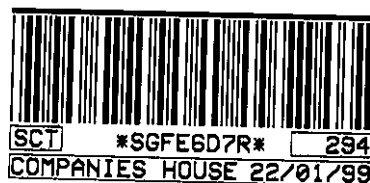


GOVAN INITIATIVE LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 MARCH 1998

Company number: SC108565

Scottish Charity number: SC023930



GOVAN INITIATIVE LIMITED

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

MEMBERS OF THE COMPANY

Glasgow Development Agency
Gray Dunn and Company Limited
Glasgow City Council

REGISTERED OFFICE

Broomloan House
170 Edmiston Drive
Glasgow
G51 2YS

BANKERS

TSB Bank Scotland plc
21 Blythswood Square
Glasgow
G2 4BL

SOLICITORS

Boys
146 West Regent Street
Glasgow
G2 2RZ

AUDITORS

Moore Rowland
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

DIRECTOR OF THE ORGANISATION

Ronald Culley

COMPANY SECRETARY

Ronald Culley

GOVAN INITIATIVE LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 MARCH 1998

CONTENTS	Page
Management committee report	1
Chairman's Statement	3
Auditors' report	4
Profit and Loss Account	5
Balance Sheet	6
Cash flow statement	7
Notes on the accounts	8

GOVAN INITIATIVE LIMITED

MANAGEMENT COMMITTEE REPORT

The Management Committee submit their tenth Report and Accounts covering the year from 1 April 1997 to 31 March 1998.

Activities of the Company

Govan Initiative Limited is engaged in developing and managing projects in the fields of business development, training and education, physical development and community and health development which are designed to regenerate the local economy of the Greater Govan Area.

The company is recognised by the Inland Revenue as a charity.

Results and dividends

The operating deficit for the year was £1,185 (1997: £1,504) from which has to be deducted the write-off of the Interlock costs of £208,556. In accordance with Article IV of the Memorandum of Association, no income or property of the company shall be distributed to the Members, Officers and Servants of the Company and the entire deficit after taxation is carried to the Profit and Loss Account.

Management Committee and their interests

The Management Committee during the year were, and at the date of this report are:

Members:	Nominating Body
Archie Simpson (Chairman)	Glasgow City Council
John McLaughlin (Vice Chairman)	South Side Business Club
Euphemia McClymont (Vice Chairwoman)	Community Liaison Committee
Deirdrie Gaughan	Glasgow City Council
John McDonagh	
Linda Anne Smith	Glasgow Development Agency
Daniel Whitelaw	Private Sector
Alistair McManus	Private Sector
Iris Gibson	Local Resident Representative
Mohammad Sarwar (Resigned 30 November 1997)	Glasgow City Council
Stephen Dornan	Glasgow City Council
Paul Martin	Glasgow City Council
Iain Robertson	Private Sector
Isabelle Robertson	Local Resident Representative
Richard Carabine	Local Resident Representative
Jane McKay (Resigned 1 June 1998)	Local Resident Representative
Alistair Watson	Glasgow City Council
Michael Mallon	Private Sector
Robert McCann (Resigned 1 June 1998)	Local Resident Representative
Douglas Strachan (Resigned 1 June 1998)	University of Strathclyde
Muhammad Shoaib (Appointed 30 November 1997)	Glasgow City Council

GOVAN INITIATIVE LIMITED**MANAGEMENT COMMITTEE REPORT****Management Committee and their interests (cont'd)**

Under the terms of Clause 33 of the Articles of Association the Nominated Members shall remain as Members of the Management Committee for a period of three years provided they are nominated representatives of their nominating bodies. Clause 34 specifies the numerical limitation of the various nominating bodies. Thereafter under Clause 33 such persons as are co-opted by the Nominated Members of the Management Committee may be appointed until the date of the Annual General Meeting following the end of the Financial Year of the Company following the date of co-option but shall remain eligible for further annual periods of co-option without limit.

Fixed assets

Movements in fixed assets are set out at note 8 to the accounts.

Events since the end of the year

Since 31 March 1998 there have been no events apart from the note below, which require to be reported or which necessitate any adjustment to the accounts.

Subsequent to 31 March 1998, the company marketed unit one at the Moorpark Estate and has received an offer of £425,000 for this unit.

