

GOVAN INITIATIVE LIMITED  
REPORT AND ACCOUNTS  
YEAR ENDED 31 MARCH 1994

Ref: SC108565



GOVAN INITIATIVE LIMITED  
REPORT AND ACCOUNTS  
YEAR ENDED 31 MARCH 1994

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# GOVAN INITIATIVE LIMITED

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

## MEMBERS OF THE COMPANY

City of Glasgow District Council  
Glasgow Development Agency  
Glasgow Opportunities  
Gray Dunn and Company Limited  
James Howden and Company Limited  
Strathclyde Regional Council

## REGISTERED OFFICE

Broomloan House  
170 Edmiston Drive  
Glasgow  
G51 2YS

## BANKERS

TSB Bank Scotland plc  
Ingram Street  
Glasgow

## SOLICITORS

Boys  
36 Renfield Street  
Glasgow  
G2 1ND

## AUDITORS

Moore Rowland  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

## DIRECTOR OF THE ORGANISATION

Ronald Culley

## ASSISTANT DIRECTOR OF THE ORGANISATION

Raymond Hendry

## COMPANY SECRETARIES

Ronald Culley  
John Campbell

## **GOVAN INITIATIVE LIMITED**

### **Management Committee report**

The Management Committee submit their sixth Report and Accounts covering the year from 1 April 1993 to 31 March 1994.

### **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 development which are designed to regenerate the local economy of the Greater Govan Area.

During the year the company commenced its largest project to date entailing the construction of 25,000 square feet of business accommodation which will be managed and let by the company in future years. When completed in September 1994 the building will have cost over £2,000,000.

### **Results and dividends**

The surplus for the year on ordinary activities after taxation was £66,730. 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 accordingly the entire surplus after taxation is carried on the Profit and Loss Account as a Reserve.

### **Management Committee and their interests**

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

#### **Nominated Members:**

Archie Simpson	(Chairman)
William Miller	(Vice Chairman - appointed 10.6.93)
Agnes Samuel	
Donal O'Herlihy	(Resigned 10.6.93)
Ian McCreery	
J McDonagh	
Helen McElhone	
Samuel McCartney	
James Barr	
Linda Brown	(Appointed 10.6.93)

## GOVAN INITIATIVE LIMITED

### Management Committee report (cont'd)

#### Co-opted Members:

Richard Fresson	(Vice Chairman)
John McLaughlin	
John Lavelle	
Iris Gibson	(Appointed 22.9.93)
Sue Lindsay	(Appointed 17.5.94)

Under the terms of Clause 33 of the Articles of Association the Nominated Members shall remain as Members of the Management Committee for so long as they are prepared to serve and are nominated representatives of their nominating bodies. Clauses 33 (a), (b), (c) and (d) specify the numerical limitation of the various nominating bodies. Thereafter under Clause 33 (c) 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.

There are no members of the Management Committee with interests requiring disclosure under the Companies Act 1985.

#### Fixed assets

Movements in fixed assets are set out at note 7 to the accounts.

#### Events since the end of the year

Since 31 March 1994 there have been no events which require to be reported or which necessitate any adjustment to the financial statements.

#### 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 them to ensure that the accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and irregularities.

**GOVAN INITIATIVE LIMITED****Management Committee report (cont'd)****Auditors**

On 27 March 1994 Messrs W M MacKenzie and Partners resigned as auditors and Messrs Moores Rowland Chartered Accountants were appointed in their stead. In accordance with Section 384 of the Companies Act 1985 a resolution to reappoint 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



J CAMPBELL  
Secretary

20 May 1994

## GOVAN INITIATIVE LIMITED

## AUDITORS' REPORT

## TO THE MEMBERS OF GOVAN INITIATIVE LIMITED

We have audited the accounts on pages 5 to 16.

**Respective responsibilities of the members of the management committee and auditors**

As described in the management committee report the company's management committee are 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 directors 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**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1994 and of its surplus for the year then ended and have been properly prepared in accordance with the requirements of the Companies Act 1985.

  
MOORES ROWLAND

Chartered Accountants  
Registered Auditors

25 Bothwell Street  
Glasgow G2 6NL

20 May 1994

## GOVAN INITIATIVE LIMITED

## BALANCE SHEET

AT 31 MARCH 1994

	Note	1994 £	1993 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,082,035	247,647
Investment	8	30,000	-
		<u>1,112,035</u>	<u>247,647</u>
<b>CURRENT ASSETS</b>			
Loans	9	423,002	302,527
Debtors	10	1,329,983	510,930
Cash at bank and on hand		10,613	252,809
		<u>1,763,598</u>	<u>1,066,266</u>
CREDITORS: Amounts falling due within one year	11	1,481,891	640,770
<b>NET CURRENT ASSETS</b>		<u>281,707</u>	<u>425,496</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,393,742</u>	<u>673,143</u>
<b>DEFERRED GRANTS</b>	14	745,840	188,842
		<u>647,902</u>	<u>484,301</u>
<b>RESERVES</b>			
Profit and loss account	15	163,024	96,294
Business Development Fund Reserve	15&16	484,878	388,007
		<u>647,902</u>	<u>484,301</u>

  
 CHAIRMAN OF MANAGEMENT COMMITTEE

20 May 1994

The statement of accounting policies and notes on pages 8 to 16 form part of these accounts.



