

RIVERSIDE INVERCLYDE

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

Company registration number: SC304355

Charity number: SC037806

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RIVERSIDE INVERCLYDE

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

OFFICERS AND ADVISORS:

Directors:

Alf Young (Chair)
Fay Rogers
Jack Paton
David Wilson
James Clocherty
Ralph Leishman
Allan McQuade
Ian Crawford
Alastair Milloy
Derek McCrindle
Donald McRae
Stephen McCabe

Secretary:

Burness LLP

Registered office:

Suite E1, The East Wing
Custom House, Custom House Way
Greenock
Renfrewshire
PA15 1EQ

Bankers:

Clydesdale Bank plc
West End Branch
100 West Blackhall Street
Greenock
PA15 1XR

Lawyers:

Burness
120 Bothwell Street
Glasgow
G2 7JL

Auditors:

Scott-Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

RIVERSIDE INVERCLYDE

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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RIVERSIDE INVERCLYDE

DIRECTORS' REPORT

For the year ended 31 March 2012

Directors

The Directors who served the company during the year and since the year end date were as follows:

Alf Young (Chair)	
Fay Rogers	
Jack Paton	
David Wilson	
James Clocherty	
Ralph Leishman	
Steven McGarva	Resigned 7 th July 2011
Allan McQuade	
Ian Crawford	
Alastair Milloy	
Christina Bruce	Resigned 9 th September 2011
Chris Osborne	Resigned 3 rd May 2012
Elaine Stewart	Resigned 12 th January 2012
Owen Quinn	Resigned 14 th September 2011
Derek McCrindle	
Donald McRae	Appointed 12 th January 2012
Stephen McCabe	Appointed 17 th May 2012

The board of directors are responsible for setting strategy and overseeing the overall operations of the charity. The Chief Executive is responsible for the day to day operational matters.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the surplus or deficit of the group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT

For the year ended 31 March 2012

Going concern

The business review on pages 3 to 9 has been based on the funding awards expected to be received in that period. Having assessed the funding already committed for the period and taking into account the trading income from the group's property portfolio and existing reserves, the directors have a reasonable expectation that the company and group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing these annual financial statements.

Principal activities

Formally incorporated in 2006 Riverside Inverclyde (ri) is an Urban Regeneration Company Limited by guarantee, with charitable status and two member organisations, Inverclyde Council and Scottish Enterprise. As a public/private partnership ri has been designed to secure the long term economic growth of Inverclyde. It has a twin track approach of "going for growth" through the exploitation of existing and new opportunities and "spreading the benefits of growth" to the local resident and business communities.

ri is focussed on addressing a single strategic objective:

"to address economic growth through the exploitation of opportunity for the benefit of the business and residential communities of Inverclyde."

The focus of work for ri is the physical/place making redevelopment of the Port Glasgow and Greenock waterfronts to create an environment where economic growth can be stimulated and where the resident and business communities beyond the waterfront can reap the benefits. The ri Business Plan identifies 7 regeneration areas for intervention and ri will also work with partner agencies locally to spread the benefits of new investment through skills and business support interventions. Where projects have been of a commercial nature these have been undertaken by the property holding subsidiary of ri (Riverside Inverclyde (Property Holdings) (RIPH)) which was incorporated in 2007.

Funding position for Urban Regeneration Companies

Scottish Enterprise – The Scottish Government has assumed responsibility for all financial support previously provided by Scottish Enterprise with effect from March 2012. Through discussions with Scottish Enterprise it has been acknowledged that ri could develop large scale projects for Scottish Enterprise consideration such as Greenock Ocean Terminal for liner tourism, sailing tourism and Energy and Renewable propositions to secure end users

Scottish Government – The Scottish Government has confirmed that it will continue to be supportive of ri and that funding of £2.5M and £1.5M core funding will be provided over the next two years. In addition, officials within the Scottish Government will work with the URC to try and secure additional third party resources and assist with the prioritisation of projects for the new 4/5 Year Business Plan.

Inverclyde Council – Inverclyde Council continue to support ri particularly on town centre regeneration projects in Port Glasgow and Gourock. The Council's contribution to ri moving forward will be dependent on securing funds from the Government and third party bodies.

As contained in the approved 10 year Business Plan, the priority within the coming year and beyond will be to continue to implement projects across the 8 key priorities areas, briefly summarised in the business review.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT

For the year ended 31 March 2012

Business review – activities, achievements and future developments within priority projects

Priority Area 1: The Harbours/Cathcart Street

The Harbours is a £45M flagship waterfront development which will create a sustainable new community with residential, commercial and leisure facilities at the former Victoria Harbour and East India Docks. The Harbours has been a partnership between ri, Inverclyde Council and Clydeport with early works having been carried out and the new theatre well underway. Cathcart Street is a key connection between the Harbours and Greenock town centre and has recently benefited from investment through the TCRF, funding a new public square, shop front enhancements and a new sculpture, "Ginger the Horse", by Scottish Sculptor - Andy Scott.

The various projects contained within this priority area are intended to open up the area around the Harbours building on the work undertaken to date and allowing for further development that protects the heritage of the site and supports existing business communities. Work undertaken in Cathcart Street has improved the physical connection between the Harbours and Greenock Town Centre, linking Priority Area 1 and Priority Area 5.

By way of background, ri initially brokered a deal with Inverclyde Council and Peel North West (Peel) to allow the comprehensive redevelopment of a 32 acre site at Victoria and East India Harbours. In 2007/08, ri undertook some essential remedial harbour works to protect the integrity of the walls at East India Harbour. First phase infrastructure on the development site, to be carried out by Peel, has stalled due to market conditions and in particular the lack of interest/investment by house builders. After the Arts Guild Theatre has been completed, which is on site at present and estimated to be completed in August 2012, marketing of the housing sites will take place by Peel. A limited amount of landscaping to the frontage of the site has taken place funded by Peel/Clydeport.

To advance this project, Clydeport requires to present a re-mastered plan which reflects the Arts Guild Theatre development and possible changes in density. This will be formally submitted to the ri Operational sub-group for a view prior to being submitted to Inverclyde Council, as planning authority. In parallel discussions will take place between ri and Clydeport to see what interim measures can be taken to address this stalled project in order to advance the contents of the License Agreement.