Responsibility of the Management Committee in respect of the accounts

Company Law requires the Management Committee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing their accounts the Management Committee are required to:

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the accounts comply with the Companies Act 1985. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and irregularities.

Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution to re-appoint Moores Rowland as auditors will be put to the Members at the Annual General Meeting.

General

The Management Committee wishes to express thanks to all those who provided support and assistance during the period under review, over and above the financial contributions recorded in the Accounts.

On behalf of the Management Committee

R CULLEY
SECRETARY



30 June 1998

GOVAN INITIATIVE LIMITED

CHAIRMAN'S STATEMENT

In operational terms, Govan Initiative has experienced another successful year of company performance - particularly against a backdrop of public sector financial constraints. This notwithstanding, the company has developed strong strategic alliances with many private sector organisations and, in some instances, have seen these grow into joint ventures - some of which have been realised and some of which are about to come to fruition.

The Business Development Unit has met its target in assisting the growth of key businesses within the area and the Lifetime Learning Unit have been extremely effective in supporting the continuing vocational and professional development of the local workforce.

The continuing trend of establishing over 100 business start-ups in the area each year is encouraging as has been the reduction in problems affecting larger companies. Nevertheless, where large scale redundancies have been in evidence, the REACT Team have been astonishingly effective in returning redundees to the workforce.

This year has been an extremely important year for the Company as it was successful in its bid to become the Business of the Year - winning the Quality Scotland Award for Business Excellence in December 1997.

In addition, the company has been re-accredited with Investors in People and Scottish Quality Management Systems.

In 1994 the Board agreed to set up Digitlink Ltd to develop the Intelock which was an electronic locking device in which a number of local authorities had expressed an interest. It was anticipated by the Board that this product would create jobs and make a surplus which would subsequently be reinvested in the local economy. In late 1997 the Board took the decision to write off approximately £200,000 of development costs as a prudent approach to treasury management. In taking this decision the Board recognised that, as they had an asset base of several millions, they had the financial resources to preserve the services to the local community without the need for wholesale redundancies.

The Company is in a strong and stable financial position and has the resources to continue its work without impediment and indeed will be strengthened with the sale of Unit 1 Moorpark for which a legal offer has been received. It is anticipated that the sale will offset the above write-off of development costs.



A SIMPSON
CHAIRMAN

30 June 1998

GOVAN INITIATIVE LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF GOVAN INITIATIVE LIMITED

We have audited the accounts on pages 5 to 20.

Respective responsibilities of the members of the management committee and auditors

As described in the management committee report the company's management committee is responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We have conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the members of the management committee in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

The positioning of the exceptional item as disclosed on the profit and loss account is not in accordance with format 1 of Schedule 4 to the Companies Act 1985.

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1998 and of its deficit for the year then ended and with the exception of the format of the profit and loss account and have been properly prepared in accordance with the Companies Act 1985.

We would further note that the accounts may not comply with FRS 8 in so far as not all directors have made disclosures of their other interests (see note 26).


MOORES ROWLAND

Chartered Accountants
Registered Auditors

25 Bothwell Street
Glasgow G2 6NL

1 July 1998

GOVAN INITIATIVE LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 1998

	Note	1998 £	1997 £
Turnover	2	3,280,522	3,095,815
Other operating income	3	608,563	483,764
		<u>3,889,085</u>	<u>3,579,579</u>
Administrative expenses		<u>3,814,568</u>	<u>3,506,244</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST AND EXCEPTIONAL ITEM		74,517	73,335
Interest payable		<u>75,702</u>	<u>74,839</u>
OPERATING DEFICIT	5	(1,185)	(1,504)
Exceptional item	5	<u>(208,556)</u>	<u>-</u>
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(209,741)	(1,504)
TAX ON ORDINARY ACTIVITIES	7	<u>-</u>	<u>-</u>
DEFICIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(209,741)</u>	<u>(1,504)</u>

All disclosures relate only to continuing operations. All recognised gains and losses are included in the Profit and Loss Account.

The statement of accounting policies and notes on pages 8 to 20 form part of these accounts.

