



**Scott-Moncrieff**  
business advisers and accountants

**RIVERSIDE INVERCLYDE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2015**

**Company registration number: SC304355**

**Charity number: SC037806**

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**RIVERSIDE INVERCLYDE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2015**

**OFFICERS AND ADVISORS:**

**Directors:**

Dr Gerard McCarthy	Chair and Director
David Wilson	
Fay Rogers	
James Clocherty	
James A McQuade	
Stephen McCabe	
Anne McGregor	
Gavin McDonagh	

**Secretary:**

Burness Paull 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 Paull LLP  
120 Bothwell Street  
Glasgow  
G2 7JL

**Auditor:**

Scott-Moncrieff  
25 Bothwell Street  
Glasgow  
G2 6NL

**RIVERSIDE INVERCLYDE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2015**

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## **RIVERSIDE INVERCLYDE**

### **DIRECTORS' REPORT**

**For the year ended 31 March 2015**

#### **Directors**

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

Dr Gerard McCarthy	Chair and Director
David Wilson	
Fay Rogers	
James Clocherty	
James A McQuade	
Stephen McCabe	
Anne McGregor	
Gavin McDonagh	Appointed 30 <sup>th</sup> March 2015

#### **Structure, Governance and Management**

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, the Strategic 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 Accounting 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 and company 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 will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with 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). They are also responsible for safeguarding the assets of the group and company 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 2015**

#### **Going concern**

The Strategic Report on pages 3 to 5 has been based on the funding awards expected to be received in that period. Having assessed the funding already committed for the period and existing reserves, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing these annual financial statements.

#### **Disclosure of information to auditor**

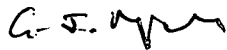
As far as each of the directors at the time the report is approved are aware:

- a) there is no relevant information of which the group's auditor is unaware; and
- b) the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

#### **Auditor**

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

Signed by order of the Board



Dr Gerard McCarthy  
Chair

Dated: 17<sup>th</sup> December 2015

## **RIVERSIDE INVERCLYDE**

### **STRATEGIC REPORT**

**For the year ended 31 March 2015**

#### **Objectives and 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 development of existing and new opportunities and "spreading the benefits of growth" to the local resident and business communities.

#### **Key Priorities**

Six key priorities have been identified for action and investment. Each one contributes to the achievement of the Inverclyde Vision, by capitalising on the opportunities and tackling the challenges identified previously. They all support the goal of creating a more competitive Inverclyde through supporting business growth, investment and job creation. Investment by the Council and ri will be targeted on a small number of projects within these six priorities, in line with the key strategic themes of Business, People, Place and Partnership.

##### ***Business***

□ Priority 1 - To grow and diversify the business base through a concerted programme to attract new SME's, businesses and private sector investment to the area, grow existing firms, and increase the rates of business start-up and self-employment. This will include: realising the economic potential of key economic sectors (marine and renewable energy, business and financial services, and tourism & leisure) through a programme of specialist business advice; supporting businesses to maximise opportunities presented by the transition to a low carbon economy; and a focus on increasing the number of high value-added businesses in the area, through support to innovate, secure growth finance, and develop a highly skilled workforce.

□ Priority 2 - To increase Inverclyde's capacity to accommodate private sector jobs by developing a mixed portfolio of high quality, value for money, regionally competitive business premises, capable of attracting and retaining a broad mix of industrial, commercial and service sector firms, with strong connections to the wider City Region economy.

##### ***People***

□ Priority 3 - To boost skill levels and reduce worklessness by supporting local residents (including young people), to develop employability and vocational skills and link them with new job opportunities. This will also include supporting local residents of all ages and backgrounds to develop their skills, especially higher level skills.

##### ***Place***

□ Priority 4 - To accelerate the regeneration of strategic employment sites and town centres as the business, leisure, retail and housing markets return to growth.

□ Priority 5 - To progress the renewal and economic regeneration of the most disadvantaged areas of Inverclyde by working with local communities, alongside private and third sector partners, to design, develop and deliver regeneration activities.

##### ***Partnership***

□ Priority 6 - To coordinate action and investment with our partners, including government, national economic development bodies, City Region partners, and the private sector, maximising joint impact on Inverclyde's economic development and regeneration.