The Arts Guild Theatre is the primary arts venue in the Inverclyde area, hosting a range of events including music, drama, dance and visual arts. Supported by Inverclyde Council and ri, £2.7M of Lottery funding towards the relocation of the Arts Guild to the waterfront of East India Harbour has been secured. The new flagship arts building will include a 500 seat main auditorium, a 130 seat studio theatre, multi purpose rehearsal rooms and a waterfront café bar and bistro.

To date, ri has provided financial support in the feasibility and design stages of the development and a capital contribution of £2M of capital expenditure (the total project cost being £10.6M). ri has also helped to strategically manage the project with Greenock Arts Guild.

The relocation site is subject to a tri partite agreement between the Arts Guild, Inverclyde Council and Peel. Prior to the commencement of the Greenock Arts Guild theatre on site, it was necessary to infill the Dry Docks at East India Harbour. The infilling of the Lamont Dry Dock was completed in Spring 2010. The ri Board has approved ri to finance this element of the project in order that the construction of the new theatre is not delayed further. A legal agreement between ri and Peel was put in place to ensure that all monies associated with the infill will be repaid by April 2013.

ri has also assisted with initial set up and running costs for the theatre management staff.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT

For the year ended 31 March 2012

Business review (cont'd)

Priority Area 1: The Harbours/Cathcart Street (cont'd)

Following discussions with the Ocean Youth Trust Scotland (OYTS) to scope out the feasibility of their relocation to Greenock, OYTS moved into accommodation owned by ri at Victoria House at East Blackhall Street at the end of March 2009. Their four ships are moored at the Greenock Harbours on a pontoon installed by ri and leased to OYTS. The Spirit of Fairbridge, another training vessel, is also berthed at this pontoon. This project has contributed to the "spreading the benefits" part of the ri agenda by providing access to sail training for locals and people within the wider west regional geography as well as animating the river. A facility has also been created at the harbours for locals to use the area for mooring as part of a community facility.

ri purchased the Greenock Customhouse building in January 2011. £100,000 has been invested to improve the exterior of the building and to carry out emergency repairs.

A contractor was appointed in March 2012 to carry out generic refurbishment works at the Custom House in Greenock. This will involve the installation of a lift, disability access, heating, ventilation and renewing/renovating windows. The contract value is £1.536M to provide a gross area of 20,000 sq.ft. The estimated site start is July 2012, with the contract lasting six months. Four jobs are to be created as part of ri's targeted training and recruitment. Initial advertising has commenced via the Scottish Chambers of Commerce and Herald Scotland. The end uses for the building range from office use to partial use for a boutique hotel, maritime museum/emigration/genealogy centre.

Priority Area 2 - Cartsburn/Cartsdyke

Cartsburn/Cartsdyke is a mixed use development of high quality residential properties and commercial space. 2.4 hectares of the prime 4.9 hectare site have been dedicated to a residential development by Turnberry Homes who have developed a range of stylish flats and detached and semi-detached properties, which were completed in early 2008. It is intended to use the remainder of this area for the development of high quality commercial space.

The area is a long term priority for ri. Key objectives include the creation of employment opportunities through the reduction of vacant and derelict land to provide superior commercial office accommodation.

In late March 2008, ri acquired a 1.45 hectare site in this business district of Greenock with a view to facilitating the development of much needed office space. Site preparation works were carried out in late 2008 and included the removal of 20,000m³ of material to increase service capacity and provide a new site access. The material was also used as infill at James Watt Dock. Some £188,000 was invested on drainage improvements in the late summer of 2011 together with funding bids from the JESSICA fund (a pre-call was submitted in late 2010). The site is capable of accommodating up to 7,500m² of office development in the heart of the Greenock business district.

The construction of an 80-bed residential nursing home was completed in 2009.

Discussions are currently underway with Amber/SPRUCE regarding the possibility of funds to assist with the development of the site. In addition there is currently a large local indigenous company enquiry for 700,000 sqft development on a long term lease arrangement.

Priority Area 3 - Riverside Business Park

ri has built 2,700m² of high quality office accommodation on this 4.06 hectare site adjacent to the A8 to the east of Greenock. The two storey building was designed by leading architects Cooper Cromar and has achieved a very good BREEAM rating, offering prospective tenants excellent environmental benefits and cost savings. Suites range in size from 84 to 195 m². Completed in September 2009, the building is 100% let creating accommodation for 225 staff.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT

For the year ended 31 March 2012

Business review (cont'd)

Priority Area 3 - Riverside Business Park (cont'd)

The refurbishment of Ladyburn Business Centre began in 2008 and was completed in October 2009. The centre has become a social economy hub providing 1,200m² of space to key social economy organisations supported by centralised management and Gallery/conference facilities. The building also provides up to 300m² of studio space for local artists and creative industries. The building is currently 80% let and employs 70 people.

Work was completed on a new junction at Pottery Street to allow 9,000m² of development across the entire Riverside Business Park site which includes the completed 65 place day care nursery (employing 21 nursery nurses) and proposed second phase Clydeview building, which will start in July 2012.

The masterplan for the park also makes provision for a "live-work" pilot demonstration project, which will be advanced if resources become available.

As outlined above, a contract has been let to build the second phase office development at Riverside Business Park. The contract value is £3.36M with a site start July 2012 and contract duration of 9 months. 4 jobs will be created as part of ri's targeted training and recruitment agenda. 2/3 existing tenants from Clyde View have expressed an interest in moving into the phase 2 office development.

Priority Area 4 - James Watt Dock

James Watt Dock is situated between Greenock and Port Glasgow and comprises 43 hectares of river side development land. It is covered by a Special Development Area Policy within the Inverclyde Local Plan (2005). The site includes the Great Harbour, James Watt Quay, the Sugar Warehouse and Garvel Island.

When the private sector market permits, the flagship regeneration programme will create a critical mass of mixed use development, creating state-of-the-art commercial, marina and leisure facilities set alongside modern residential and retail space. Inverclyde Council has approved the masterplan, in principle, allowing infrastructural and first phase works to take place, which are now completed. Initially, the scheme was intended to be delivered over a 13 year development programming period, with a total estimated investment of £181M. This is obviously now the victim of the recession and works have not advanced as quickly due to limited demand.