GOVAN INITIATIVE LIMITED

BALANCE SHEET

AT 31 MARCH 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Tangible assets	8	3,498,759	3,159,077
Investments	9	16,000	66,130
		<u>3,514,759</u>	<u>3,225,207</u>
CURRENT ASSETS			
Stocks		12,830	-
Loans	10	185,913	210,042
Debtors	11	860,185	863,741
Cash at bank and on hand		105,415	360,310
		<u>1,164,343</u>	<u>1,434,093</u>
CREDITORS: Amounts falling due within one year	12	1,306,743	1,114,582
NET CURRENT (LIABILITIES) ASSETS			
		<u>(142,400)</u>	<u>319,511</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>3,372,359</u>	<u>3,544,718</u>
CREDITORS: Amounts falling due after more than one year	15	749,520	758,237
DEFERRED CAPITAL GRANTS			
	17	2,295,389	2,222,154
		<u>327,450</u>	<u>564,327</u>
RESERVES			
Profit and loss account	18	(45,723)	164,018
Business Development Fund Reserve	18&19	373,173	400,309
		<u>327,450</u>	<u>564,327</u>

X *Archie Simpson* X

ARCHIE SIMPSON
CHAIRMAN OF MANAGEMENT COMMITTEE

30 June 1998

The statement of accounting policies and notes on pages 8 to 20 form part of these accounts.

GOVAN INITIATIVE LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 1998

	Note	1998 £	1997 £
Net cash inflow from operating activities	20	164,568	103,252
Returns on investments and servicing of finance	21	(75,702)	(60,839)
Capital expenditure	21	<u>(469,980)</u>	<u>(589,140)</u>
Net cash outflow before financing		(381,114)	(546,727)
Financing	21	<u>126,219</u>	<u>588,731</u>
(Decrease) increase in cash	22	<u><u>(254,895)</u></u>	<u><u>42,004</u></u>

The statement of accounting policies and notes on pages 8 to 20 form part of these accounts.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

1. Accounting Policies*Basis of accounting*

The Accounts are prepared under the historical cost convention and in accordance with approved Accounting Standards.

Group accounts

The accounts present information about the company as an individual undertaking and not about its group.

Group accounts have not been prepared as permitted under Section 248(1) of the Companies Act 1985 on the grounds that the group qualifies as a medium sized group.

Operating leases

Rentals paid under operating leases are charged to profit and loss account as incurred. The obligation to pay future rentals on operating leases is shown by way of a note to the accounts

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off costs or valuation, less estimated residual value, of each asset evenly over its useful life, as follows:

Office furniture and equipment	- over 4 to 6 years
Motor vehicles	- over 4 years
Capital purchases	- over term of project
Leasehold improvements	- the leasehold property has not been depreciated during the year as the project was still under construction at the year end
Buildings	- over 50 years

Deferred capital grants

Grants received and receivable are credited to a deferral account and are released to the Profit and Loss Account over the life of the asset.

Pension scheme

The company makes contributions to various personal pension arrangements for employees, up to a maximum of 6% of remuneration.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

2. Turnover

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

	1998 £	1997 £
European Commission	762,776	677,783
Glasgow City Council	661,271	722,400
Glasgow Development Agency	1,293,984	1,014,777
Scottish Office (Urban Aid)	552,491	670,855
Rangers Football Club	10,000	10,000
	<u>3,280,522</u>	<u>3,095,815</u>

3. Other operating income

Training courses	32,953	17,296
Employment service	-	13,125
Other	71,647	94,635
Interest on money market deposit	-	46,326
Interest on loans and current accounts	24,258	14,546
Rent	345,172	223,420
Fees - Business Advice Unit	1,950	(2,175)
Arts - Productions	12,049	11,482
Nurseries	26,725	25,109
Braehead Development	48,750	40,000
Training and Education	34,839	-
Health	767	-
Govan Works	9,453	-
	<u>608,563</u>	<u>483,764</u>

4. Interest payable

Term loan	74,664	72,528
Bank overdraft	1,038	2,311
	<u>75,702</u>	<u>74,839</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

5. Operating deficit

	1998	1997
	£	£
Stated after charging or (crediting):		
Staff costs (note 6)	395,995	301,125
Depreciation on tangible fixed assets	122,238	105,622
Operating lease rentals on:		
property	189,422	176,641
equipment	22,363	16,715
Auditors remuneration:		
- for audit services	6,500	6,000
- for non-audit services	11,909	7,299
Capital grants released	(63,236)	(43,721)

Exceptional item

In view of the financial results of Digitlink Ltd the following provisions have been made:

	£
In respect of value of investment	50,130
In respect of loan account	158,426
	<u>208,556</u>

(see note 9(b))

6. Staff costs

	1998	1997
	£	£
Direct wages and salaries	1,646,046	1,530,646
Social security costs	164,046	135,610
Pension costs	41,500	32,774
	<u>1,851,592</u>	<u>1,699,030</u>
Charge for seconded staff	69,000	69,000
	<u>1,920,592</u>	<u>1,768,030</u>
Deduct recovered: Urban Aid and other projects	1,524,597	1,466,905
	<u>395,995</u>	<u>301,125</u>

No fees or other emoluments were paid directly, or indirectly, to any Member of the Management Committee.

