

GOVAN INITIATIVE LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2003

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

Scottish Enterprise Glasgow
Glasgow City Council
Govan Community Liaison Forum
Scottish Trade Union Congress
Glasgow South Business Club.

REGISTERED OFFICE

Ibrox Business Park
Fairfield House
1 Broomloan Place
Govan
Glasgow
G51 2JR

BANKERS

Lloyds TSB Bank Scotland plc
Commercial Banking Centre
P O Box 15344
6th Floor
2 Atlantic Quay
Glasgow
G2 8WE

SOLICITORS

Biggart Baillie
310 St Vincent Street
Glasgow
G2 5QR

AUDITORS

Scott-Moncrieff
Chartered Accountants
Allan House
25 Bothwell Street
Glasgow
G2 6NL

DIRECTOR OF THE ORGANISATION

Damien Yeates

COMPANY SECRETARY

Damien Yeates

GOVAN INITIATIVE LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 MARCH 2003

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GOVAN INITIATIVE LIMITED

MANAGEMENT COMMITTEE REPORT

The Management Committee submit their fifteenth Report and Accounts covering the year from 1 April 2002 to 31 March 2003.

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 surplus for the year was £296 (2002: £772). 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 surplus 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
John McLaughlin	(Chairman)	Business (GSBC)
Euphemia McClymont	(Vice Chairwoman)	Govan Community Liaison Forum
Councillor D Gaughan		Glasgow City Council
Councillor S Dornan		Glasgow City Council
Councillor C McCafferty	(retired 6 March 2003)	Glasgow City Council
Councillor S Butt		Glasgow City Council
John McDonagh	(retired 6 March 2003)	Business (GSBC)
Alistair McManus		Independent
Daniel Whitelaw		Business (GSBC)
Stewart McIlwraith		Business (GSBC)
Jim Tait	(Vice Chairman)	Independent
Richard Carabine		Govan Community Liaison Forum
Alan Davidson		Glasgow City Council
Raymond Young	(retired 27 June 2002)	Independent
Gordon Young	(retired 27 June 2002)	Independent
Richard Leonard		STUC
John Crawford		Scottish Enterprise Glasgow
Ken McGuire	(appointed 6 March 2003)	Business (GSBC)
Derek Neilson	(appointed 6 March 2003)	Govan Community Liaison Forum

GOVAN INITIATIVE LIMITED**MANAGEMENT COMMITTEE REPORT (cont'd)****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.

Events since the end of the year

Since 31 March 2003 there have been no events which require to be reported or which necessitate any adjustment to the accounts.

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

A resolution to re-appoint Scott-Moncrieff Chartered Accountants as auditors will be put to the members at the annual general meeting.


GOVAN INITIATIVE LIMITED

MANAGEMENT COMMITTEE REPORT (cont'd)

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



Damien Yeates
Secretary

14/8/03

GOVAN INITIATIVE LIMITED

CHAIRMAN'S STATEMENT

This, our sixteenth year in existence, has been another successful one for Govan Initiative, and for the Greater Govan area. There have been a host of major new developments in the areas of industry centred learning, community capacity building and progressive partnership working, consolidating the excellent ground work that was carried out last year. Progress has been made through strong working relationships with a host of public and private sector partners.

Our success this year has been achieved in a somewhat challenging environment. Global economies have been adversely affected by a number of major events. Internationally, both the US and Euroland economies experienced uncertain growth over the war in Iraq, which had a knock-on effect on UK trade. SARS also badly hit many East Asian economies. However it now appears these events were 'one-off' shocks: of more importance was the sharp slow-down in the UK economy in the six months up to May 2003. Although Scottish growth deteriorated in 2002/03 (largely due to the poor performance of the electrical and instrument engineering sector) this was not reflected locally in Glasgow's economy. Glasgow City Council and Scottish Enterprise Glasgow, in their updated Joint Economic Strategy, '*Glasgow's Continued Prosperity*', suggest that citywide growth will continue to outstrip Scotland in the medium term.