Following the establishment of the LLP in November 2008, the James Watt Dock LLP Board has met on a regular basis, and the project team fortnightly to progress the redevelopment of this important site. Specific achievements include rendering the Sugar Warehouse wind and watertight, completion of a new access road, completion of James Watt Dock square and associated public realm and environmental improvements, as outlined below:

- Sugar Warehouse – rendered wind and watertight, planning permission has been obtained for Shed D (office/restaurant and marketing suite);
- Access road – construction commenced March 2010, and was completed in October 2010;
- Enabling work – planning applications obtained and completed in June 2011;
- Public realm and environmental improvements at James Watt Square – completed July 2011; and
- A new 65 berth Marina was established during early spring 2011 and fully let following the hosting of the Tall Ships in the summer of 2011.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT

For the year ended 31 March 2012

Business review (cont'd)

Priority Area 4 - James Watt Dock (cont'd)

In addition to the LLP activity, Riverside Inverclyde (Property Holdings) Ltd acquired a 50% share of a site to the west of the Sugar Warehouse at a low point in the property market cycle. The site formed a key part in the hosting of the Tall Ships' Race in 2011. A controlling stake in the ownership of the site assisted berthing and associated activity for the event and allowed ri to secure a permanent access for mooring when the final development is implemented. The area has the benefit of planning consent for 78 flats or could be included in the wider sugar shed proposition. This will be developed when the market returns.

Discussions are now underway with PEEL and Scottish Enterprise to see if part of the site can be remastered to accommodate propositions for Energy and Renewables. This will be included in the new 4/5 year Business Plan.

Priority Area 5 - Port Glasgow and Greenock Town Centres

In June 2007, ri approved a proposal to work with the private sector to redevelop a redundant retail space (the former Co-op building) in Greenock Town Centre to create 1,400 m² of high quality office accommodation, providing a flexible open-plan layout. Work was completed in July 2008. The accommodation has improved the general appearance of the surrounding area and boosted existing footfall in the Town Centre, assisting in the creation of additional new jobs locally.

In October 2007, 265m² of office accommodation was leased to CMAL, the asset management company for CALMAC, creating 15 high value jobs in Inverclyde.

In 2008, investment in town centres focused on masterplanning work and developed a range of projects which would improve the physical environment of both town centres and create better linkages to the waterfronts.

In late March 2009, ri took ownership of two industrial estates and some managed office space previously belonging to Inverclyde Council. Extensive refurbishment and improved service provision has taken place at a cost of some £2.25M. Occupancy rates have been fairly high and increasing tenants through investment has been a key priority and will remain a priority for ri moving forward.

In Autumn 2009, ri and its partner Inverclyde Council secured £2.32M Town Centre Regeneration monies from the Scottish Government and began to implement a range of environmental improvements, shopfront enhancements, public realm and public art projects in Gourock, Greenock and Port Glasgow. These improvement projects have been well received by the local business community.

Greenock Ocean Terminal is owned by Clydeport (Operations). It is a deep water port facility, with modern quayside facilities and convenient direct links to Scotland's main transport network. Officially opened 40 years ago as specialist container terminal, it has diversified to become one of Scotland's key cruise facilities.

This diversification and subsequent increase in demand has resulted in a requirement for new passenger arrivals facilities that continue to allow safe operation of the container activities, the port's primary function. As cruise liners increase in size and passenger capacities increase, there is forecast to be an increase in pressure on berthing facilities and land based infrastructure. In 2011, it was estimated that 85,000 visitors and 20,000 crew would use the current facilities at Ocean Terminal in approximately 35 liners.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT

For the year ended 31 March 2012

Business review (cont'd)

Priority Area 5 - Port Glasgow and Greenock Town Centres (cont'd)

The port generates economic activity across a wide area, with Cruise Scotland estimating that the cruise business alone contributes up to £1M a year into the local economy. In order to maximise this economic activity (scaling up the amount of liners visiting), this priority area not only supports the development of the port infrastructure, but also the surrounding area to ensure that the crew and visitors that visit the Inverclyde area are serviced with appropriate retail and leisure facilities.

Ocean Terminal - Tourism

The Quirky Quarter is situated between the Ocean Terminal and nearby Greenock town centre. The concept of the Quirky Quarter is to provide visiting passengers and crew a retail experience, encouraging economic activity, whilst providing safe passage to Inverclyde by linking the town centre and port facilities. This area will also be considered as part of an expansion area for the Ocean Terminal, particularly when the energy and renewables sector emerge.

Development of the site will require strategic acquisitions to consolidate ownership in the area and the creation of an expanded Ocean Terminal area. Strategic acquisitions in the longer term may include the purchase of the Tobacco Warehouse, Glebe Building and a retail site all currently owned by the private sector.

Additional funding would be required to redevelop and market the sites and ri proposes to spend £10,000 investigating the feasibility of the expanded Ocean Terminal area. Consideration may also be given to carrying out early environmental improvements, complementing monies being invested in West Blackhall Street under the TCRF.

Priority Area 6 - Riverview/Castlebank

The masterplanning and site investigation works at this gateway site were completed in 2008 to assist River Clyde Homes to advance Phase 1 of the redevelopment of the residential provision at Castlebank. Inverclyde Council has also built new playfield facilities at Parklea.

Priority Area 7 – Kelburn

Kelburn Business Park is well connected to the M8/A8, but suffered from contamination and environmental challenges preventing successful development of the site by the private sector. Much work has been carried out by ri over the last two years and the intention is now to build the first two industrial units in 2012/2013 as a demonstration to the market on the basis that the private sector will be encouraged to advance subsequent phases. The first phase of development £1.6M (including the road infrastructure) will create 8,000 sqft of industrial units. The overall capacity for that part of the site is 41,000 sqft, creating some 128 FTE jobs.

A 3.03 ha site at Kelburn has been acquired by ri. Remediation and platforming works commenced on site in late 2009 and completed in April 2010. The intention is to advance the development of this site within this business plan period. It is anticipated that a first phase of industrial development will be started in 2012. A second phase of 30,000 sq.ft. will be advanced with a private sector development partner, potentially with SPRUCE monies.

