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Registered Company No:SC108565

Registered Charity No:SC023930

GLASGOW SOUTH WEST REGENERATION AGENCY LIMITED
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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GLASGOW SOUTH WEST REGENERATION AGENCY LIMITED
(A company limited by guarantee)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

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GLASGOW SOUTH WEST REGENERATION AGENCY LIMITED
(A company limited by guarantee)

LEGAL AND ADMINISTRATIVE INFORMATION

Charity Name:

Glasgow South West Regeneration Agency Limited

**Registered Office and
Operational Address:**

Fairfield House
1 Broomloan Place
Ibrox
Glasgow
G51 2JR

Charity Registration Number:

SC023930

Company Registration Number:

SC108565

Trustees:

Councillor Alistair Watson (Chair)
Peter Watson (Vice-Chair)
Councillor Alex Glass
Councillor Stephen Dornan
Alistair McManus
Richard Leonard
Heather Alexander

Secretary:

Tommy Docherty

Senior Management Team:

Tommy Docherty (Assistant Chief
Executive)
Arlene Smith
Mary-Theresa Smith
Chanel McIsaac

Auditors:

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Bankers:

Lloyds TSB Bank Scotland plc
Corporate
180 West George Street
Glasgow
G2 2NR

Solicitors:

Burness LLP
120 Bothwell Street
Glasgow G2 7JL

GLASGOW SOUTH WEST REGENERATION AGENCY LIMITED
(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2010. The legal and administrative information on page three forms part of this report.

Directors and Trustees

The directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees who served during the year and since the year end (except otherwise noted) were as follows:

Councillor Alistair Watson
Peter Watson
Councillor Alex Glass
Councillor John Flannigan (Resigned 30 November 2009)
Councillor Stephen Dornan
John McLaughlin (Resigned 10 November 2009)
Alistair McManus
Richard Leonard
Heather Alexander
Eleanor Harris (Resigned 30 November 2009)

Structure, Governance and Management

• Organisational Structure

Glasgow South West Regeneration Agency was established in 2007 following the restructuring of the Local Development Company Network. The organisation has been formed following the merger of the Local Development Companies of 'Govan Initiative' and 'Greater Pollok Development Company', to form a new single Regeneration Agency for the South West of Glasgow.

With the creation of the new Company, came the necessity for the new trustees and Senior Management Team. The Trustees and Senior Management of GSWRA have an excellent range of dedicated professionals, all of whom share drive and commitment to continue the effort to make the South West of Glasgow a vibrant, attractive, and safe place in which to live and work.

The Trustees meet four times every year. In addition, a number of the Trustees sit on a Finance, Audit and Personnel Sub Group. This Sub Group meets a minimum of 8 times per year, as and when required, to review financial issues, resource allocation and Human Resource issues and assist with high-level decision making.

The day-to-day management of the company rests with the Assistant Chief Executive who is responsible for ensuring that the company delivers its goals and ensures that its key performance indicators are met. A scheme of delegation is in place whereby the Senior Management Team and Operational Managers assist with the management of the company. Regular management meetings are held with these senior members of staff.

• Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 7th January 1988 and registered as a charity on 30th June 1995. The company was established under a Memorandum of Association which sets out its objects and powers and it is governed under its Articles of Association. In the event of the company being wound up the directors are required to contribute an amount not exceeding £1 each.

- **Recruitment and Appointment of Trustees**

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles of Association, they are known as members of the Management Committee.

Under the terms of Clause 49 of the Articles of Association, membership shall be open to the following, Glasgow City Council, Scottish Enterprise Glasgow and Glasgow Community Planning. Each nominated body then nominates a representative to become a member (trustee) of the company. Once appointed, Members shall remain as Members for a period of three years. Clause 45 specifies the numerical information for the various nominating bodies. Thereafter under Clause 51 such persons as co-opted by the Nominated Members of the Trustees 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-operation but shall remain eligible for further annual periods of co-option without limit.

- **Trustee Induction and Training**

A "Directors Manual" has been prepared and this is made available to all Trustees. This manual describes the various strategic aims of the company and its activities and sets out the responsibilities and statutory duties of the Trustees.

Training for the Trustees is provided in the form of a number of induction workshops as and when required.