## **RIVERSIDE INVERCLYDE**

### **STRATEGIC REPORT**

**For the year ended 31 March 2015**

#### **Achievements and Performance**

Following ri's commissioning of a charrette for Port Glasgow discussions have taken place with Inverclyde Council planners and local traders through the recently established Port Glasgow Town Centre Regeneration Forum. One of the key priorities identified for consolidation and redevelopment of the town centre, being the formation of a new entrance to the town centre from the Tesco roundabout, is now underway.

Since 2010, ri and the Council have been working together on a master plan for the development of Gourrock Pierhead, a long standing ambition for the area which aims to improve traffic flows and help to unlock additional tourism and commercial potential through housing, retail and leisure developments. A scheme for re-routing the main traffic flow through the town centre and improving the pierhead environs with a budget of £4.7M is now progressing with riph acting as agent on the project for Inverclyde Council. In terms of timescale, it is likely that the project will be completed in late autumn 2015.

Consideration is being given to the redevelopment of the former Municipal Buildings in Gourrock to complement the wider £4.7M infrastructure scheme and previous TCRF initiative.

ri continues to aim to 'spread the benefits' of its investments to local businesses, residents and communities. Overall, the aim has been to ensure that local businesses could benefit from regeneration activities and spending, that local people could secure new jobs and acquire new skills, and that the local community could share in the enhanced physical, public and community assets created.

In contrast to the work on physical regeneration, the initial business plan was clear that these 'spreading the benefits' activities were to be delivered by ri working in partnership with others.

During the year, ri has continued to support the Inverclyde Construction Forum with officer support and continues to work in partnership with companies in the private sector to attract large scale Renewables and Mainstream Renewable Power Companies to Inverclyde. The key actions of Targeted Recruitment and Training, minimum targets of local residents to be employed on construction works and encouragement of use of local Sub-contractors on contracts remain a focus. Updated marketing brochures and DVDs to position ri to attract mobile investment have been produced.

ri has actively supported the Beacon Arts Centre with operational grant funding and facilitating a very successful Folk and Roots Festival.

ri continues to support local business initiatives, supporting emerging and growth businesses in the area via the Greenock Chamber of Commerce Bee's Knees Awards.

riph continues to market its property portfolio and with the completion of works at Kelburn, Custom House and Scarlow Street, Port Glasgow and improvements carried out at Drumfrochar Industrial Estate the portfolio income is expected to continue to rise. With funds allocated within the budget to continue the high standard of maintenance of the portfolio riph is confident that the occupancy levels can be maintained in the short to medium term.

#### **Financial Review**

ri operated within its development funding allocation and managed its operating costs in line with the targets agreed with its funders at the start of the year. In the year ended 31<sup>st</sup> March 2015 a positive net movement in funds (before Pension) of £322,761 is reported, £534,641 of this surplus having been gifted by ri's subsidiary company. The net current assets of the company have improved from £552,350 to £878,197.

At group level, in the year ended 31<sup>st</sup> March 2015 a positive net movement in funds (before Pension and other items) of £3,262,243 is reported and net current assets have improved from £715,496 to £1,050,401.

## **RIVERSIDE INVERCLYDE**

### **STRATEGIC REPORT**

**For the year ended 31 March 2015**

#### **Plans for Future Periods**

A mid-term review of Riverside Inverclyde's operations was carried out in Spring 2015 as per the Company's Articles of Association and following discussion, actions arising from the recommendations from the review were taken. The outcome of these discussions was the drafting of a Single Operation Plan for Riverside Inverclyde and Inverclyde Council Regeneration and Economic Department which covers the period to 31<sup>st</sup> March 2017. The Plan focuses on the projects, investments and services to be delivered or led directly by the Council's Regeneration Team and ri, building on existing plans and financial commitments, at the same time as establishing some new actions to be taken forward in the next three years. The plan was reviewed in April 2015 with resources for 2015/16 and 2016/17 revised where appropriate.

#### **Reserves policy**

The level of available unrestricted reserves as shown in the group balance sheet on page 10 is £9,393,126 (2014: £12,804,477). 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 group.

#### **Principal risks and uncertainties**

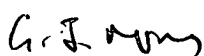
Through regular reporting to the Operations, Finance and Governance Subgroup of the Board over the year, the directors have continually reviewed and assessed the major risks to which the group is considered to be exposed, and have taken action where necessary to mitigate those risks. A corporate risk 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 group's long term strategy whilst recognising 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 31<sup>st</sup> March 2017.

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.