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

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

	1998 Number	1997 Number
Administrative	15	15
Projects	169	126
	<u> </u>	<u> </u>

In addition, the salaries of certain members of staff were carried directly on payrolls outwith the company, and either re-charged or provided as a contribution-in-kind.

7. Tax on deficit on ordinary activities

There is no liability to taxation as the company has obtained exemption under Section 505 of the Income and Corporation Taxes Act 1988 with effect from 30 June 1997. The Scottish Charity number for the company is SC023930.

8. Fixed Assets

	Buildings £	Leasehold Improvements £	Office Furniture & Equipment £	Vehicles £	Total £
<i>Cost:</i>					
At 1 April 1997	4,007,594	402,990	966,645	68,092	5,445,321
Additions	361,993	-	107,981	-	469,974
Disposals	(2,906)	-	(5,495)	(68,092)	(76,493)
Contributions rec'd	(1,400,000)	-	-	-	(1,400,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1998	2,966,681	402,990	1,069,131	-	4,438,802
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation:</i>					
At 1 April 1997	93,052	-	725,100	68,092	886,244
Charge for year	48,244	8,060	73,994	-	130,298
On disposals	(2,906)	-	(5,501)	(68,092)	(76,499)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1998	138,390	8,060	793,593	-	940,043
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Net Book Value:</i>					
At 31 March 1998	2,828,291	394,930	275,538	-	3,498,759
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1997	2,514,542	402,990	241,545	-	3,159,077
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Included within Buildings is bank interest capitalised of £80,224 (1997: £80,224), being interest charged up to date of completion and internal salaries of £70,000 (1997: £30,000).

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

8. Fixed Assets (cont'd)

The Festival Business Centre, Brand Street, Govan has a net book value of £1,977,024 and a corresponding deferred capital grant balance of £1,181,120.

The building was valued on 29 May 1997 by Messrs D.T.Z. Debenham Thorpe, Chartered Surveyors at £1,100,000 being the Open Market Value subject to sub-tenancies at that date.

The Management Committee are of the opinion that the revaluation does not represent a permanent diminution in value and therefore no account has been taken of the valuation within these accounts.

9. Investments

	Unlisted investments £	Shares in subsidiary undertaking £	Total £
At 1 April 1997	16,000	50,130	66,130
Provided in year	-	(50,130)	(50,130)
At 31 March 1998	<u>16,000</u>	<u>-</u>	<u>16,000</u>

a) Unlisted investments

The company owns 16,000 Preference shares in Caledonian Compressors Ltd, a company based in Govan.

b) Shares in subsidiary undertaking

The company owns the entire share capital, being 50,130 ordinary shares of £1, of Digitlink Limited, a company registered in Scotland. The company's principal activity is the development and sale of electronic locking systems.

During the year the company wrote off all its development costs resulting in a loss for the year to 31 March 1998 of £114,043 (1997: £93,503). As at 31 March 1998 the aggregate capital and reserves were £(158,426) (1997: £44,383).

Govan Initiative Ltd has provided for this deficiency in these accounts (see note 5).

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

10. Loans

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

	1998 £	1997 £
Outstanding at 1 April 1997	210,042	398,702
Loans granted during year	162,850	51,500
Repaid during year	(159,843)	(206,880)
Written off	(27,136)	(33,280)
	<hr/>	<hr/>
Outstanding at 31 March 1998	<u>185,913</u>	<u>210,042</u>

Of the outstanding balance at 31 March 1998 £37,388 is due to be repaid after more than one year (1997: £55,636).