## GOVAN INITIATIVE LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 1994

	Note	1994 £	1993 £
Net cash outflow from operating activities	17	(248,229)	(93,197)
Taxation			
UK corporation tax paid		(9,636)	(26,885)
Investing activities			
Purchase of tangible fixed assets		(666,257)	(59,299)
Purchase of preference shares		(30,000)	-
		<u>(696,257)</u>	<u>(59,299)</u>
Net cash outflow		<u>(954,122)</u>	<u>(179,381)</u>
Statement of net cash			
At 1 April 1993		252,809	432,190
Net cash outflow		<u>(954,122)</u>	<u>(179,381)</u>
At 31 March 1994	18	<u>(701,313)</u>	<u>252,809</u>

The statement of accounting policies and notes on pages 8 to 16 form part of these accounts.

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1994

## 1. Accounting Policies

## Basis of accounting

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

## 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 fittings	- over 4 years
Office equipment	- over 4 years
Capital purchases : Urban Aid Projects	- over term of project
Leasehold property	- the leasehold property has not been depreciated during the year as the project was still under construction at the year end

## Deferred 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 1994

## 2. Turnover

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

	1994 £	1993 £
European Commission	232,326	384,841
Glasgow District Council	121,608	187,167
Glasgow Development Agency	604,450	300,165
Scottish Office (Urban Aid)	836,784	831,688
Strathclyde Regional Council	495,507	427,699
Rangers Football Club	10,000	10,000
Received from pre-incorporation loans	6,456	4,781
Business Development Fund	55,266	-
Training courses	64,177	39,687
Employment service	64,274	-
Other	3,681	19,840
	<u>2,494,529</u>	<u>2,205,868</u>

## 3. Other operating income

Interest on money market deposit	2,307	23,208
Interest on loans	11,778	12,920
Interest on pre-incorporation loans	83	605
Rent	2,688	1,710
Other	10,050	2,669
	<u>26,906</u>	<u>41,112</u>

## 4. Operating surplus/(deficit)

Stated after charging or (crediting):

Staff costs (note 5)	247,391	265,022
Depreciation on tangible fixed assets	155,254	141,116
Operating lease rentals on:		
property	62,615	74,557
equipment	2,770	384
Auditors remuneration	5,250	4,000
Capital grants released	(136,545)	(123,275)
	<u>26,906</u>	<u>41,112</u>

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1994

	1994 £	1993 £
5. Staff costs		
Direct wages and salaries	1,051,605	816,856
Social Security and pension costs	86,241	76,514
	<u>1,137,846</u>	<u>893,370</u>
Charge for seconded staff	63,759	64,032
	<u>1,201,605</u>	<u>957,402</u>
Deduct recovered: Urban Aid and other projects	954,214	692,380
	<u>247,391</u>	<u>265,022</u>

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

	Number	Number
Administrative	10	10
Urban Projects	76	70

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.

6. Tax on surplus/(deficit) on ordinary activities		
	£	£
Based on the interest/rent element of the surplus/(deficit) for the year		
Corporation tax (25%)	<u>6,145</u>	<u>7,207</u>

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1994

## 7. Fixed Assets

	Leasehold Improve- ments £	Office Equipment £	Office Furniture & Fittings £	Capital Expenditure on Urban Aid Projects £	Total £
Cost:					
At 1 April 1993	-	43,189	34,837	568,964	646,990
Additions	960,892	8,502	641	19,607	989,642
At 31 March 1994	<u>960,892</u>	<u>51,691</u>	<u>35,478</u>	<u>588,571</u>	<u>1,636,632</u>
Depreciation:					
At 1 April 1993	-	36,703	32,921	329,719	399,343
Provided during year	-	7,099	1,964	146,191	155,254
At 31 March 1994	<u>-</u>	<u>43,802</u>	<u>34,885</u>	<u>475,910</u>	<u>554,597</u>
Net Book Value:					
At 31 March 1994	<u>960,892</u>	<u>7,889</u>	<u>593</u>	<u>112,661</u>	<u>1,082,035</u>
At 31 March 1993	<u>-</u>	<u>6,486</u>	<u>1,916</u>	<u>239,245</u>	<u>247,647</u>

## 8. Investment

	1994 £	1993 £
During the year the company acquired 30,000 6% Redeemable Preference shares in California Cake & Cookie Limited	<u>30,000</u>	<u>-</u>

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1994

## 9. Loans

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

	1994	1993
	£	£
Outstanding at 1 April 1993	302,527	166,498
Loans granted during year	271,982	213,275
Repaid during year	(105,695)	(52,093)
Written off	(45,812)	(25,153)
	<u>423,002</u>	<u>302,527</u>
Outstanding at 31 March 1994	<u>423,002</u>	<u>302,527</u>

Of the outstanding balance at 31 March 1994 £290,425 is due to be repaid after more than one year (1993: £228,730).

