re-election.

Appointment of Directors

All Directors vacate office at the conclusion of the Annual General Meeting, at which point Nominated Directors are immediately reappointed by the company's member organisations: Scottish Enterprise Glasgow, Glasgow City Council and JobCentre Plus. These Nominated Directors then proceed to appoint or re-appoint all other Directors, and thereafter elect a Chair and Vice-Chair of the Board.

Small Company Exemptions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Auditors

The re-appointment of Wylie & Bisset as auditors for 2003/04 will be confirmed at the Annual General Meeting.

Risks

The major risks to which the company is exposed have been reviewed in the course of the year. The systems established to mitigate the risks are as follows:-

- (a) regular meetings are held by the directors and senior officials of the company;
- (b) a Funding Committee of senior managers meets frequently to review funding opportunities and ensure that the company remains on a sound financial footing;
- (c) monthly management accounts are prepared and are reviewed against budget;
- (d) the company has introduced internal controls to safeguard its assets, and these are independently audited on a three year cycle.

GORBALS INITIATIVE

STATEMENT OF DIRECTORS' RESPONSIBILITIES


We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the financial activities of the company for that period. In preparing those financial statements we are required to:

- Select suitable accounting policies and apply them consistently
- Make reasonable and prudent judgements and estimates;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 company will continue in business

We are also responsible for:

- Keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable us to ensure that the financial statements comply with the Companies Act 1985;
- Safeguarding the company's assets
- Taking reasonable steps for the prevention and detection of fraud and other irregularities

By order of the Board


Stuart Callison
SECRETARY

12 Commercial Road
Glasgow
G5 0PQ

18 June 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GORBALS INITIATIVE

We have audited the financial statements of Gorbals Initiative on pages 6 – 14 for the year ended 31 March 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the statement of directors' responsibilities on page 4 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 audit 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 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 financial statements.

Opinion

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 2003 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Wylie & Bisset

Wylie + Bisset

...18 June 2003...

Chartered Accountants
Registered Auditor

135 Wellington Street
Glasgow
G2 2XE

Gorbals Initiative

Income and Expenditure Account for the Year Ended 31 March 2003

		2003	2002
		£	£
Turnover	2	1,653,801	1,582,788
Net Operating Expenses			
Staff costs	3	(933,338)	(800,924)
Other operating costs	3	(661,818)	(688,306)
Operating Surplus		58,645	93,558
Investment income		20,563	10,799
Surplus on ordinary activities before taxation		79,208	104,357
Taxation		0	0
Surplus transferred to Reserves	15	79,208	104,357

All amounts relate to continuing operations.

There were no recognised gains or losses for the period other than those included in the income and expenditure account.

Gorbals Initiative

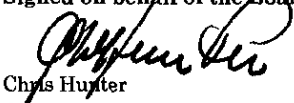
Balance Sheet at 31 March 2003

	Note	2003 £	2002 £
Fixed Assets			
Tangible fixed assets	4	41,645	42,322
Investment	13	100	100
		41,745	42,422
Current Assets			
Debtors	5	296,352	285,635
Cash and liquid resources		613,663	349,018
		910,015	634,653
Current Liabilities			
Creditors: amounts falling due within one year	6	302,665	107,188
Net Current Assets		607,350	527,465
Net Assets		<u>£ 649,095</u>	<u>£ 569,887</u>
Funds			
General Fund	15	488,968	464,215
Restricted Funds	7	67,227	58,772
Contingency Fund	15	92,900	46,900
Total Funds		<u>£ 649,095</u>	<u>£ 569,887</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on June 18 2003

Signed on behalf of the Board of Directors


Chris Hunter
Chairman, Board of Directors

Gorbals Initiative**Cashflow Statement for Year Ended 31 March 2003**

	Note	2003	2002
Net Cash Inflow from Operating Activities	9	<u>267,476</u>	<u>2,061</u>
		267,476	2,061
Returns on investment and servicing of finance			
Bank interest received		20,560	10,603
Loan interest received		3	196
Net cash inflow from returns on investments and servicing of finance		20,563	10,799
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	4	(23,394)	(26,532)
Increase/(Decrease) in cash in the year		264,645	(13,672)
Net Funds as at 1 April 2002		<u>349,018</u>	<u>362,690</u>
Net Funds as at 31 March 2003	12	<u>613,663</u>	<u>349,018</u>