- **Risk Management**

Where appropriate, procedures have been established and are reviewed in the course of the year to mitigate the risks the company faces. The main systems established are as follows:

- (a) Regular meetings are held by the trustees and senior officials of the charity.
- (b) 6 weekly meetings are held by the Finance, Audit and Personnel Committee to review funding opportunities and to ensure the company remains on a sound financial footing.
- (c) Monthly management accounts are prepared and reviewed against budget.
- (d) Internal controls are in place to safeguard the company's assets.
- (e) A rolling three month cash flow forecast is updated and reviewed every week
- (f) The skills and experience of the staff and personnel systems are regularly subject to assessment under the Investors in People scheme.

External risks including political uncertainties around the continuation of revenue grant funding have led to the development of a Three Year Strategic Plan and the policy of diversifying funding sources as far as possible.

- **Related Parties**

As appropriate, the company is guided by local and national policies around the regeneration of local communities.

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

Objectives and Activities

Glasgow South West Regeneration Agency (GSWRA) is committed to working in partnership with local agencies towards the long-term economic and social regeneration of the area. The objectives and activities of the charity are ambitious and a programme of activity is set to support the comprehensive regeneration of the area. These focus on the ongoing efforts to address the issue of worklessness in the area and support people back into work; the development of the local economy through the delivery of a range of business support activity including actions to develop the social economy sector; and ongoing activity to improve the local infrastructure and environment.

GSWRA has recognised that this cannot be done in isolation therefore is committed to partnership working with a wide range of agencies in order to maximise the impact that can be achieved for local communities.

GSWRA are committed to delivering the key aims identified in our Business Plan covering 2009-2011 providing an integrated and holistic approach to the economic and social development of the area. Based on the strategic themes of People, Economy and Place, the organisation will continue to support workless people to move back into the labour market; to increase the range of opportunities available within the area and link these to the needs of local people; to support the development of a strong and diverse business base; and undertake a range of activity to promote the area as an attractive, vibrant and safe place in which to live and work.

The service activity set out in the 3 year Strategic Plan has been designed to contribute to a number of policy priorities at both the national and local level. A summary of some of the main policies that underpin the work of the organisation is as follows:

- Principles & Priorities – The Government's Programme for Scotland
- Step Change for Glasgow – Glasgow's Ten Year Economic Development Strategy
- The Cities Strategy
- Workforce Plus – An Employability Framework for Scotland
- More Choices, More Chances
- Glasgow Works

Vision

The future direction of the GSWRA is underpinned by the following vision, against which the services delivered by the organisation are designed to achieve:

'To establish a cosmopolitan, vibrant and sustainable community across South West Glasgow, where people of all ages are proud to live, learn and work'

Objectives

In striving to achieve this vision, the overall service activity delivered by GSWRA is designed to meet the following objectives:

Objective 1: Address the issue of worklessness by supporting local people to access opportunities to move back into the labour market.

Objective 2: Create a vibrant, diverse and sustainable economy.

Objective 3: Develop the infrastructure and environment of South West Glasgow and make it an attractive and safe place in which to live and work.

Objective 4: Continually strengthen and develop the internal capacity of the organisation in

order to be recognised as an excellent company that is valued by all clients and partner agencies.

A range of Activities have been developed to meet the above objectives, arranged around the following Strategic Themes -

Strategic Themes

Service Development	
People & Regeneration	Delivery of an integrated programme of employment and training to support workless residents move back into the labour market and to support young people move into education, training or employment.
Economy & Regeneration	Delivery of a number of activities to support the development of the local economy and to develop the business base within South West Glasgow.
Place & Regeneration	Ongoing activity to develop the local infrastructure and improve the environment of South West Glasgow.

Achievements and Performance

Key achievements over the last year include a total of 936 people moving into employment, and 1038 moving into education and training. A range of support has also been provided to local businesses, social economy organisations along with projects and activities that have built and improved the area's infrastructure, natural and built environment.

GSWRA are continually measured on a wide range of Key Performance indicators (KPI's). The table below sets out the headline figures achieved by the company

Performance Indicator	Actual 2009/10	Target 2009/10
Number of people engaged in pre-employability support	5,990	4,074
Number of people progressing into education/training	1,038	534
Number of people gaining part/full qualification	990	1,295
Number of people entering employment	936	970
Number of people sustained in employment at 13 weeks	544	777
Number of people sustained in employment at 26 weeks	372	558

Having reviewed our performance against target in 2009/10 and our external operating environment we have set the following targets for 2010/11

Performance Indicator	Target 2010/11
Number of people engaged in pre-employability support	3,438
Number of people progressing into education/training	536
Number of people gaining part/full qualification	1,710
Number of people entering employment	746
Number of people sustained in employment at 13 weeks	559
Number of people sustained in employment at 26 weeks	322

The 2010/11 target for the number of people engaged in pre-employability support is lower than the figure achieved in the previous year. This is because some funding has been reduced and there will be more focus on those clients furthest from the labour market.