Priority Area 8 – Gourock Pierhead

ri has made good progress in the regeneration of Inverclyde and recognise the need to ensure all areas benefit and have access to the opportunities created. In 2010 it was agreed to adopt a new priority area which will focus on projects in the Gourock pierhead area.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT

For the year ended 31 March 2012

Business review (cont'd)

Priority Area 8 – Gourock Pierhead (cont'd)

As part of the second tranche of TCRF ri was awarded £0.3M towards the regeneration of Gourock Town Centre. In addition to this TCRF funding, match funding has been provided by ri and Inverclyde Council and projects were completed in 2011.

In 2009, Inverclyde Council Regeneration Committee approved the sale of 320 sqm to Network Rail to facilitate the development of a new £5M railway station at Gourock. Planning permission for the station was granted in September 2009 and the new station and associated environmental improvements at the rail stop are complete. In addition work by Inverclyde Council on the refurbished Gourock outdoor pool has been completed and this was opened to the public in early June 2012.

ri has been working with Inverclyde Council to produce a masterplan to develop the pier head and unlock the tourism and commercial potential of the area, by way of a mixed use development to include housing, retail and leisure facilities. ri proposes to invest £4.2M by 2014 to provide funding for site servicing, car parking, road realignment and the preparation of a commercial and tourism (visiting harbour) site. Market testing will take place for a leisure operator over the next 18 months. If there is no demand the site will be considered for a retail and office development.

This emerging theme contributes towards the ri vision by providing widespread access to the opportunities created and specifically creating a new priority area that will focus on Gourock.

Port Glasgow Industrial Estate Refurbishment

Port Glasgow Industrial Estate was created from 20 hectares of land in 1946, providing accommodation to a significant number of large companies and providing a high level of local jobs. The estate has declined and now suffers from a number of challenges, with vacant units arising from industrial closures and substandard infrastructure investment. The high levels of unemployment in the area and disadvantage in the housing schemes of upper Port Glasgow have compounded the challenges of the industrial estate by increasing the levels of vandalism, theft and anti social behaviour caused by local residents.

There are a number of successful manufacturing companies on the estate that wish to expand on the industrial estate, but due to the lack of security they are reluctant to invest their own capital. The ri Board have approved a study into the potential for security and landscape enhancement and the redevelopment of the eastern end of the industrial estate in order to progress negotiations with current owners/occupiers. ri has invested £117,000 to the estate doing landscaping and estate improvements, safeguarding existing jobs and providing for many more through the sustainable development of the industrial estate. It is proposed that this project be brought forward if monies are available due to slippage on other projects.

Priority Area Support 1: Infrastructure and Placemaking

- i) Environmental improvements have been completed at Port Glasgow Industrial Estate and Ann Street Greenock Community Playpark jointly funded by ri, Single Outcome Agreement monies and Community Development Trust.

Priority Area Support 3: People and Business Interventions

- i) Inverclyde Construction Forum has now been established as a community led organisation, formally constituted, and with a nine person Steering Committee chaired by a local businessman;

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT

For the year ended 31 March 2012

Business review (cont'd)

Priority Area Support 3: People and Business Interventions (cont'd)

- ii) Thirty five Inverclyde new entrants to construction have been employed as a result of ri's Community Benefits clauses, plus a total of 21 trainees working on Port Glasgow Industrial Estate environmental improvement works;
- iii) ri anticipates building on the initial success of establishing a construction forum by supporting local businesses to access tender and contract opportunities, ensuring local people have appropriate skills and that Inverclyde is an attractive option to business relocations in terms of a skilled and available labour pool;
- iv) Inverclyde Renewables Alliance Group established; and
- v) Inverclyde is now recognised as a viable location for offshore renewables investment.

Reserves policy

The level of available unrestricted reserves as shown in the consolidated balance sheet on page 15 is £18,954,455 (2011: £18,612,089). The Directors are of the opinion that the description of funds in note 1 to the financial statements represents a prudent approach to risk and commitments made.

Directors' appointment, induction and training

The appointment, removal and retirement of Directors is carried out as per Articles 36 to 53 of the Memorandum and Articles of Association. Newly appointed Directors meet individually with the Chief Executive to be fully appraised of the current and future projects being undertaken by the company.

Statement of risk

Through regular reporting to the Finance and Governance Subgroup of the Board over the year, the directors have continually reviewed and assessed the major risks to which the company is considered to be exposed, and have taken action where necessary to mitigate those risks. A corporate risk register is maintained by Riverside Inverclyde and has been established in line with Scottish Government, Scottish Enterprise and Inverclyde Council best practice.

The directors have been actively taking steps to plan the Company's long term strategy whilst recognizing the risk that long term funding has not yet been secured from core funders. This risk is being actively addressed and to date core funding, albeit at a reduced level, has been secured for the period to 31st March 2014.

At operational level project risk registers are maintained by the project owner in close consultation with the appointed project manager. The appointed project manager maintains a risk register for all projects in the programme in excess of £100,000. The Chief Executive is the senior responsible officer (SRO) and so ensures that risk assessment, management and mitigation systems are established and maintained. The SRO is responsible for:

- Reviewing the initial risk register to ensure that all significant risks have been captured and appropriate mitigating action put in place or planned;
- Obtaining regular assurance from the Project Manager that risks are being appropriately managed; and
- Ensuring that risks escalated from project level are recorded on the relevant risk register (programme, business unit, corporate) and appropriate mitigating action agreed to address these.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT

For the year ended 31 March 2012

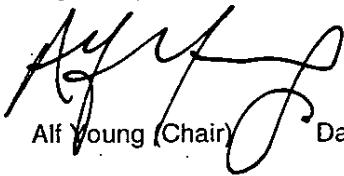
Disclosure of information to auditors

To the knowledge and belief of the Directors, there is no relevant information that the company's auditors are not aware of, and the Directors have taken all the steps necessary to ensure the Directors are aware of any relevant information, and to establish that the company's auditors are aware of the information.

Auditors

The auditors, Scott-Moncrieff, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

Signed by order of the Board

A handwritten signature in black ink, appearing to read 'Alf Young', written over the printed name.