Gorbals Initiative

Statement of Financial Activities for the Year Ended 31 March 2003

		2003	2003	2003	2002
		Unrestricted	Restricted	Total	Total
		Funds	Funds	Funds	Funds
	Note	£	£	£	£
Incoming Resources					
Grants and Contracts		1,630,447	23,354	1,653,801	1,582,788
Bank Interest		20,560	-	20,560	10,603
Loan Interest		-	3	3	196
Total Incoming Resources		1,651,007	23,357	1,674,364	1,593,587
Expenditure					
Grants Disbursed		-	8,079	8,079	11,930
Charitable Expenditure		1,305,527	-	1,305,527	1,203,111
Charitable support costs		264,757	-	264,757	248,140
Administrative Costs		9,970	6,823	16,793	26,049
Total Resources Expended	3	1,580,254	14,902	1,595,156	1,489,230
Net Incoming Resources Before Transfers		70,753	8,455	79,208	104,357
Balances brought forward at 1 April 2002		511,115	58,772	569,887	465,530
Balances carried forward at 31 March 2003		581,868	67,227	649,095	569,887

Gorbals Initiative

Notes to the Financial Statements Year Ended 31 March 2003

1 Accounting Policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and according to the principles in the Statement of Recommended Practice, "Accounting by Charities".

Depreciation

Fixed assets are depreciated on a straight –line basis over their estimated useful life. For office equipment this is three years, and for leasehold improvements this is similarly three years.

Pension Costs

Gorbals Initiative contributes to staff members` personal pension schemes; the cost of contributions is reflected in the Income and Expenditure Account on an accruals basis.

Operating Leases

Payments made under operating leases are charged to the Income and Expenditure Account in the period in which they arise.

Grants

Grants of a revenue nature are released to revenue over the life of the project to which they relate.

Fund Accounting

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds which have been designated for specific purposes by the Trustees.

Gorbals Initiative

Notes to the Financial Statements Year Ended 31 March 2003

2. Turnover

During 2002/03 Gorbals Initiative received funding from the following sources:

	2003	2002
	£	£
Glasgow City Council	593,181	509,683
Scottish Enterprise Glasgow	261,832	331,663
ESF/ERDF	67,188	66,457
Social Inclusion Partnership	272,963	222,405
Sales	0	3,347
Glasgow Works	169,238	297,306
Other	289,399	151,927
	<u>1,653,801</u>	<u>1,582,788</u>

3. Expenditure

	2003	2002
	£	£
Expenditure includes the following:		
Staff Costs		
Wages and salaries	824,744	707,320
Social security costs	74,632	62,543
Pension costs	33,962	31,061
	<u>933,338</u>	<u>800,924</u>
Auditors remuneration		
in their capacity as auditors	3,000	3,000
Depreciation of tangible fixed assets	24,072	33,368
Bad Debts written off	765	193
Operating lease rentals	24,269	23,580

The number of staff in the following ranges were:

£40,001-£50,000	1	1
£50,000-£60,000	1	0

The average number of staff was: 60 64

4. Tangible Fixed Assets

	Leasehold Improvements £	Office Equipment £	Total £
Cost			
At 1st April 2002	16,531	153,560	170,091
Additions	3,800	19,594	23,394
Disposals		31,744	31,744
At 31st March 2003	<u>£ 20,331</u>	<u>£ 141,410</u>	<u>£ 161,741</u>
Depreciation			
At 1st April 2002	13,822	113,946	127,768
Charge for the year	1,189	22,883	24,072
On disposals		31,744	31,744
At 31st March 2003	<u>£ 15,011</u>	<u>£ 105,085</u>	<u>£ 120,096</u>
Net Book Value			
31st March 2003	<u>5,320</u>	<u>36,325</u>	<u>41,645</u>
31st March 2002	<u>2,709</u>	<u>£ 39,613</u>	<u>£ 42,322</u>

Gorbals Initiative

Notes to the Financial Statements Year Ended 31 March 2003

5. Debtors

	2003	2002
Amounts falling due within one year	£	£
Trade Debtors	271,607	248,322
Prepayments and accrued income	24,745	36,598
Loans	0	715
	<u>£ 296,352</u>	<u>£ 285,635</u>