Financial Review

• Operating and Financial Overview

Glasgow South West Regeneration Agency's total income for the year to 31 March 2010 was £10,222,936. Total income when compared to the same period in the prior year decreased by approximately 6.5% and this can be largely attributed to a reduction in our traditional grant funding in relation to our People & Regeneration activity. The company has three principal income sources and the spread can be shown:

Earned income (mainly property rentals)	11%
Commercial Income	26%
Grant income	63%
	<u>100%</u>

During the year, the company managed approximately 50 projects spread across its strategic themes and the overall net deficit was £48,813 prior to an unrealised loss on revaluation of assets of £1,843,062 and a realised gain on investments of £109,304. Within this net deficit, most projects achieved a planned break-even position. Some projects achieved deficits or surpluses and in most cases these are of a timing nature and the deficits/surpluses will be absorbed by reserves brought forward or by surpluses expected in 2010/11. The only exception relates to permanent deficits relating to two properties which have vacant units due to the prevailing economic recession. Every effort is being made to lease these units and curb these losses.

In cash flow terms, the bank account showed an overdraft of £147,083 at the beginning of the year and an in-funds position of £716,135 at the end of the year. The company therefore generated a positive cash flow during the year of approximately £860,000.

The charity shows an unrestricted reserve of £6,229,489 (2009; £7,807,579). It should be noted that the majority of the unrestricted funds are non cash reserves for the purpose of the future depreciation of tangible fixed asset projects.

The charity revalued its property portfolio assets at the year end which resulted in a net loss on revaluation of £1,843,062.

• Investment Policy

The Trustees have, over the life of the company, adopted a policy of providing support to projects and developments within the South West Glasgow Area. In particular, the company has prudently invested in a number of commercial property developments as a way of furthering their charitable objectives. Whilst this has provided an opportunity for an earned income stream to complement the company's other sources of funding, the overall aim of these investments has been to assist in the economic regeneration of South West Glasgow by creating affordable office space and hence attracting SME's into the area and ultimately, creating and sustaining employment.

Each project is considered individually and the merits considered and approved by the trustees prior to any monies being invested. Whilst the general substance of these programme related investments is as a loan to the parties involved, these have generally been transacted using joint venture arrangements. The accounting treatment adopted previously by the company has followed the legal position with the balances accounted for as investments within the balance sheet. However, following a review of accounting policies undertaken during last year it is considered that accounting for these items as Programme Related Investments would better reflect the true nature of the balances. Accordingly, these have been reclassified within the balance sheet.

• Reserves Policy

The Trustees have examined the company's requirements for reserves in the light of the main risks to the organisation. It has established a policy whereby unrestricted general funds not committed should be approximately three months of total expenditure (This equates to £2,575,291). The reserves are needed to meet the working capital requirements of the company and the financial obligations in the short-term in the event of a significant drop in revenue grant funding. This would allow time for a restructuring of the company's activities and its project and core cost budgets. However, the significant reduction in revenue grant funding over the years has made it difficult to meet this policy and the current general reserve stands at a level of £1,003,113

Plans for Future Periods

GSWRA will remain committed to delivering on the aims and objectives in our current business plan. Additionally the Company will respond to changes and opportunities in the environment that are relevant to our client groups and in the best interest of Glasgow South West.

Recent changes in the economic environment which are being felt at a National and indeed Global level have impacted our clients to an extent and we have where possible tailored our services to reflect the changing needs. Undoubtedly though, the changes in the labour market and the reduction in new job opportunities will make our job more difficult in the coming two years. This will be true especially for those clients who are furthest from the labour market and who are now very much the core clients under our Glasgow Works contract and we will continue to work with partner organisations to make sure that the support we have available to these clients is as flexible and relevant as possible in the current climate.

Over the course of 2010/11 we will work with our partner LRA's and others to bid for the Flexible New Deal Phase II contract for Glasgow. Whilst the contract will not come into effect until October 2010 we will invest appropriate time and resource this year to ensure we are prepared for the contract should we win it and in an appropriate position to partner with the Prime Contractor if we do not win it outright.