It appears that high levels of economic growth are likely to be maintained in Glasgow for some time to come. High profile business failures, such as Melville Dundas and Business a.m., appear to have been the exception rather than the rule. Glasgow generates a third of Scotland's wealth; its GDP per capita is among the highest in Scotland; and the city is expected to create almost 27,000 jobs over the next decade. The real challenge is to balance competitiveness with cohesion: there is clear evidence that the people of Glasgow are not benefiting from this renaissance. Many of Glasgow's residents are 'disconnected' from the economic success story in the city as a whole. Half (55.7%) of Glasgow's wards are among the 10% most deprived in Scotland, while employment rates, household disposable incomes and resident based earnings are amongst the lowest in Scotland. The recent Cities Review argued that "*Policies and strategies that could drive success for the majority of households in Edinburgh, Aberdeen and Inverness will not do so for the poorest fifth of the population in Glasgow and Dundee.*"

Glasgow's economy continues to grow...	...But many of its citizens are not sharing this experience
<ul style="list-style-type: none"> • Output per head 29% above the UK average • SLIMS estimate the city will create another 26,700 jobs by 2010 • Average weekly earnings for Glasgow workforce among the highest in Scotland 	<ul style="list-style-type: none"> • Disposable household income 13% below the UK average • Just 60% of the working age population are in employment • Average weekly earnings for residents among the lowest in Scotland

Source: SLIMS, 2002, 2003

Govan Initiative Ltd is working tirelessly to ensure that the benefits of economic prosperity do translate into measurable benefits for the people of Greater Govan. With the Housing Stock Transfer moving ahead apace, and the Clyde Rebuilt strategy promising £1 billion investment and 35,000 jobs, there are opportunities available. But this will require substantial engagement with residents, employers and potential employees. 47% of Govan working age residents have no qualifications; almost a third of G51 school-leavers move straight to benefits; and more than twice as many people are claiming Incapacity Benefit in Govan as Job Seekers Allowance. On the demand side, employers seem to prefer to recruit the economically inactive, women returners and retired/early-retired workers, and to avoid the Job Centre Plus Network to recruit staff. There is little ready exchange of information between these two groups.

GOVAN INITIATIVE LIMITED

CHAIRMAN'S STATEMENT (cont'd)

During the year Govan Initiative Ltd supported 587 people into employment and delivered 618 vocational or pre-vocational training places. We also delivered over 1800 community-learning places, supported 265 people in learning and helped 386 people achieve qualifications. In terms of impact, 57% of families (and 70% of lone parents) using the Nurseries experienced a rise in income, while 62% of those moving into employment experienced an increase in their income.

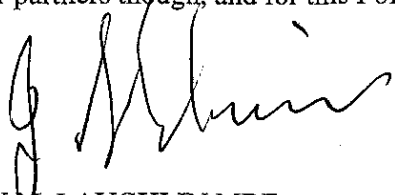
During 2002/2003 the company has invested significant time, energy and resources in building new and more productive relationships with the local community. Our Social Economy Team was set up in November and already the staff are making a significant impact in the organisations they are working with. Over the year Govan Initiative Ltd supported some 30 social economy organisations and collaborated with partners to bring in more than £100K in grants to the Pearce Institute. Through our Community Learning wing Govan Initiative Ltd is delivering services into some 12 community outreach halls and centres, and we plan to outreach to a further 3 locations in 2003/04. We will develop our Guidance Services in 2003/04 to offer a similar outreach service.

Our dedication to partnership working has, once again, been key to our success this year. New partnerships have been established with a number of public and private sector companies including, Apple, Avid, Sony, Bruce Contracts and Glasgow School of Art. Our existing partnerships have been further strengthened through the delivery excellent service delivery and the establishment of new, mutually beneficial projects that will be brought to fruition over the coming years. Our excellent relationship with Cisco for example, will be crucial to the success of a Digital Media Centre planned for development in 2003/04. This centre will democratise access to employment in the Digital Media Industries in the same way that the Hills Trust Learning Academy did for employment in IT.