Alf Young (Chair)

Date: 13 August 2012

RIVERSIDE INVERCLYDE

INDEPENDENT AUDITORS' REPORT

For the year ended 31 March 2012

We have audited the financial statements of Riverside Inverclyde for the year ended 31 March 2012 which comprise the consolidated and parent company statement of financial activities (incorporating income and expenditure account), consolidated and parent company balance sheet, consolidated cash flow statement and related notes. 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).

This report is made solely to the group and parent company's members as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 and to the company's directors, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the group and parent company's members and to the company's directors 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 group and parent company, the group and parent company's members and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 regulations made under those Acts.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group and parent charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

RIVERSIDE INVERCLYDE

INDEPENDENT AUDITORS' REPORT

For the year ended 31 March 2012

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent charitable company's affairs as at 31 March 2012 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 parent 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 parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Iain D Lee, Senior Statutory Auditor
For and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow G2 6NL

Dated: 13 August 2012

RIVERSIDE INVERCLYDE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2012

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	450,000	4,550,287	5,000,287	13,748,420
Investment income	3	505,156	-	505,156	491,260
Total Incoming Resources		955,156	4,550,287	5,505,443	14,239,680
Resources Expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	4	-	4,458,589	4,458,589	13,431,241
Support costs	5	1,060,358	-	1,060,358	784,769
Governance costs	6	12,950	-	12,950	14,295
Total Resources Expended		1,073,308	4,458,589	5,531,897	14,230,305
Net movement in funds (before pension scheme and other items)					
		(118,152)	91,698	(26,454)	9,375
Transfer of funds		91,698	(91,698)	-	-
Actuarial (loss)/gain on defined benefit pension scheme		(48,000)	-	(48,000)	86,000
Taxation	7	30,601	-	30,601	(42,591)
Share of (loss)/profit in investment	10	(19,435)	-	(19,435)	3,211
Net movement in funds (after pension scheme and other items)		(63,288)	-	(63,288)	55,995
Funds brought forward		18,612,089	-	18,612,089	14,039,794
Additions to land and property reserve		405,654	-	405,654	5,286,354
Unrealised loss on revaluation of land and property		-	-	-	(770,054)
Funds carried forward		18,954,455	-	18,954,455	18,612,089

The group has no recognised gains or losses other than the results for the current and previous year as set out above.

All of the activities of the group are classed as continuing.

The notes on pages 18 to 29 form part of these financial statements.

RIVERSIDE INVERCLYDE

COMPANY STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2012

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	450,000	2,955,275	3,405,275	6,326,216
Investment income		491	-	491	36,580
Total Incoming Resources		<u>450,491</u>	<u>2,955,275</u>	<u>3,405,766</u>	<u>6,362,796</u>
Resources Expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	4	-	2,955,275	2,955,275	5,826,216
Support costs		527,059	-	527,059	484,259
Governance costs		8,950	-	8,950	10,295
Total Resources Expended		<u>536,009</u>	<u>2,955,275</u>	<u>3,491,284</u>	<u>6,320,770</u>
Net movement in funds (before pension scheme)		(85,518)	-	(85,518)	42,026
Actuarial (loss)/gain on defined benefit pension scheme		(48,000)	-	(48,000)	86,000
Net movement in funds (after pension scheme)		(133,518)	-	(133,518)	128,026
Funds brought forward		230,834	-	230,834	102,808
Funds carried forward		<u>97,316</u>	<u>-</u>	<u>97,316</u>	<u>230,834</u>

The company has no recognised gains or losses other than the results for the current and previous year as set out above.

All of the activities of the company are classed as continuing.

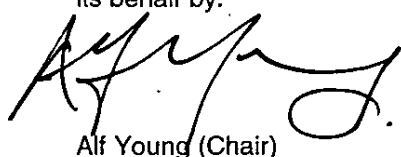
The notes on pages 18 to 29 form part of these financial statements.

RIVERSIDE INVERCLYDE
CONSOLIDATED BALANCE SHEET

As at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	9	8,693,613	8,706,017
Investments	10	10,160,401	9,774,182
Current assets			
Debtors	11	3,964,233	3,179,758
Cash at bank and in hand		491,914	2,631,207
		<u>4,456,147</u>	<u>5,810,965</u>
Creditors: amounts falling due within one year	12	4,276,221	5,651,920
Net current assets		<u>179,926</u>	<u>159,045</u>
Total assets less current liabilities		<u>19,033,940</u>	<u>18,639,244</u>
Provision for liabilities	13	(25,485)	(21,155)
Pension liability	14	(54,000)	(6,000)
Net assets		<u><u>18,954,455</u></u>	<u><u>18,612,089</u></u>
Funds			
Restricted		-	-
Unrestricted		175,619	190,907
		<u>175,619</u>	<u>190,907</u>
Land and property reserve	15	18,832,836	18,427,182
Pension reserve	14	(54,000)	(6,000)
		<u><u>18,954,455</u></u>	<u><u>18,612,089</u></u>

The financial statements were authorised for issue by the Board on 13 August 2012 and are signed on its behalf by:



Alf Young (Chair)

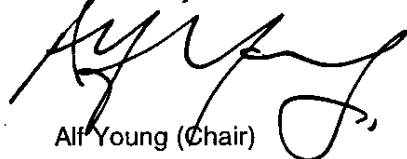
Company registration number: SC304355
Charity number: SC037806

The notes on pages 18 to 29 form part of these financial statements.

RIVERSIDE INVERCLYDE
COMPANY BALANCE SHEET
As at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	9	8,465	19,901
Investments	10	100	100
Current assets			
Debtors	11	1,617,140	2,100,271
Cash at bank and in hand		64,967	1,500,869
		<u>1,682,107</u>	<u>3,601,140</u>
Creditors: amounts falling due within one year	12	1,539,356	3,384,307
Net current assets		<u>142,751</u>	<u>216,833</u>
Total assets less current liabilities		<u>151,316</u>	<u>236,834</u>
Pension liability	14	(54,000)	(6,000)
Net assets		<u>97,316</u>	<u>230,834</u>
Funds			
Restricted		-	-
Unrestricted		151,316	236,834
		<u>151,316</u>	<u>236,834</u>
Pension reserve		(54,000)	(6,000)
		<u>97,316</u>	<u>230,834</u>

The financial statements were authorised for issue by the Board on 13 August 2012 and are signed on its behalf by:



Alf Young (Chair)

Company registration number: SC304355
Charity number: SC037806

The notes on pages 18 to 29 form part of these financial statements.