• Funding Strategy

The funding strategy for GSWRA is based on the requirement to secure ongoing revenue support to sustain the organisation and to explore other funding opportunities to assist in the delivery of services. An Annual Budget will be prepared that will set out the funding requirement for the following year. The funding strategy will be based on:

- Grant Funding – the organisation will continue to seek grant support from a range of sources in order to support the ongoing delivery of local services.
- Commercial Income – an increasing element of the organisations funding will be based upon securing contracts for the delivery of services. GSWRA will continue to develop its contract activity and will also operate as part of the Regeneration Agency Network for City Wide contracts.
- Income Generation – GSWRA will seek to maximise its income generation activity for re-investment in service delivery. Income generation will be primarily rental income from the provision of property services.

Trustees' Responsibilities

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

Company 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005). 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 other irregularities.

Statement to Auditors

In accordance with company law, as the company's directors, we certify that:

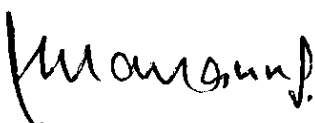
- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint Wylie & Bisset LLP as auditors to the company will be proposed at the Annual General Meeting due to be held on 26th August 2010.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the Companies Act 2006.

Approved by the Trustees and signed on their behalf by:

Name: 

Date: 26th August 2010

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF GLASGOW SOUTH WEST REGENERATION AGENCY LIMITED FOR THE YEAR ENDED 31ST MARCH 2010

We have audited the financial statements of Glasgow South West Regeneration Agency Limited for the year ended 31st March 2010 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Trustees' Annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with those financial statements.

We also report to you if, in our opinion, the charity has not kept adequate and proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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 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 financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF GLASGOW
SOUTH WEST REGENERATION AGENCY LIMITED FOR THE YEAR ENDED 31ST MARCH 2010**

Opinion

- The financial statements give a true and fair view of the state of the charity's affairs as at 31st March 2010, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- The financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- The information given in the Trustees' Annual report is consistent with the financial statements.

Signature: *Allister Gray*
Allister Gray: Senior Statutory Auditor
For and behalf of Wylie & Bisset LLP

168 Bath Street
Glasgow
G2 4TP
Date: 26th August 2010

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Glasgow South West Regeneration Agency Limited

(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	Unrestricted £	Restricted £	2010 Total £	2009 Total £
Incoming Resources					
Incoming resources from voluntary funds					
Investment income	3	-	-	-	22,603
Incoming resources from charitable activities	4	6,263,823	3,959,113	10,222,936	10,921,374
Total Incoming Resources		6,263,823	3,959,113	10,222,936	10,943,977
Resources expended					
Charitable activities	5	6,049,277	4,163,594	10,212,871	9,852,490
Governance costs	6	58,878	-	58,878	46,600
Total Resources Expended		6,108,155	4,163,594	10,271,749	9,899,090
Net incoming resources before transfers		155,668	(204,481)	(48,813)	1,044,887
Transfers		-	-	-	-
Net incoming resources for the year before other recognised gains and losses		155,668	(204,481)	(48,813)	1,044,887
Other recognised gains and losses					
Unrealised loss on revaluation	11	(1,843,062)	-	(1,843,062)	-
Realised gain on investments		109,304	-	109,304	-
Net movement in funds		(1,578,090)	(204,481)	(1,782,571)	1,044,887
Reconciliation of Funds					
Total funds brought forward		7,807,579	3,624,348	11,431,927	10,387,040
Total funds carried forward	18,19	6,229,489	3,419,867	9,649,356	11,431,927

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

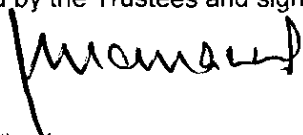
Glasgow South West Regeneration Agency Limited
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BALANCE SHEET AT 31 MARCH 2010

	Notes	£	2010 £	2009 £
FIXED ASSETS				
Tangible Assets	11		10,369,546	12,172,900
Investments	12		-	-
Programme related investments	13		<u>308,126</u>	<u>308,126</u>
			10,677,672	12,481,026
CURRENT ASSETS				
Debtors	14	2,294,132		2,786,526
Cash at bank and in hand		<u>716,135</u>		<u>4,763</u>
		3,010,267		2,791,289
Creditors: amounts falling due within one year	15	<u>(959,942)</u>		<u>(1,575,826)</u>
NET CURRENT ASSETS			2,050,325	1,215,463
Creditors: amounts falling due after more than one year	16		(3,078,641)	(2,264,562)
NET ASSETS			<u>9,649,356</u>	<u>11,431,927</u>
Unrestricted Funds	18		6,229,489	7,807,579
Restricted Funds	19		3,419,867	3,624,348
TOTAL FUNDS	21		<u>9,649,356</u>	<u>11,431,927</u>