Strategic Report signed by order of the Board



Dr Gerard McCarthy  
Chair

Dated: 17<sup>th</sup> December 2015



## **RIVERSIDE INVERCLYDE**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIVERSIDE INVERCLYDE**

#### **For the year ended 31 March 2015**

We have audited the financial statements of Riverside Inverclyde for the year ended 31 March 2015 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 Chapter 3 of Part 16 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 auditor**

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 and express an opinion on 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 2015 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).

**RIVERSIDE INVERCLYDE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIVERSIDE INVERCLYDE**

**For the year ended 31 March 2015**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and the Strategic 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 group 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 consolidated 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: 17<sup>th</sup> December 2015

# RIVERSIDE INVERCLYDE

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

For the year ended 31 March 2015

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	172,879	5,184,705	5,357,584	6,220,574
Investment income	3	1,126,722	-	1,126,722	810,487
<b>Total Incoming Resources</b>		<u>1,299,601</u>	<u>5,184,705</u>	<u>6,484,306</u>	<u>7,031,061</u>
<b>Resources Expended</b>					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	4	-	(2,251,324)	(2,251,324)	(5,727,504)
Support costs	5	(956,879)	-	(956,879)	(859,290)
Governance costs	6	(11,150)	-	(11,150)	(10,779)
Other costs - taxation	7	(2,710)	-	(2,710)	(1,090)
<b>Total Resources Expended</b>		<u>(970,739)</u>	<u>(2,251,324)</u>	<u>(3,222,063)</u>	<u>(6,598,663)</u>
<b>Net movement in funds (before pension scheme and other items)</b>		328,862	2,933,381	3,262,243	432,398
Actuarial loss on defined benefit pension scheme		(7,000)	-	(7,000)	(52,000)
Transfer between funds		2,933,381	(2,933,381)	-	-
Share of gain/(loss) in investment		9,287	-	9,287	(49,922)
Unrealised (loss)/gain on revaluation		(6,675,881)	-	(6,675,881)	3,093,337
<b>Net movement in funds (after pension scheme and other items)</b>		<u>(3,411,351)</u>	<u>-</u>	<u>(3,411,351)</u>	<u>3,423,813</u>
Funds brought forward		12,804,477	-	12,804,477	9,380,664
<b>Funds carried forward</b>		<u>9,393,126</u>	<u>-</u>	<u>9,393,126</u>	<u>12,804,477</u>

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 13 to 25 form part of these financial statements.

**RIVERSIDE INVERCLYDE**

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

**For the year ended 31 March 2015**

	<b>Note</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2015 £</b>	<b>Total Funds 2014 £</b>
<b>Incoming Resources</b>					
<i><b>Incoming resources from generated funds</b></i>					
Voluntary income	2	172,879	262,871	435,750	892,287
Investment income	3	547,742	-	547,742	268,066
<b>Total Incoming Resources</b>		<u>720,621</u>	<u>262,871</u>	<u>983,492</u>	<u>1,160,353</u>
<b>Resources Expended</b>					
<i><b>Costs of generating funds</b></i>					
Costs of generating voluntary income	4	-	(262,871)	(262,871)	(448,461)
Support costs		(391,210)	-	(391,210)	(409,685)
Governance costs		(6,650)	-	(6,650)	(6,279)
<b>Total Resources Expended</b>		<u>(397,860)</u>	<u>(262,871)</u>	<u>(660,731)</u>	<u>(864,425)</u>
<b>Net movement in funds (before pension scheme)</b>		322,761	-	322,761	295,928
Actuarial loss on defined benefit pension scheme		<u>(7,000)</u>	<u>-</u>	<u>(7,000)</u>	<u>(52,000)</u>
<b>Net movement in funds (after pension scheme)</b>		315,761	-	315,761	243,928
Funds brought forward		<u>413,335</u>	<u>-</u>	<u>413,335</u>	<u>169,407</u>
<b>Funds carried forward</b>		<u><u>729,096</u></u>	<u><u>-</u></u>	<u><u>729,096</u></u>	<u><u>413,335</u></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 13 to 25 form part of these financial statements.