Opportunities within the Construction Industry have been explored in detail this year. Already we are working with organisations from both public and private sectors to maximise the opportunities for local people in accessing jobs on sites such as City Docks (Glasgow), Pacific Quay, and Braehead Phase II. We are working closely with the staff seconded by the Local Economic Development Network to the Glasgow Harbour site, and have already started working with City Canal Limited, Scottish Enterprise and others to replicate this model for the physical development on the south of the Clyde.

Our sister company, Glasgow Business Services, also performed well throughout the year, establishing over 750 companies and providing support to 250 portfolio enterprises to grow and develop. Almost 40% of the SME start-ups were in SIP/LEDC areas.

Our commitment to excellence and sound budgetary control remains unparalleled. Our staff should once again be commended for their commitment to our goals, and for the professional way in which they exercise their duties. With this continued commitment, I am confident that we will continue to serve the area well and to maximise opportunities for local people. We could not do any of this without the support of our partners though, and for this I offer a sincere and heart felt thanks.



JOHN McLAUGHLIN MBE
CHAIRMAN

14/8/03

GOVAN INITIATIVE LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF GOVAN INITIATIVE LIMITED

We have audited the financial statements of Govan Initiative Limited for the year ended 31 March 2003 as set out on pages 8 to 23. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 12.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

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

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

GOVAN INITIATIVE LIMITED

AUDITORS' REPORT

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group as at 31 March 2003 and of the surplus of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SCOTT-MONCRIEFF

Chartered Accountants
Registered Auditor

Allan House
25 Bothwell Street
Glasgow G2 6NL

14/8/03

GOVAN INITIATIVE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
Turnover	2	3,626,777	4,348,319
Other operating income	3	770,563	599,591
		<u>4,397,340</u>	<u>4,947,910</u>
Administrative expenses		4,332,728	4,890,343
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST		64,612	57,567
Interest payable	4	<u>64,316</u>	<u>56,795</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		296	772
TAX ON ORDINARY ACTIVITIES	7	<u>-</u>	<u>-</u>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	17	<u>296</u>	<u>772</u>

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

The notes on pages 12 to 23 form part of these accounts.

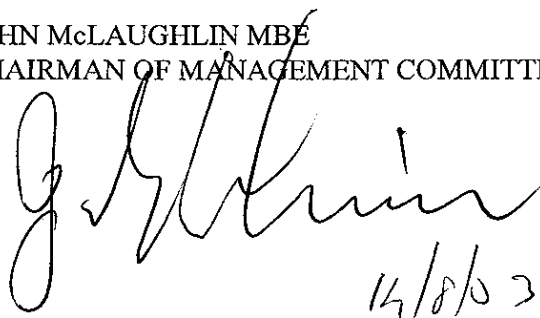
GOVAN INITIATIVE LIMITED

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	3,639,519	3,742,228
Investments		-	-
		<u>3,639,519</u>	<u>3,742,228</u>
CURRENT ASSETS			
Stocks		28,160	23,328
Loans	10	41,823	111,851
Debtors	11	1,312,228	1,352,093
Cash		1,261	1,998
		<u>1,383,472</u>	<u>1,489,270</u>
CREDITORS: Amounts falling due within one year	12	1,207,357	1,372,040
NET CURRENT ASSETS		<u>176,115</u>	<u>117,230</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,815,634	3,859,458
CREDITORS: Amounts falling due after more than one year	15	876,227	841,905
DEFERRED CAPITAL GRANTS	16	2,649,095	2,674,519
NET ASSETS		<u>290,312</u>	<u>343,034</u>
RESERVES			
Profit and loss account	17	176,049	175,753
Business Development Fund Reserve	17&18	114,263	167,281
		<u>290,312</u>	<u>343,034</u>

JOHN McLAUGHLIN MBE
CHAIRMAN OF MANAGEMENT COMMITTEE



14/8/03

The notes on pages 12 to 23 form part of these accounts.