11. Debtors

	1998 £	1997 £
Debtors	759,192	550,154
Prepayments	40,327	30,410
Amounts due from subsidiary undertaking	42,408	129,550
Other debtors	18,258	153,627
	<hr/>	<hr/>
	<u>860,185</u>	<u>863,741</u>

12. Creditors: Amounts falling due within one year

Trade creditors	77,962	100,416
Bank term loan (notes 13 and 16)	15,479	17,926
Other taxation and social security costs	46,553	44,115
Accruals	214,958	152,598
Funds received in advance (note 14)	951,791	799,527
	<hr/>	<hr/>
	<u>1,306,743</u>	<u>1,114,582</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

13. Bank borrowings

All bank borrowings are secured by a Standard Security over the company's property in Brand Street, Govan, and also by a Bond and Floating Charge over all assets of the company.

14. Funds Received in Advance

Where funds have been received for the purposes of core activities or projects and relate either to capital expenditure not expended by the end of the financial year or to revenue expenditure for periods falling outwith the financial year, these funds have been accounted for as funds in advance.

	1998 £	1997 £
Core	50,960	85,500
Project balances	900,831	714,027
	<u>951,791</u>	<u>799,527</u>

15. Creditors: Amounts falling due after more than one year

Bank term loan (note 16)	<u>749,520</u>	<u>758,237</u>
--------------------------	----------------	----------------

16. Bank Term Loan

The loan is repayable in equal monthly instalments over 19 years. Interest on the loan will be charged at 3% per annum over the Bank's Base Rate.

	1998 £	1997 £
The loan is repayable as follows:		
In one year or less	15,479	17,926
Between one and two years	16,979	19,576
Between two and five years	63,419	72,451
In five years or more	669,122	666,210
	<u>764,999</u>	<u>776,163</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

17. Deferred Capital Grants

Where capital grants have been received, or have been claimed, these grants are treated as deferred and are released over the expected life of the assets concerned, or the length of the project if shorter.

	1998 £	1997 £
The movements during the year were:		
Balance at 1 April 1997	2,222,154	1,656,419
Grants receivable	137,383	609,456
Released to Profit and Loss Account	(64,148)	(43,721)
	<hr/>	<hr/>
Balance at 31 March 1998	<u>2,295,389</u>	<u>2,222,154</u>

The balance comprises:

Learning centre	-	5,589
Festival Business Centre	1,181,120	1,206,509
Small Business Development Centre (Govan Town Hall)	391,940	400,000
Theatre Works	2,763	6,277
Konver	2,863	5,348
Moorpark Business Centre	707,490	577,252
Teleworks	8,328	11,027
Sustainable environments	885	885
Govan works	-	9,267
	<hr/>	<hr/>
	<u>2,295,389</u>	<u>2,222,154</u>

18. Statement of reconciliation of reserves

	Business Development Fund Reserve £	Profit and Loss Account £	Total £
Balance at 1 April 1997	400,309	164,018	564,327
Deficit for year	-	(209,741)	(209,741)
Bad debts written off	(27,136)	-	(27,136)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 1998	<u>373,173</u>	<u>(45,723)</u>	<u>327,450</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

19. Business Development Fund Reserve

The movements in this Reserve are set out in note 18. Grants are received through ERDF RENAVAL (and previously through Urban Programme) to fund the Business Development Fund (previously known as the Grants and Loan Scheme). The grants are used specifically to finance loans to local businesses. The grants are not repayable and have been shown as a Business Development Fund Reserve.

20. Reconciliation of operating surplus to net cash inflow from operating activities

	1998	1997
	£	£
Operating (deficit) surplus	(134,039)	73,335
Depreciation of tangible fixed assets	130,298	105,622
Increase in stocks	(12,830)	-
Decrease in debtors	27,685	51,361
Increase (decrease) in creditors	194,608	(50,065)
Release of deferred capital grants	(64,148)	(43,721)
Bad debts written off	(27,136)	(33,280)
Investment written off	50,130	-
	<u>164,568</u>	<u>103,252</u>

21. Gross cash flows

Interest paid	<u>75,702</u>	<u>60,839</u>
Payment to acquire tangible fixed assets	<u>469,980</u>	<u>589,140</u>
Financing		
Capital grants received	137,383	609,456
Loan repayment	(11,164)	(20,725)
	<u>126,219</u>	<u>588,731</u>

22. Analysis of changes in net funds

	At 1 April 1997	Cash flow	At 31 March 1998
Cash in hand	<u>360,310</u>	<u>(254,895)</u>	<u>105,415</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

23. Statement of financial activities

The table below is provided in accordance with the requirements of SORP2, the Statement of Recommended Practice on the accounts of charities.