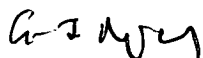
# RIVERSIDE INVERCLYDE

## CONSOLIDATED BALANCE SHEET

As at 31 March 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	9	8,524,704	12,261,250
<b>Investments</b>	10	-	-
<b>Current assets</b>			
Debtors	11	1,358,411	2,118,390
Cash at bank and in hand		1,253,517	1,518,118
		<u>2,611,928</u>	<u>3,636,508</u>
<b>Creditors:</b> amounts falling due within one year	12	(1,561,527)	(2,921,012)
<b>Net current assets</b>		<u>1,050,401</u>	<u>715,496</u>
<b>Total assets less current liabilities</b>		<u>9,575,105</u>	<u>12,976,746</u>
Provision for liabilities	13	(26,979)	(24,269)
Pension liability	14	(155,000)	(148,000)
<b>Net assets</b>		<u><u>9,393,126</u></u>	<u><u>12,804,477</u></u>
<b>Funds</b>			
Restricted		-	-
Unrestricted		1,040,626	702,477
		<u>1,040,626</u>	<u>702,477</u>
Land and property reserve	15	8,507,500	12,250,000
Pension reserve	14	(155,000)	(148,000)
		<u><u>9,393,126</u></u>	<u><u>12,804,477</u></u>

The financial statements were authorised for issue by the Board on 17<sup>th</sup> December 2015 and are signed on its behalf by:



Dr Gerard McCarthy (Chair)

**Company registration number: SC304355**

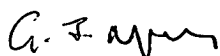
**Charity number: SC037806**

The notes on pages 13 to 25 form part of these financial statements.

**RIVERSIDE INVERCLYDE**  
**COMPANY BALANCE SHEET**  
**As at 31 March 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
<b>Fixed assets</b>			
Tangible assets	9	5,799	8,885
<b>Investments</b>	10	100	100
<b>Current assets</b>			
Debtors	11	738,913	778,772
Cash at bank and in hand		580,691	987,807
		<u>1,319,604</u>	<u>1,766,579</u>
<b>Creditors:</b> amounts falling due within one year	12	(441,407)	(1,214,229)
<b>Net current assets</b>		<u>878,197</u>	<u>552,350</u>
<b>Total assets less current liabilities</b>		<u>884,096</u>	<u>561,335</u>
Pension liability	14	(155,000)	(148,000)
<b>Net assets</b>		<u>729,096</u>	<u>413,335</u>
<b>Funds</b>			
Restricted		-	-
Unrestricted		884,096	561,335
		<u>884,096</u>	<u>561,335</u>
Pension reserve	14	(155,000)	(148,000)
		<u>729,096</u>	<u>413,335</u>

The financial statements were authorised for issue by the Board on 17<sup>th</sup> December 2015 and are signed on its behalf by:



Dr Gerard McCarthy (Chair)

**Company registration number: SC304355**  
**Charity number: SC037806**

The notes on pages 13 to 25 form part of these financial statements.

**RIVERSIDE INVERCLYDE****CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 March 2015**

	<b>Notes</b>	<b>2015 £</b>	<b>2014 £</b>
Net cash inflow from operating activities	16	2,661,868	797,493
<b>Returns on investments and servicing of finance</b>			
Interest receivable		13,101	4,039
Share of gain / (loss) in investment		9,287	(49,922)
<b>Capital expenditure and financial investment</b>			
Payment for tangible fixed assets		(2,948,857)	(62,700)
<b>(Decrease)/increase in cash in the year</b>	17	<u>(264,601)</u>	<u>688,910</u>

The notes on pages 13 to 25 form part of these financial statements.

## **RIVERSIDE INVERCLYDE**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2015**

#### **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 2015. The results of the subsidiary are consolidated on a line by line basis.

##### **Going Concern**

The Strategic Report on pages 3 to 5 has been based on the funding awards expected to be received in that period. Having assessed the funding already committed for the period and existing reserves, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing these annual financial statements.

##### **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.

##### **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.



## RIVERSIDE INVERCLYDE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

#### 1. ACCOUNTING POLICIES (cont'd)

##### Fixed assets

Fixed assets are recorded as follows:

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

##### 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

##### 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. Employer contributions to this scheme are charged to the Statement of Financial Activities and are included within staff costs. Movements in the overall position of the defined benefit pension scheme are included in the Statement of Financial Activities after the net movement in funds for the year.