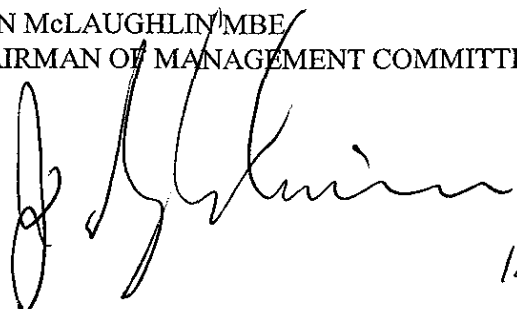
GOVAN INITIATIVE LIMITED

COMPANY BALANCE SHEET

AT 31 MARCH 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	3,638,559	3,739,234
Investments	9	4	4
		<u>3,638,563</u>	<u>3,739,238</u>
CURRENT ASSETS			
Stocks		27,860	22,428
Debtors	11	1,277,891	1,286,663
Cash at bank and on hand		1,261	179
		<u>1,307,012</u>	<u>1,309,270</u>
CREDITORS: Amounts falling due within one year	12	1,231,615	1,344,522
NET CURRENT ASSETS/(LIABILITIES)		<u>75,397</u>	<u>(35,252)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,713,960	3,703,986
CREDITORS: Amounts falling due after more than one year	15	876,227	841,905
DEFERRED CAPITAL GRANTS	16	2,649,095	2,673,739
NET ASSETS		<u>188,638</u>	<u>188,342</u>
RESERVES			
Profit and loss account	17	<u>188,638</u>	<u>188,342</u>

JOHN McLAUGHLIN MBE
CHAIRMAN OF MANAGEMENT COMMITTEE



14/8/03

The notes on pages 12 to 23 form part of these accounts.

GOVAN INITIATIVE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
Net cash inflow/(outflow) from operating activities	19	244,973	(396,595)
Returns on investments and servicing of finance	20	(64,316)	(56,795)
Capital expenditure	20	(75,211)	(786,580)
Grant received	20	63,617	633,932
Net cash inflow/(outflow) before financing		169,063	(606,038)
Financing	20	47,313	(30,318)
Net cash flow	21	<u>216,376</u>	<u>(636,356)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(Decrease) in cash		216,376	(636,356)
Loan repayment		47,044	30,318
New loan		(94,357)	-
Net debt at 1 April 2002		<u>(1,378,661)</u>	<u>(772,623)</u>
Net debt at 31 March 2003		<u>(1,209,598)</u>	<u>(1,378,661)</u>

The notes on pages 12 to 23 form part of these accounts.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

1. Accounting Policies*Basis of consolidation and accounting convention*

The consolidated accounts incorporate the accounts of Govan Initiative Limited and its subsidiary undertakings made up to 31 March 2003. No profit and loss account is presented for Govan Initiative Limited as permitted by s230 of the Companies Act 1985. The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

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
Project capital purchases	- over term of project
Leasehold improvements	- over 50 years or term of lease
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 (cont'd)

YEAR ENDED 31 MARCH 2003

2. Turnover

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

	2003 £	2002 £
European Commission	627,510	836,960
Glasgow City Council	1,354,700	1,451,076
Scottish Enterprise Glasgow	1,115,536	1,467,901
Scottish Enterprise National	104,197	135,925
Other partnership funding	251,764	340,738
Social inclusion partnership	173,070	115,719
	<u>3,626,777</u>	<u>4,348,319</u>

3. Other operating income

Company contributions	-	5,000
Interest on loans and current accounts	1,765	3,014
Rental income	550,948	461,754
Fees - Nurseries	70,613	72,040
Sustainable communities	51,882	25,803
Govan Works	20,289	31,980
Environmental Task Force	22,152	-
Hills Trust	9,347	-
Other income sources	43,567	-
	<u>770,563</u>	<u>599,591</u>