	Unrestricted funds £	Restricted funds £	1998 Total funds £	1997 Total funds £
Incoming resources				
Grants - European	-	762,776	762,776	677,783
- Local authority	293,000	1,544,255	1,837,255	1,619,177
- GDA	118,000	-	118,000	118,000
- Scottish Office	-	552,491	552,491	670,855
- Other	10,000	-	10,000	10,000
Investment income	12,424	11,834	24,258	60,872
Rent	4,787	340,385	345,172	223,420
Other income	216,868	22,265	239,133	199,472
Total incoming resources	<u>655,079</u>	<u>3,234,006</u>	<u>3,889,085</u>	<u>3,579,579</u>
Resources expended				
Direct charitable expenditure	-	3,234,006	3,234,006	2,995,605
Management and administration of the charity	656,264	-	656,264	585,478
Total resources expended	<u>656,264</u>	<u>3,234,006</u>	<u>3,890,270</u>	<u>3,581,083</u>
Net outgoing resources for the year	(1,185)	-	(1,185)	(1,504)
Other recognised gains and losses				
Exceptional item	<u>(208,556)</u>	-	<u>(208,556)</u>	-
Net movement in funds	<u>(209,741)</u>	-	<u>(209,741)</u>	<u>(1,504)</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

24. Capital commitments

	1998 £	1997 £
Authorised but not contracted for	-	-
Contracted for	-	50,500
	<u> </u>	<u> </u>

25. Operating lease commitments

The company had annual commitments under non-cancellable leases as set out below:

	1998		1997	
	Property £	Other £	Property £	Other £
Operating leases which expire:				
Within one year	55,800	Nil	91,441	4,703
In the second to fifth years inclusive	133,622	22,363	85,200	12,012
	<u>189,422</u>	<u>22,363</u>	<u>176,641</u>	<u>16,715</u>

26. Directors' interests

Due to the nature of the company's operations and the composition of its Board of Directors it is inevitable that transactions will take place with companies or other organisations in which a Director may have an interest. All transactions involving companies or organisations in which a Director may have an interest are conducted at arms length and in accordance with normal project and programme rules. Directors are not permitted to participate in discussions or decisions on transactions involving their related businesses.

The company works in partnership with a number of public and other bodies with whom many joint projects have been undertaken during the year. The following persons who were directors held official positions with such bodies:

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

26. Directors' interests (cont'd)

<u>Director</u>	<u>Organisation</u>	<u>Position held</u>
Archie Simpson	Glasgow City Council	Councillor
John McLaughlin	Glasgow South Side Business Club	Chairman
Linda Anne Smith	Glasgow Development Agency	Network Development Manager
	Glasgow Science Centre	Husband is Executive Director
Paul Martin	Glasgow Opportunities	Director
	Community Enterprise in Strathclyde	Director
Richard Carabine	Govan Workspace	Shareholder
	Govan Housing Association	Committee member
	Govan Community Organisation	Committee member
	Council	
Richmond Cameron	Cardonald College	Board member
	East End Tegs	Depute Director
	Pacific Institute	Consultant
Ronald Culley	Strathclyde European Partnership Ltd	Board member
	Scottish Urban Regeneration Forum	Board member
	Ibrox Community Complex	Secretary

All the directors of Govan Initiative Ltd were also directors of Digitlink Ltd, a wholly owned subsidiary of Govan Initiative Ltd.

No declaration was received from Deirdrie Gaughan as required by Financial Reporting Standard 8 - Related party disclosures.

In relation to non public bodies the following persons who were directors held the following official positions with such bodies:

<u>Director</u>	<u>Organisation</u>	<u>Position held</u>
John McLaughlin	Skylight International Ltd	80% shareholder
Daniel Whitelaw	Neptune Fabrication (SP) Ltd	Director
		45% shareholder
Iain Robertson	Robertson Fabrications Ltd	Chairman
		100% shareholder

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1998

27. Related party transactions

During the year the company had transactions with related parties as follows:

	1998 £	1997 £
Administrative charge to subsidiary undertaking	13,000	26,914
Balance due by subsidiary undertaking	<u>42,408</u>	<u>129,550</u>
Exceptional item (see note 5)		

28. Controlling party

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