##### 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 2015 £	Total Funds 2014 £
The Harbours / Cathcart Street	-	-	-	57,816
Greenock & Port Glasgow Town Centres	-	60,313	60,313	229,470
Local Business Support	-	85,000	85,000	-
Gourock Town Centre	-	-	-	65,560
Infrastructure and Placemaking	-	69,457	69,457	59,486
Energy and Renewables Development	-	18,555	18,555	22,487
Communications and Marketing	-	29,546	29,546	13,642
Development Funding	172,879	-	172,879	443,826
<b>Total - company</b>	<b>172,879</b>	<b>262,871</b>	<b>435,750</b>	<b>892,287</b>

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. GRANTS RECEIVABLE (cont'd)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
<b>Total - company</b>	172,879	262,871	435,750	892,287
The Harbours / Cathcart Street	-	656,274	656,274	1,947,733
Cartsdyke and Cartsburn	-	5,119	5,119	472
Riverside Business Park	-	85,884	85,884	770,535
Pottery Street Road Adoption	-	59,896	59,896	-
Greenock & Port Glasgow Town Centres	-	919,809	919,809	79,085
Gourock Masterplan	-	1,480,089	1,480,089	32,677
Kilmacoll Self Build	-	36,909	36,909	-
Kelburn	-	1,627,789	1,627,789	2,485,079
Infrastructure and Placemaking	-	13,688	13,688	12,706
Commercial Property Upgrade	-	36,377	36,377	-
<b>Total - group</b>	<u>172,879</u>	<u>5,184,705</u>	<u>5,357,584</u>	<u>6,220,574</u>

### 3. INVESTMENT INCOME

Bank interest receivable	13,101	-	13,101	4,039
Gift aid	534,641	-	534,641	264,027
<b>Total – company</b>	<u>547,742</u>	<u>-</u>	<u>547,742</u>	<u>268,066</u>

Bank interest receivable	13,101	-	13,101	4,039
Rent receivable	1,113,621	-	1,113,621	806,448
<b>Total – group</b>	<u>1,126,722</u>	<u>-</u>	<u>1,126,722</u>	<u>810,487</u>

### 4. COSTS OF GENERATING VOLUNTARY INCOME

The Harbours / Cathcart Street	-	-	-	57,816
Greenock & Port Glasgow Town Centres	-	60,313	60,313	229,470
Local Business Support	-	85,000	85,000	-
Gourock Masterplan	-	-	-	65,560
Infrastructure and Placemaking	-	69,457	69,457	59,486
Energy and Renewables Development	-	18,555	18,555	22,487
Communications and Marketing	-	29,546	29,546	13,642
<b>Total – company</b>	<u>-</u>	<u>262,871</u>	<u>262,871</u>	<u>448,461</u>

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. COSTS OF GENERATING VOLUNTARY INCOME (cont'd)	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
<b>Total – company</b>	-	262,871	262,871	448,461
The Harbours / Cathcart Street	-	656,274	656,274	1,947,733
Cartsdyke and Cartsburn	-	5,119	5,119	472
Riverside Business Park	-	85,884	85,884	770,535
Pottery Street Road Adoption	-	59,896	59,896	-
Greenock & Port Glasgow Town Centres	-	919,809	919,809	79,085
Gourock Masterplan	-	1,480,089	1,480,089	32,677
Kilmacolm Self Build	-	36,909	36,909	-
Kelburn	-	1,627,789	1,627,789	2,485,079
Infrastructure and Placemaking	-	13,688	13,688	12,706
Commercial Property Upgrade	-	36,377	36,377	11,756
Transferred to land and property reserve	-	(2,933,381)	(2,933,381)	(61,000)
<b>Total – group</b>	-	2,251,324	2,251,324	5,727,504
<b>5. SUPPORT COSTS</b>				
	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Salaries	368,406	-	368,406	355,452
Consultancy costs	42,029	-	42,029	42,970
Legal and Professional fees	18,797	-	18,797	19,896
Administrative Expenses	199,317	-	199,317	173,898
Property costs	328,330	-	328,330	267,074
	956,879	-	956,879	859,290
<b>6. GOVERNANCE COSTS</b>				
Audit and Accountancy Fees	11,150	-	11,150	10,779
<b>Operating Results</b>			<b>2015 £</b>	<b>2014 £</b>
Operating results are stated after charging:-				
Depreciation			9,522	8,134
Auditors' remuneration				
- as auditors			12,600	10,600
- taxation services			4,475	3,550

**RIVERSIDE INVERCLYDE****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended 31 March 2015****7. TAXATION****2015**  
**£****2014**  
**£**