RIVERSIDE INVERCLYDE**CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 March 2012**

	Notes	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	16	(1,677,637)	3,812,175
Returns on investments and servicing of finance			
Interest receivable		491	10,476
Share of (loss)/profit in investment		(19,435)	3,211
Taxation			
Corporation tax paid		(35,129)	(1,808)
Capital expenditure and financial investment			
Payment for tangible fixed assets		(1,929)	(2,551,274)
Payment for investment in James Watt Dock LLP		(405,654)	(2,745,000)
Decrease in cash in the year	17	<u>(2,139,293)</u>	<u>(1,472,220)</u>

The notes on pages 18 to 29 form part of these financial statements.

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. ACCOUNTING POLICIES

Basis of presentation and consolidation

The consolidated financial statements have been prepared under the historical cost convention (modified to include the revaluation of certain fixed assets) and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and the Companies Act 2006. The consolidated financial statements incorporate the accounts of Riverside Inverclyde and its subsidiary undertaking Riverside Inverclyde (Property Holdings) Ltd made up to 31 March 2012. The results of the subsidiary are consolidated on a line by line basis.

Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Governance costs include those costs associated with meeting the constitutional requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Included in unrestricted funds is a land and property reserve, which represents costs of assets acquired with grant funding obtained by Riverside Inverclyde. The reserve will be released to the Consolidated Statement of Financial Activities in the event of any of the assets being sold.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors.

Grants

Revenue grants are credited to the Income and Expenditure Account and the Statement of Financial Activities in the period that conditions for receipt have been complied with.

Fixed assets

Fixed assets are recorded as follows:

Land and property – recorded at valuation
Furniture and equipment – recorded at cost
Other assets – recorded at valuation

A de-minimis level of £1,000 has been set, below which figure assets are written off to the Statement of Financial Activities in the year of purchase.

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. ACCOUNTING POLICIES (cont'd)

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land and property - no depreciation charged
Furniture and equipment – 4 years straight line basis
Other assets – no depreciation charged

Taxation

Riverside Inverclyde is a charity and is recognised as such by HM Revenue and Customs for taxation purposes. As a result there is no liability to taxation on any of the company's income.

Pension costs

The company operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The movement in the pension asset or liability in the year is reflected in the Statement of Financial Activities.

Deferred taxation

Deferred taxation is provided by using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Investments

Investments are stated at market value, less any provisions required where there has been a permanent diminution in their value.

2. GRANTS RECEIVABLE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
The Harbours / Cathcart Street	-	1,112,614	1,112,614	1,765,077
Cartsdyke and Cartsburn	-	-	-	98,559
Riverside Business Park	-	-	-	36,770
James Watt Dock	-	12,336	12,336	-
Greenock & Port Glasgow Town Centres	-	1,093,540	1,093,540	2,758,957
Riverview / Castlebank	-	-	-	88,000
Gourock	-	-	-	90,967
Infrastructure and Placemaking	-	58,525	58,525	573,635
Youth Sport in Inverclyde	-	-	-	9,600
Communications and Marketing	-	678,260	678,260	404,651
Development Funding	450,000	-	450,000	500,000
Total - company	450,000	2,955,275	3,405,275	6,326,216

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

2. GRANTS RECEIVABLE (cont'd)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Total - company	450,000	2,955,275	3,405,275	6,326,216
The Harbours / Cathcart Street	-	174,980	174,980	1,192,840
Cartsdyke and Cartsburn	-	404,985	404,985	141,057
Riverside Business Park	-	241,941	241,941	1,757,232
James Watt Dock	-	405,654	405,654	2,745,000
Greenock & Port Glasgow Town Centres	-	(18,435)	(18,435)	-
Gourock Masterplan	-	294,652	294,652	-
Kelburn	-	83,386	83,386	346,309
Infrastructure and Placemaking	-	7,850	99,548	-
Commercial Property Upgrade	-	-	-	1,239,766
Total - group	<u>450,000</u>	<u>4,550,287</u>	<u>5,000,287</u>	<u>13,748,420</u>

3. INVESTMENT INCOME

Bank interest receivable	491	-	491	10,476
Gift aid	-	-	-	26,104
Total - company	<u>491</u>	<u>-</u>	<u>491</u>	<u>36,580</u>
Bank interest receivable	491	-	491	10,476
Rent receivable	504,665	-	504,665	480,784
Total - group	<u>505,156</u>	<u>-</u>	<u>505,156</u>	<u>491,260</u>

4. COSTS OF GENERATING VOLUNTARY INCOME

The Harbours / Cathcart Street	-	1,112,614	1,112,614	1,765,077
Cartsdyke and Cartsburn	-	-	-	98,559
Riverside Business Park	-	-	-	36,770
James Watt Dock	-	12,336	12,336	-
Greenock & Port Glasgow Town Centres	-	1,093,540	1,093,540	2,758,957
Riverview / Castlebank	-	-	-	88,000
Gourock	-	-	-	90,967
Infrastructure and Placemaking	-	58,525	58,525	573,635
Youth Sport in Inverclyde	-	-	-	9,600
Communications and Marketing	-	678,260	678,260	404,651
Total - company	<u>-</u>	<u>2,955,275</u>	<u>2,955,275</u>	<u>5,826,216</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

4. COSTS OF GENERATING VOLUNTARY INCOME (cont'd)	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Total – company	-	2,955,275	2,955,275	5,826,216
Communications and Marketing	-	(91,698)	(91,698)	-
The Harbours / Cathcart Street	-	174,980	174,980	1,192,840
Cartsdyke and Cartsburn	-	404,985	404,985	141,057
Riverside Business Park	-	241,941	241,941	1,757,232
James Watt Dock	-	405,654	405,654	2,745,000
Greenock & Port Glasgow Town Centres	-	(18,436)	(18,436)	-
Gourock Masterplan	-	294,652	294,652	-
Kelburn	-	83,386	83,386	346,309
Infrastructure and Placemaking	-	7,850	7,850	-
Commercial Property Upgrade	-	-	-	1,422,587
Total - group	-	4,458,589	4,458,589	13,431,241