4. Interest payable

Term loan	<u>64,316</u>	<u>56,795</u>
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GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2003

5. Operating surplus	2003 £	2002 £
Stated after charging or (crediting):		
Staff costs (note 6)	388,337	637,773
Depreciation	177,920	189,222
Operating lease rentals on:		
Property	78,273	84,344
Equipment	13,177	22,274
Auditors remuneration:		
- for audit services	8,750	8,500
- for non-audit services	6,610	6,061
Capital grants released	(89,041)	(98,905)
	<u>388,337</u>	<u>637,773</u>
6. Staff costs		
Direct wages and salaries	2,205,479	2,463,623
Social security costs	177,258	188,215
Pension costs	47,613	54,097
	<u>2,430,350</u>	<u>2,705,935</u>
Deduct recovered through projects	2,042,013	2,068,162
	<u>388,337</u>	<u>637,773</u>

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

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2003

6. Staff costs (cont'd)

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

	2003 Number	2002 Number
Administrative	17	20
Projects	167	164
	<u>184</u>	<u>184</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 surplus 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

Group	Buildings £	Leasehold Improvements £	Office Furniture & Equipment £	Vehicles £	Total £
<i>Cost:</i>					
At 1 April 2002	2,889,605	1,030,625	1,395,833	3,730	5,319,793
Additions	-	-	75,211	-	75,211
	<u>2,889,605</u>	<u>1,030,625</u>	<u>1,471,044</u>	<u>3,730</u>	<u>5,395,004</u>
At 31 March 2003	2,889,605	1,030,625	1,471,044	3,730	5,395,004
<i>Depreciation:</i>					
At 1 April 2002	408,437	70,647	1,097,233	1,248	1,577,565
Charge for year	57,792	37,990	81,516	622	177,920
	<u>466,229</u>	<u>108,637</u>	<u>1,178,749</u>	<u>1,870</u>	<u>1,755,485</u>
At 31 March 2003	466,229	108,637	1,178,749	1,870	1,755,485
<i>Net Book Value:</i>					
At 31 March 2003	<u>2,423,376</u>	<u>921,988</u>	<u>292,295</u>	<u>1,860</u>	<u>3,639,519</u>
At 31 March 2002	<u>2,481,168</u>	<u>959,978</u>	<u>298,600</u>	<u>2,482</u>	<u>3,742,228</u>

Company

All of the fixed assets of the group are also those of the company except for office furniture and equipment with a cost of £43,381 and accumulated depreciation of £42,421 giving a net book value of £960.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2003

9. Investments

Company	Shares in Subsidiary Undertaking £	Total £
At 1 April 2002 and 31 March 2003	4	4

Shares in subsidiary undertakings

Details of subsidiary undertaking

Name of Company	Nature of business	Proportion of shares held Ordinary
Electronic Adaptor Concerns Limited	Dormant	100%
Express Surveillance Solutions Ltd	Dormant	100%
GI Telesales Limited	Provision of sales and marketing services	100%
GI Enterprise Limited	Developing and managing projects in the local community	-

GI Enterprise Ltd does not have a share capital. It is a company limited by guarantee, Govan Initiative is the only member of this company.

The above subsidiaries are registered in Scotland. All of these companies have been included in these consolidated accounts.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 2003

10. Loans**Group**

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

	2003 £	2002 £
Outstanding at 1 April 2002	111,851	173,517
Loans granted during year	13,000	25,200
Repaid during year	(30,009)	(54,693)
Written off	(53,019)	(32,173)
	<u>41,823</u>	<u>111,851</u>
Outstanding at 31 March 2003		

Of the outstanding balance at 31 March 2003 £17,990 is due to be repaid after more than one year (2002: £54,784).