6. Creditors: amounts falling due within one year

Trade creditors	61,438	37,717
Accruals and deferred income	189,532	20,608
Other creditors	23,516	26,245
Other taxation and social security	28,179	22,618
	<u>£ 302,665</u>	<u>£ 107,188</u>

7. Restricted Funds

	Balance at 1/4/02 £	Incoming Resources £	Outgoing Resources £	Balance at 31/3/03 £
Grant and loan funds	31,678	10,003	5,738	35,943
Dixon's Blazes Fund	924	-	-	924
Grassroots fund	10,214	-	-	10,214
IT Grant Fund	2,034	-	-	2,034
Skills for Small Business	13,922	6,900	2,710	18,112
Community Fund	-	6,454	6,454	-
	<u>£ 58,772</u>	<u>£ 23,357</u>	<u>£ 14,902</u>	<u>£ 67,227</u>

Gorbals Initiative

Notes to the Financial Statements Year Ended 31 March 2003

8. Pension Obligations

The company contributes to personal pension policies for staff members based on a variable percentage of gross salary up to 6%. All policies are defined contribution schemes. The cost to the company in the year was £33962 / 2002: £31,061

9. Reconciliation of Cash Inflow from Operating Activities

	2003	2002
	£	£
Operating Surplus	58,645	93,558
Depreciation	24,072	33,368
	<hr/>	<hr/>
	82,717	126,926
(Increase) in Debtors	(10,717)	(146,966)
Increase in Creditors	<hr/> 195,476	<hr/> 22,101
Net cash inflow	<hr/> 267,476	<hr/> 2,061

10. Operating Leases

The Gorbals Initiative has the following commitments under non-cancellable operating leases

Expiring in less than 1 Year
Expiring in 2-5 years

Land & Buildings	
2003	2002
£	£
27,150	37,728
0	0
<hr/> £ 27,150	<hr/> £ 37,728

Gorbals Initiative

Notes to the Financial Statements Year Ended 31 March 2003

11. Capital Commitments

As at 31 March 2003, Gorbals Initiative had no outstanding contractual commitments.

12. Analysis of Net Funds

	At 1/4/02 £	Cash Flow £	At 31/03/03 £
Cash in hand/at Bank	349,018	264,645	613,663

13. Gorbals Initiative Business Services Limited (GIBS)

GIBS Ltd. was incorporated as a subsidiary of Gorbals Initiative during 1999/00 under registered company no. 198873, with an accounting reference date of 30 September. GIBS accounts have not been consolidated into these financial statements as its results to date are not material to the group.

Gorbals Initiative owns 100% of the ordinary share capital of GIBS Ltd. GIBS Limited is incorporated in Scotland.

14. Related party transactions

During the year Gorbals Initiative entered into purchase transactions with GIBS Ltd totalling £1686, (2002: £9374) and sales transactions totalling £NIL (2002: £NIL)

The income owed by GIBS Ltd. at 31st March 2003 was NIL. (2002: £5,000)

15. Funds

	Balance at 01/04/02	Net Incoming Resources for Year	Transfer from General Fund	Balance at 31/3/03
General Fund	464,215	70,753 (46,000)	488,968
European & Project Contingency Fund	46900	0	46,000	92,900
Restricted Fund	58,772	8,455	0	67,227
	569,887	79,208	0	649,095

16. SIB/SIP Funds

<u>Project</u>	<u>Project No</u>	<u>Grant Spent</u>	<u>Grant Rec'd</u>	<u>Surplus/Deficit for Year Ended 31/3/03</u>
Gorbals Community Action	147/02	1700	1700	0
Gorbals Signpost Service	108/01	22,644	22,644	0
G.I. - General running costs	020/92	316,683	316,683	0
Women's Enterprise Development	038/95	65,854	65,854	0
Job Links	066/00	36,803	36,803	0
www. Gorbals Live	069/99	41,402	41,402	0
Econ/Dev Services for Toryglen	198/01	68,907	68,907	0
Wider Action/Const Co-ordinator	227/01	24,500	24,500	0
Gorbals Community Learning Fund	045/02	23,725	23,725	0
		602,218	602,218	0