5. SUPPORT COSTS	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Salaries	461,917	-	461,917	441,391
Consultancy costs	26,777	-	26,777	24,014
Legal and Professional fees	6,054	-	6,054	5,199
Administrative Expenses	285,321	-	285,321	281,280
Property costs	280,289	-	280,289	32,885
	1,060,358	-	1,060,358	784,769

6. GOVERNANCE COSTS				
Audit and Accountancy Fees	12,950	-	12,950	14,295

Operating Results	2012 £	2011 £
Operating results are stated after charging:-		
Depreciation	14,333	22,529
Auditors' remuneration		
- as auditors	9,700	9,700
- taxation services	3,250	4,595

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

7. TAXATION

	2012 £	2011 £
The tax charge for the year was as follows:-		
Corporation tax – current year	-	35,030
Corporation tax – adjustment in respect of previous year	(34,931)	1,808
Deferred tax	4,330	5,753
	<u>(30,601)</u>	<u>42,591</u>

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:-

	2012 £	2011 £
Profit/(loss) in subsidiary company on ordinary activities before taxation	<u>39,629</u>	<u>(29,440)</u>
Profit/(loss) in subsidiary company on ordinary activities multiplied by the effective rate of corporation tax in the UK of 26% (2011: 21%)	10,304	(6,182)
(Income not taxable)/expenses not deductible for tax purposes	(118,909)	38,392
Depreciation in excess of/(lower than) capital allowances	72,469	(2,662)
Unrelieved tax losses	36,136	5,482
	<u>-</u>	<u>35,030</u>

8. PAYROLL COSTS

	2012 £	2011 £
Wages and salaries	380,961	421,148
Social security costs	38,677	42,700
Other pension costs	47,869	41,397
	<u>467,507</u>	<u>505,245</u>
Funded out of projects	(5,590)	(63,854)
	<u>461,917</u>	<u>441,391</u>

Particulars of employees:-

The average number of staff employed by the group during the financial year amounted to:-

	2012 No.	2011 No.
Full time	7	7
Part time	2	2

No Directors were in receipt of remuneration or reimbursement of expenses in the current or previous year.

RIVERSIDE INVERCLYDE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended 31 March 2012****8. PAYROLL COSTS (cont'd)**

	2012 No	2011 No
Number of employees with total emoluments over £60,000:		
£110,000 - £119,999	1	-
£120,000 - £129,999	-	1
	<u>1</u>	<u>1</u>

The above employee is a member of the defined benefit pension scheme. During the year ended 31 March 2012, pension contributions totalling £21,246 (2011: £19,890) were made in respect of this employee.

9. FIXED ASSETS

Cost or valuation	Land and Property £	Furniture and Equipment £	Other Assets £	Total £
As at 1 April 2011	8,538,800	90,116	144,036	8,772,952
Additions	-	1,929	-	1,929
	<u>8,538,800</u>	<u>92,045</u>	<u>144,036</u>	<u>8,774,881</u>
As at 31 March 2012	8,538,000	92,045	144,036	8,774,881
Depreciation				
As at 1 April 2011	-	66,935	-	66,935
Charge in year	-	14,333	-	14,333
	<u>-</u>	<u>81,268</u>	<u>-</u>	<u>81,268</u>
As at 31 March 2012	-	81,268	-	81,268
Net book value as at 31 March 2012	<u>8,538,000</u>	<u>10,777</u>	<u>144,036</u>	<u>8,693,613</u>
Net book value as at 31 March 2011	<u>8,538,800</u>	<u>23,181</u>	<u>144,036</u>	<u>8,706,017</u>

£8,465 of the total net book value of furniture and equipment relates to the company only (2011: £19,901).

Land and property held by the company were revalued as at March 2010 by Lambert Smith Hampton, on an open market value basis. The Nursery and Café at Riverside Business Park were valued as at 31st March 2011, by Lambert Smith Hampton, on an open market value basis.

The historical cost of assets held within land and property is £12,650,030.

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

10. INVESTMENTS

Company

The company formed Riverside Inverclyde (Property Holdings) Limited on 24 September 2007 and subscribed the £100 share capital. This company is used for property development. During the year ended 31 March 2012, the company had turnover of £2,191,375 and profit after taxation of £70,230. At the balance sheet date the company had net assets of £18,857,239.

Group

Riverside Inverclyde (Property Holdings) Ltd and Peel Land and Property (James Watt Dock) Limited have a joint venture arrangement in James Watt Dock LLP. The value of Riverside Inverclyde (Property Holdings) Ltd's 50% investment is as follows:-

	2012 £	2011 £
Capital injection	5,000,000	5,000,000
Working capital	5,150,000	4,744,346
Accumulated share of profit	10,401	29,836
	<u>10,160,401</u>	<u>9,774,182</u>

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
11. DEBTORS				
Trade debtors	55,229	121,710	559	21,785
Grants receivable	3,441,848	2,210,378	1,271,825	1,182,148
Riverside Inverclyde (Property Holdings) Ltd	-	-	4,688	690,390
VAT	110,206	617,342	18,148	26,163
Prepayments	3,771	93,469	3,771	42,926
Accrued income	2,914	136,859	2,914	136,859
Other debtors	315,235	-	315,235	-
Corporation tax	35,030	-	-	-
	<u>3,964,233</u>	<u>3,179,758</u>	<u>1,617,140</u>	<u>2,100,271</u>
12. CREDITORS: Amounts falling due within one year				
Trade creditors	1,092,070	3,054,134	682,455	1,432,703
Accruals	297,214	182,515	220,124	136,647
Deferred income	2,886,937	2,380,241	636,777	1,814,957
Corporation tax	-	35,030	-	-
	<u>4,276,221</u>	<u>5,651,920</u>	<u>1,539,356</u>	<u>3,384,307</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

13. PROVISIONS FOR LIABILITIES

	2012 £	2011 £
Deferred taxation:		
Accelerated capital allowances	25,485	21,155

14. PENSION SCHEME

The charity participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

An updated FRS 17 valuation of the Strathclyde Pension Fund was performed as at 31 March 2012, with the next formal triennial valuation due as at 31 March 2014.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their FRS 17 calculations are as follows:

Assumptions as at	March 2012	March 2011
Pension increases	2.5%	2.8%
Salary increases	4.8%*	5.1%**
Expected return on assets	5.8%	6.9%
Discount rate	4.8%	5.5%

* Salary increases are assumed to be 1% p.a. until 31 March 2015 reverting to 4.8% thereafter.