11. Debtors**Group****Company**

	2003 £	2002 £	2003 £	2002 £
Amounts due from subsidiary undertaking	-	-	12,589	-
Trade Debtors	219,002	223,823	219,002	221,900
Prepayments	313,973	272,235	313,973	272,235
Other debtors	779,253	856,035	732,327	792,528
	<u>1,312,228</u>	<u>1,352,093</u>	<u>1,277,891</u>	<u>1,286,663</u>

12. Creditors: Amounts falling due within one year

Bank overdraft	254,975	472,088	344,513	513,407
Trade creditors	128,787	330,998	126,781	327,004
Bank term loan (notes 13 and 15)	79,657	66,666	79,657	66,666
Other taxation and social security costs	55,269	32,938	55,282	24,222
Other creditors and accruals	103,361	205,598	42,450	192,353
Funds received in advance (note 14)	585,308	263,752	582,932	220,870
	<u>1,207,357</u>	<u>1,372,040</u>	<u>1,231,615</u>	<u>1,344,522</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2003

13. Bank borrowings

All bank borrowings are secured by a bond and floating charge over all assets of the company. In addition, the bank has First Standard Security over Moorpark Industrial Estate (except unit 1) and Brand Street, Business Centre.

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.

	2003 £	2002 £
Core	-	36,000
Project balances	297,130	227,752
	<u>297,130</u>	<u>263,752</u>

All the above relate to the company with the exception of £2,376 (2002: £42,882) which relates to G I Enterprise Ltd.

	2003 £	2002 £
15. Creditors: Amounts falling due after more than one year		
Group and company		
Bank term loan	<u>876,227</u>	<u>841,905</u>

The loan is repayable in equal monthly instalments over 12 years. Interest on the loan will be charged at 2% per annum over the Bank's Base Rate.

	2003 £	2002 £
The loan is repayable as follows:		
In one year or less	79,657	66,666
Between one and two years	79,657	66,666
Between two and five years	238,971	200,000
In five years or more	557,599	575,239
	<u>955,884</u>	<u>908,571</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2003

16. Deferred Capital Grants**Group**

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.

	2003 £	2002 £
The movements during the year were:		
Balance at 1 April 2002	2,674,519	2,014,492
Received in the year	63,617	758,932
Released to Profit and Loss Account	(89,041)	(98,905)
	<u>2,649,095</u>	<u>2,674,519</u>
Balance at 31 March 2003	<u>2,649,095</u>	<u>2,674,519</u>
The balance comprises:		
Hills Trust	665,721	697,924
Festival Business Centre	1,067,976	1,088,974
Govan Town Hall	352,086	360,114
Environmental Task Force	4,711	5,653
Moorpark Business Centre	490,764	501,764
Teleworks	290	555
Community Internet Project	9,088	-
Nurseries	7,045	-
Other projects	51,414	19,535
	<u>2,649,095</u>	<u>2,674,519</u>

All of the above deferred capital grants relate to the company with the exception of £nil (2002: £780).

17. Statement of reconciliation of reserves

	Group	Company
	Business Development Reserve £	Profit and Loss Account £
Balance at 1 April 2002	167,281	188,342
Surplus/(Deficit) in year	-	296
Bad debts written off	(53,018)	-
	<u>114,263</u>	<u>188,638</u>
Balance at 31 March 2003	<u>114,263</u>	<u>188,638</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2003

18. Business Development Fund Reserve

The movements in this Reserve are set out in note 17. The fund is used specifically to finance loans to local businesses.

19. Reconciliation of operating surplus to net cash inflow/(outflow) from operating activities

	2003 £	2002 £
Operating surplus	64,612	57,567
Depreciation of tangible fixed assets	177,920	189,222
Increase in stocks	(4,832)	(2,170)
Decrease/(increase) in debtors	109,893	(194,741)
Increase/(decrease) in creditors	39,439	(315,395)
Release of deferred capital grants	(89,041)	(98,905)
Bad debts written off	(53,018)	(32,173)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	244,973	(396,595)
	<hr/>	<hr/>