## 10. Debtors

Debtors	1,316,202	502,778
Prepayments	13,781	8,152
	<u>1,329,983</u>	<u>510,930</u>

## 11. Creditors

Trade creditors	105,820	54,305
Bank overdraft (note 12)	711,926	-
Current corporation tax	6,120	9,611
Other taxation and social security costs	31,759	38,462
Accruals	402,942	160,860
Funds received in advance (note 13)	223,324	377,532
	<u>1,481,891</u>	<u>640,770</u>

## 12. Bank overdraft

The bank overdraft is secured by a Standard Security over the company's leasehold property in Brand Street, Govan, and also by a Bond and Floating Charge over all assets of the company.

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1994

## 13. Funds Received in Advance

Where funds have been received for the purposes of Programmes 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.

	1994 £	1993 £
Freshstart (Nursery)	68,293	68,293
Secure Communities	50	46,548
Security Assistance to Small Business	-	39,196
Operating support unit	-	5,000
Glasgow integrated start-up support	-	8,750
Glasgow Development Agency	-	9,250
Euro Conference	-	43,014
Flexible Learning Centre	63,269	-
Programme Timing Differences	91,712	157,481
	<u>223,324</u>	<u>377,532</u>

## 14. Deferred 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.

The movements during the year were:	£
Balance at 1 April 1993	188,842
Grants receivable	693,543
Released to Profit and Loss Account	(136,545)
Balance at 31 March 1994	<u>745,840</u>

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1994

## 14. Deferred Grants (cont'd)

	1994 £	1993 £
Outreach Bus	-	2,500
Freshstart (Nursery)	48,344	175,289
Business Support Unit	1,971	11,053
Business Development Centre	538,096	-
Small Business Development Centre	135,500	-
Flexible Learning Centre	21,929	-
	<u>745,840</u>	<u>188,842</u>

Of the balance at 31 March 1994 £673,596 relates to Tenant Leasehold Improvements which are still under construction. When construction is complete, these grants will be released over the period of the lease.

## 15. Statement of reconciliation of reserves

	Business Development Fund Reserve £	Profit and Loss Account £	Total £
Balance at 1 April 1993	388,007	96,294	484,301
Surplus for year	-	66,730	66,730
Grants receivable (net of expenses)	96,871	-	96,871
	<u>484,878</u>	<u>163,024</u>	<u>647,902</u>
Balance at 31 March 1994	<u>484,878</u>	<u>163,024</u>	<u>647,902</u>

## 16. Business Development Fund Reserve

The movements in this Reserve are set out in note 15. 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 (in previous years the balance was included within Funds Received in Advance).



## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1994

## 17. Net cash outflow from operating activities

	1994 £	1993 £
Operating surplus (deficit)	72,875	(35,034)
Depreciation of tangible fixed assets	155,254	141,116
Increase in loans	(175,758)	(136,029)
Increase in debtors	28,626	(178,899)
(Decrease)/increase in creditors	(192,681)	238,924
Release of deferred grants	(136,545)	(123,275)
	<u>(248,229)</u>	<u>(93,197)</u>

## 18. Analysis of the balances of cash and cash equivalents

	1994 £	Change in year £	1993 £
Cash at bank and in hand	10,613	(242,196)	252,809
Bank overdraft	<u>(711,926)</u>	<u>(711,926)</u>	<u>-</u>
	<u>(701,313)</u>	<u>(954,122)</u>	<u>252,809</u>

## 19. Capital Commitments

	1994 £	1993 £
Contracted for	<u>1,439,108</u>	<u>-</u>

## GOVAN INITIATIVE LIMITED

## NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 1994

## 20. Contingent Liabilities

Govan Initiative Limited have been notified of a personal injury claim by a participant in the Secure Communities Programme. The Management Committee are of the opinion that no liability to the company will arise under this claim.

## 21. Operating lease commitments

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

	1994		1993	
	Property £	Other £	Property £	Other £
Operating leases which expire:				
Within one year	55,800	29	-	-
In the second to fifth years inclusive	4,279	6,072	55,800	6,101
	<u>60,079</u>	<u>6,101</u>	<u>55,800</u>	<u>6,101</u>