The tax charge for the year was as follows:-

Deferred tax	2,710	1,090
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The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:-

**2015**  
**£****2014**  
**£**

Profit in subsidiary company on ordinary activities before taxation	18,098	26,638
---	--------	--------

Profit in subsidiary company on ordinary activities multiplied by the effective rate of corporation tax in the UK of 21% (2014: 23%)

Income not taxable for tax purposes	3,801	6,127
Capital allowances in excess of depreciation	(10,106)	(12,900)
Expenses not deductible for tax purposes	(2,846)	(1,253)
	9,151	8,026

	-	-
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**8. PAYROLL COSTS****2015**  
**£****2014**  
**£**

Wages and salaries	293,990	284,523
Social security costs	28,253	28,888
Other pension costs	46,163	42,041
	368,406	355,452

Included in the above is £115,720 (2014: £104,500) of recharged salary costs of employees not employed directly by the group.

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 8. PAYROLL COSTS (cont'd)

Particulars of employees:-	2015 No.	2014 No.
The average number of staff remunerated by the group during the financial year amounted to:-		
Full time	4	6
Part time	4	3
	<u>4</u>	<u>3</u>

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

	2015 No	2014 No
Number of employees with total emoluments over £60,000:		
£70,000 - £79,999	1	-
	<u>1</u>	<u>-</u>

The above employee is a member of the defined benefit pension scheme. During the year ended 31 March 2015, pension contributions totalling £14,365 (2014: £nil) 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 2014	12,175,000	112,732	75,000	12,362,732
Additions	2,933,381	15,476	-	2,948,857
Revaluation	(6,675,881)	-	-	(6,675,881)
As at 31 March 2015	<u>8,432,500</u>	<u>128,208</u>	<u>75,000</u>	<u>8,635,708</u>
<b>Depreciation</b>				
As at 1 April 2014	-	101,482	-	101,482
Charge in year	-	9,522	-	9,522
As at 31 March 2015	<u>-</u>	<u>111,004</u>	<u>-</u>	<u>111,004</u>
Net book value as at 31 March 2015	<u>8,432,500</u>	<u>17,204</u>	<u>75,000</u>	<u>8,524,704</u>
Net book value as at 31 March 2014	<u>12,175,000</u>	<u>11,250</u>	<u>75,000</u>	<u>12,261,250</u>

£5,799 of the total net book value of furniture and equipment relates to the company only (2014: £8,885).

Land and property held by the company were revalued as at March 2015 by Cushman and Wakefield, on an open market value basis.

The historical cost of assets held within land and property is £16,057,238.

## RIVERSIDE INVERCLYDE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

#### 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 2015, the company had turnover of £6,035,455 and profit after taxation of £15,388. At the balance sheet date the company had net assets of £8,664,130.

##### 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. James Watt Dock LLP was established to advance the redevelopment of a 107 acre site to the east of Greenock town centre. The value of Riverside Inverclyde (Property Holdings) Ltd's 50% investment is as follows:-

	2015 £	2014 £
Capital injection	5,000,000	5,000,000
Working capital	5,150,000	5,150,000
Accumulated share of losses brought forward	(99,196)	(49,274)
Share of profit / (loss) in year	9,287	(49,922)
Provision for write down in Investment	(10,100,726)	(10,100,726)
	<u>(40,635)</u>	<u>(49,922)</u>

Following a revaluation of the Investment Properties of James Watt Dock LLP as at 31st March 2013 the directors resolved that, to reflect the reduction in the value of the investment, full provision should be made against the investment in the accounts of the Company.

The above balance as at 31 March 2015 is recognised as a creditor falling due within one year within note 12 to the financial statements.

The LLP made a profit of £18,575 for the year ended 30 March 2015 (2014: £99,845 loss) and has net liabilities of £4,039,168 at that date.

#### 11. DEBTORS

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade debtors	223,377	40,984	-	-
Grants receivable	989,621	1,923,482	125,182	223,482
Riverside Inverclyde (Property Holdings) Ltd	-	-	585,023	535,444
VAT	83,507	93,490	10,513	-
Prepayments	58,992	57,520	15,281	16,932
Accrued income	2,914	2,914	2,914	2,914
	<u>1,358,411</u>	<u>2,118,390</u>	<u>738,913</u>	<u>778,772</u>

No interest is charged on the loan to the subsidiary company and there are no fixed repayment terms.