20. Gross cash flows

Interest paid	64,316	56,795
	<hr/>	<hr/>
Payment to acquire tangible fixed assets	75,211	786,580
	<hr/>	<hr/>
Capital grants received (net)	63,617	633,932
	<hr/>	<hr/>
Financing		
Loan repayments	(47,044)	(30,318)
Loan finance	94,357	-
	<hr/>	<hr/>
	47,313	(30,318)
	<hr/>	<hr/>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2003

21. Analysis of changes in net funds	At 1 April 2003 £	Cash flow £	At 31 March 2003 £
Cash in hand	1,998	(737)	1,261
Bank overdraft	(472,088)	217,113	(254,975)
	(470,090)	216,376	(253,714)
Bank loan	(908,571)	(47,313)	(955,884)
Net Debt	(1,378,661)	169,063	(1,209,598)

22. Statement of financial activities

The table below is provided in accordance with the requirements of the Statement of Recommended Practice (Accounting and Reporting by Charities).

	Unrestricted funds £	Restricted funds £	2003 Total Funds £	2002 Total Funds £
Incoming resources				
Scottish Enterprise National	-	104,197	104,197	135,925
Grants - European	-	627,510	627,510	836,960
- Local authority	220,000	1,307,770	1,527,770	1,451,076
- Scottish Enterprise Glasgow	112,000	1,003,536	1,115,536	1,467,901
- Other	-	251,764	251,764	115,719
Rent	550,948	-	550,948	461,754
Other income	45,322	174,293	219,615	478,575
Total incoming resources	928,270	3,469,070	4,397,340	4,947,910
Resources				
Direct charitable expenditure	-	3,469,070	3,469,070	4,197,081
Management and administration of the charity	927,974	-	927,974	750,057
Total resources expended	927,974	3,469,070	4,397,044	4,947,138
Net movement in funds	296	-	296	772

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2003

23. Capital commitments	2003	2002
	£	£
Authorised but not contracted for	-	-
Contracted for	-	-
	<u> </u>	<u> </u>

24. Operating lease commitments

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

	2003		2002	
	Property	Other	Property	Other
	£	£	£	£
Operating leases which expire:				
Within one year	48,073	13,177	54,144	22,274
In the second to fifth years inclusive	-	-	-	-
After five years	30,200	-	30,200	-
	<u>78,273</u>	<u>13,177</u>	<u>84,344</u>	<u>22,274</u>

25. 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 (cont'd)

YEAR ENDED 31 MARCH 2003

25. Directors' interests (cont'd)

<u>Director</u>	<u>Organisation</u>	<u>Position held</u>
Councillor D Gaughan	Glasgow City Council	Councillor
Councillor S Butt	Glasgow City Council	Councillor
Councillor S Dornan	Glasgow City Council	Councillor
Raymond Young	Rural Forum Trust	Trustee
Councillor C McCafferty	Glasgow Opportunities Ltd	Board Member
	Glasgow City Council	Councillor
	Scottish Enterprise Glasgow	Board Member
	Scottish Council Development and Industry	Board Member
Richard Carabine	Govan Workspace	Board Member

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	Director
Stewart McIlwraith	Modular Holdings Ltd	95% shareholder and director
	Modular Developments Ltd	Director
	Jigsaw Development Ltd	Director
Jim Tait	Harmony Row Youth Club Ltd	Director

26. Controlling party

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

GOVAN INITIATIVE LIMITED

COMPANY PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
Turnover		3,555,302	3,925,168
Other operating income		755,069	1,040,275
		<u>4,310,371</u>	<u>4,965,443</u>
Administrative expenses		4,245,759	4,907,876
		<u>64,612</u>	<u>57,567</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST AND EXCEPTIONAL ITEM		64,612	57,567
Interest payable		64,316	56,795
		<u>296</u>	<u>772</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		296	772
TAX ON ORDINARY ACTIVITIES	7	-	-
		<u>-</u>	<u>-</u>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	17	<u>296</u>	<u>772</u>

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

This page does not form part of the audited accounts.