** Salary increases are assumed to be 0% p.a. until 31 March 2013 reverting to 5.1% thereafter.

The following details relate to the charity and show the fair value of the assets, analysed over the main asset classes, together with the expected returns for each asset class.

Assets (Employer)	Long Term Return % per annum	Fund Value at	
		2012 £'000	Expected Return £'000 per annum
Equities	6.3%	269	16.95
Bonds	3.9%	38	1.48
Property	4.4%	24	1.06
Cash	3.5%	17	0.60
Total		348	20.09

The table below compares the present value of the scheme liabilities, based on the Actuary's assumptions, with the estimated employer assets.

	2012 £'000	2011 £'000
Estimated employer assets (A)	348	316
Present value of scheme liabilities	402	322
Present value of unfunded liabilities	-	-
Total value of liabilities (B)	402	322
Net pension liability (A) – (B)	(54)	(6)

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

14. PENSION SCHEME (Cont'd)

Analysis of the amount charged to operating profit	2012 £'000	2011 £'000
Service cost	32	36
Past service cost	-	(31)
Curtailment and settlements	-	-
Decrease in irrecoverable surplus	-	-
Total operating charge (A)	32	5
Amount credited to other finance income		
Expected return on employer assets	(24)	19
Interest on pension scheme liabilities	19	(19)
Net return (B)	5	-
Net revenue account cost (A)-(B)	27	5
Actual return less expected return on pension scheme assets	(50)	2
Experience gains and losses arising on the scheme liabilities	-	-
Changes in financial assumptions underlying the present value of scheme liabilities	(10)	58
Actuarial (loss)/gain in pension plan	(60)	60
Increase in irrecoverable surplus from membership fall and other factors	-	-
Actuarial (loss)/gain	(60)	60
Movement in deficit during the year		
Deficit in scheme at beginning of year	(6)	(92)
Current service cost	(32)	(36)
Employer contributions	39	31
Other income	-	-
Other outgo (e.g. expenses, etc)	-	-
Past service costs	-	31
Impact of settlements and curtailments	-	-
Net return on assets	5	-
Actuarial (loss)/gain	(60)	60
Deficit at end of year	(54)	(6)

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

14. PENSION SCHEME (Cont'd)

History of experience gains and losses	2012 £'000	2011 £'000
Difference between expected and actual return on assets	(50)	2
Value of assets	348	316
Percentage of assets	(14.4%)	0.6%
Experience gains on liabilities	-	-
Total present value of liabilities	402	322
Percentage of present value of liabilities	0%	0%
Actuarial gain/(loss) recognised in SOFA	(60)	60
Total present value of liabilities	402	322
Percentage of the present value of liabilities	(14.9%)	18.6%

15. LAND AND PROPERTY RESERVE

	2012 £	2011 £
At 1 April 2011	18,427,182	13,910,882
Land and property transferred at cost	405,654	2,541,354
Investment in James Watt Dock LLP	-	2,745,000
Revaluation	-	(770,054)
At 31 March 2012	<u>18,832,836</u>	<u>18,427,182</u>

The value of land and property and other assets is made up of:

Riverside Business Park site	200,000	200,000
Cartsburn/Cartsdyke site	475,000	475,000
Lynedoch Industrial Estate	1,760,000	1,760,000
Drumfrochar Road Estate	470,000	470,000
Victoria House Offices and Workshops	670,000	670,000
James Watt Dock site	400,000	400,000
Clydeview Building	1,800,000	1,800,000
Ladyburn Centre	930,000	930,000
Café at Riverside Business Park	70,000	70,000
Pontoons	144,036	144,036
Custom House, Greenock	1,163,800	1,163,800
Nursery at Riverside Business Park	600,000	600,000
	<u>8,682,836</u>	<u>8,682,836</u>

The investment added to the reserve is made up of:

Investment in James Watt Dock LLP	<u>10,150,000</u>	<u>9,744,346</u>
Total held in reserve	<u>18,832,836</u>	<u>18,427,182</u>

RIVERSIDE INVERCLYDE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended 31 March 2012****16. RECONCILIATION OF NET (OUTGOING)/INCOMING RESOURCES TO NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS**

	2012 £	2011 £
Net (outgoing)/incoming resources per Statement of Financial Activities	(26,454)	9,375
Interest receivable	(491)	(10,476)
Share of (loss)/profit in investment	19,435	(3,211)
Transfer to land and property reserve	405,654	5,286,354
Depreciation charge	14,333	22,529
Increase in debtors	(749,445)	(1,916,797)
(Decrease)/increase in creditors	(1,340,669)	424,401
Net cash (outflow)/inflow from operating activities	<u>(1,677,637)</u>	<u>3,812,175</u>

17. ANALYSIS OF CHANGES IN NET CASH RESOURCES

	As at 31 March 2011 £	Cash flow £	As at 31 March 2012 £
Cash	<u>2,631,207</u>	<u>(2,139,293)</u>	<u>491,914</u>

18. CAPITAL COMMITMENTS

Capital expenditure authorised by the directors and contracted for amounted to: £4.945m (2011: £2.473m).

Capital expenditure authorised by the directors but not contracted for amounted to: £nil (2011: £nil).

All capital expenditure contracted for will be met by grant funding.

19. CONTROLLING PARTY

The company is not under the control of any outside parties.

20. MEMBERS' INTERESTS AND LEGAL STATUS

The company is limited by guarantee and therefore does not have a share capital. The members of the company, whose liability is limited to £1, are Inverclyde Council and Scottish Enterprise.

21. RELATED PARTY TRANSACTIONS

The company's board of directors includes local authority councillors. Due to the nature of the company's trade, there have been transactions with local authorities in the year. No director of the company has been able to use this position to their advantage in respect of these transactions.

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

22. CONTINGENT LIABILITIES

The group has granted standard securities over land and buildings in favour of Scottish Enterprise and the Scottish Ministers.