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

12. CREDITORS: Amounts falling due within one year	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade creditors	630,756	666,570	10,454	56,257
Accruals	254,455	153,651	38,302	11,394
VAT	-	-	-	90,471
Interest in net liability of associate	40,635	49,922	-	-
Deferred income	635,681	2,050,869	392,651	1,056,107
	<u>1,561,527</u>	<u>2,921,012</u>	<u>441,407</u>	<u>1,214,229</u>

The movement in deferred income is analysed as follows:

	2015 £	2014 £	2015 £	2014 £
At 1 April	2,050,869	3,917,240	1,056,107	973,487
Received in year	3,769,517	3,910,377	152,853	531,081
Released in year	(5,184,705)	(5,776,748)	(816,309)	(448,461)
At 31 March	<u>635,681</u>	<u>2,050,869</u>	<u>392,651</u>	<u>1,056,107</u>

## 13. PROVISIONS FOR LIABILITIES

	2015 £	2014 £
Deferred taxation:		
Accelerated capital allowances	<u>26,979</u>	<u>24,269</u>

## 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 2014, with the next formal triennial valuation due as at 31 March 2017.

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

Assumptions as at	31 March 2015	31 March 2014
Pension increases	2.5%	2.9%
Salary increases	4.4%	5.2%*
Expected return on assets	3.3%	6.0%
Discount rate	3.3%	4.3%
Mortality tables	Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females	Fund's VitaCurves based on year of birth, medium cohort lagged for 10 years and minimum improvements from 2011 of 1.0% p.a. for males and 0.75% p.a. for females

\* Salary increases are assumed to be 1% p.a. until 31 March 2015 reverting to the long term assumption shown thereafter.

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 14. PENSION SCHEME (cont'd)

The expected rates of return are set equal to the discount rate.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

The mortality assumptions adopted imply the following life expectancies from age 65:

	2014/15	2013/14
Male currently aged 45	24.8 years	23.3 years
Male currently aged 65	22.1 years	21.0 years
Female currently aged 45	26.2 years	25.3 years
Female currently aged 65	23.6 years	23.4 years

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.

	Long term rate of return expected at 31/03/15	Value at 31/03/15 £'000	% of Scheme assets	Expected return £'000 per annum
Equities	3.3%	356	75.0%	11.748
Bonds	3.3%	62	13.0%	2.046
Property	3.3%	52	11.0%	1.716
Cash	3.3%	5	1.0%	0.165
<b>Fair value of scheme assets</b>		<b>475</b>	<b>100%</b>	<b>15.675</b>

	Long term rate of return expected at 31/03/14	Value at 31/03/14 £'000	% of Scheme assets	Expected return £'000 per annum
Equities	6.6%	407	76.0%	26.862
Bonds	3.7%	64	12.0%	2.368
Property	4.8%	37	7.0%	1.776
Cash	3.7%	27	5.0%	0.999
<b>Fair value of scheme assets</b>		<b>535</b>	<b>100%</b>	<b>32.005</b>

The above asset values as at 31 March 2015 are at bid value.

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

	2015 £'000	2014 £'000
Estimated employer assets (A)	475	535
Present value of scheme liabilities	630	683
Present value of unfunded liabilities	-	-
Total value of liabilities (B)	630	683
Net pension liability (A) – (B)	(155)	(148)



# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 14. PENSION SCHEME (Cont'd)

Changes in the fair value of scheme assets are as follows:

	2014/15 £'000	2013/14 £'000
Opening fair value of scheme assets	535	466
Expected return	33	25
Contributions by members	9	12
Contributions by employer	22	25
Actuarial (losses)/gains	(117)	8
Benefits paid	(7)	(1)
Closing fair value of scheme assets	475	535

Changes in the present value of the scheme liabilities are as follows:

	2014/15 £'000	2013/14 £'000
Opening defined benefit liability	683	562
Current service cost	33	32
Interest cost	30	26
Contributions by members	9	12
Actuarial (gains)/losses	(118)	52
Benefits paid	(7)	(1)
Closing defined benefit liability	630	683
Actual return on scheme assets	72	33

#### History of experience gains/(losses)

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Scheme assets	475	535	466	348	316
Defined benefit liability	(630)	(683)	(562)	(402)	(322)
Deficit in scheme	(155)	(148)	(96)	(54)	(6)
Difference between expected and actual return on assets	(117)	8	34	(50)	2
Experience adjustments on scheme liabilities	(211)	-	-	-	-

	2015 £'000	2014 £'000
Service cost	33	32
Past service cost	-	-
Curtailment and settlements	-	-
Decrease in irrecoverable surplus	-	-
Total operating charge (A)	33	32

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 14. PENSION SCHEME (Cont'd)

	2015 £'000	2014 £'000
Expected return on employer assets	33	25
Interest on pension scheme liabilities	(30)	(26)
Net return (B)	3	(1)
Net revenue account cost (A)-(B)	30	33

The employer contributions for the year to 31 March 2016 will be approximately £27,000.

Actual return less expected return on pension scheme assets	(117)	8
Changes in financial assumptions underlying the present value of scheme liabilities	118	(52)
<b>Actuarial gain/(loss) in pension plan</b>	1	(44)
Increase in irrecoverable surplus from membership fall and other factors	-	-
<b>Actuarial gain/(loss)</b>	1	(44)

The cumulative amount of actuarial losses taken to the statement of total recognised gains and losses since the deficit was incorporated into the financial statements is £190,000.

<b>Movement in deficit during the year</b>	<b>2014/15 £'000</b>	<b>2013/14 £'000</b>
Deficit in scheme at beginning of year	(148)	(96)
Current service cost	(33)	(32)
Employer contributions	22	25
Other income	-	-
Other outgo (e.g. expenses, etc)	-	-
Past service costs	-	-
Impact of settlements and curtailments	-	-
Net return on assets	3	(1)
Actuarial gain/(loss)	1	(44)
Deficit at end of year	(155)	(148)

### Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Changes in assumptions at 31 March 2015:</b>	<b>Approx. % increase to employer liability</b>	<b>Approx. monetary amount £'000</b>
0.5% decrease in real discount rates	13%	79
1 year increase in member life expectancy	3%	19
0.5% increase in the salary increase rate	0%	1
0.5% increase in the pension increase rate	13%	79

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 15. LAND AND PROPERTY RESERVE

	2015 £	2014 £
At 1 April	12,250,000	9,095,663
Land and property transferred at cost	2,933,381	61,000
Unrealised (loss)/gain on revaluation	(6,675,881)	3,093,337
At 31 March	<u>8,507,500</u>	<u>12,250,000</u>

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

Cartsburn/Cartsdyke site	250,000	350,000
Lynedoch Industrial Estate	1,310,000	1,500,000
Drumfrochar Road Estate	710,000	700,000
Victoria House Offices and Workshops	400,000	710,000
James Watt Dock site	400,000	400,000
Clydeview Building	1,115,000	1,590,000
Ben Lomond Building	1,330,000	2,000,000
Ladyburn Centre	610,000	855,000
Café at Riverside Business Park	75,000	100,000
Pontoons	75,000	75,000
Custom House, Greenock	560,000	1,100,000
Princes Street, Port Glasgow Development	187,500	245,000
Nursery at Riverside Business Park	495,000	550,000
Kelburn Industrial Estate, Port Glasgow	800,000	1,880,000
Scarlow Street, Port Glasgow	190,000	195,000
Total held in reserve	<u>8,507,500</u>	<u>12,250,000</u>

### 16. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS

	2015 £	2014 £
Net incoming resources per Statement of Financial Activities	3,262,243	432,398
Other costs – taxation	2,710	1,090
Interest receivable	(13,101)	(4,039)
Share of (gain)/loss in investment	(9,287)	49,922
Depreciation charge	9,522	8,134
Decrease in debtors	759,979	2,746,307
Decrease in creditors	(1,350,198)	(2,436,319)
Net cash inflow from operating activities	<u>2,661,868</u>	<u>797,493</u>

## RIVERSIDE INVERCLYDE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

#### 17. ANALYSIS OF CHANGES IN NET CASH RESOURCES

	As at 31 March 2014 £	Cash flow £	As at 31 March 2015 £
Cash	<u>1,518,118</u>	<u>(264,601)</u>	<u>1,253,517</u>

#### 18. CAPITAL COMMITMENTS

Capital expenditure authorised by the directors and contracted for amounted to: £0.921m (2014: £2.415m).

Capital expenditure authorised by the directors but not contracted for amounted to: £1.613m (2014: £5.687m).

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.

#### 22. CONTINGENT LIABILITIES

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