Approved by the Trustees and signed on their behalf by

Name:



Date: 26th August 2010

Name:



Glasgow South West Regeneration Agency Limited
(A company limited by guarantee)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	£	£
Operating surplus	60,491	1,044,887
Depreciation charges	441,048	373,849
Decrease/(increase) in debtors	492,394	(1,735)
(Decrease) in creditors	(552,477)	(639,483)
Net cash inflow	441,456	777,518
Capital Expenditure		
Payments to acquire tangible fixed assets	(480,756)	(1,789,942)
Net cash (outflow) before financing	(39,300)	(1,012,424)
Financing		
Loan repayments	(202,245)	(159,176)
Loans received	1,100,000	-
Net cash inflow/(outflow)	858,455	(1,171,600)

Analysis Of Changes In Net Debt

	At 1 April 2009	Cash flows	At 31 March 2010
	£	£	£
Cash in hand, at bank	4,763	711,372	716,135
Overdraft	(147,083)	147,083	-
	(142,320)	858,455	716,135
Debt due within 1 year	(165,186)	(83,676)	(248,862)
Debt due after 1 year	(2,264,562)	(814,079)	(3,078,641)
TOTAL	(2,572,068)	(39,300)	(2,611,368)

Glasgow South West Regeneration Agency Limited

(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

1. Accounting Policies

a) Basis of preparation

The financial statements have been prepared under the historic cost convention, with the exception of freehold land and buildings which are included at market value and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

b) Fund accounting

- Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity
- Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.
- Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of an appeal

c) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Incoming resources from charitable trading activities are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

1. Accounting Policies (continued)

d) Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £750 are capitalised along with any incidental expenses of acquisition.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold property - over the term of the lease
Freehold buildings - Over 50 years
Fixtures and fittings - Over 4 years
Motor vehicles - Over 4 – 10 years

No depreciation is provided on freehold land.

Freehold land and buildings have been revalued for the first time as at 31st March 2010 as disclosed in Note 11.

f) Investments

Investments are shown at cost less provision for permanent diminution in value.

g) Programme related investments

Programme related investments are shown at cost less provision for permanent diminution in value.

h) Operating leases

Rentals paid under operating leases are charged to the statement of financial activities. The obligation to pay future rentals on operating leases is shown by way of a note to the Accounts.

Glasgow South West Regeneration Agency Limited**(A company limited by guarantee)****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 MARCH 2010****1. Accounting Policies (continued)****i) Group Accounts**

Group accounts have not been prepared on the grounds that the directors consider that the results of the company's subsidiaries are not significant to the overall result of the group.

j) Pension scheme

The company operates a defined contribution scheme for the benefit of its employees with an employer contribution of up to 6%. The assets of the scheme are administered by the Pension Fund Trustees in a fund independent from those of the company.

The pension costs charged against profits represent the amount of employer's contributions payable to the scheme in respect of the accounting period.

k) Taxation

The company is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

2. Legal Status

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

3. Investment Income

	Unrestricted £	Restricted £	2010 Total £	2009 Total £
Bank Interest	-	-	-	22,603

4. Incoming Resources from Charitable Activities

	Unrestricted £	Restricted £	2010 Total £	2009 Total £
Core and executive function	799,399	-	799,399	898,283
People and Regeneration	3,696,575	3,331,477	7,028,052	6,439,963
Economy and Regeneration	-	535,341	535,341	396,659
Place and Regeneration	609,217	92,295	701,512	2,173,528
Properties	1,158,632	-	1,158,632	1,012,941
	<u>6,263,823</u>	<u>3,959,113</u>	<u>10,222,936</u>	<u>10,921,374</u>

Glasgow South West Regeneration Agency Limited
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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

5. Resources Expended- Charitable Activities

			2010	2009
	Direct £	Support £	Total £	Total £
Core and executive function	-	833,533	833,533	832,298
People and Regeneration	6,515,115	324,710	6,839,825	6,671,489
Economy and Regeneration	506,230	14,000	520,230	421,024
Place and Regeneration	604,994	33,310	638,304	725,729
Properties	1,380,979	-	1,380,979	1,201,950
	<u>9,007,318</u>	<u>1,205,553</u>	<u>10,212,871</u>	<u>9,852,490</u>

6. Resources Expended – Governance Costs

			2010	2009
	Direct £	Support £	Total £	Total £
Staff Costs	-	48,128	48,128	36,000
Auditors' Remuneration	10,750	-	10,750	10,600
	<u>10,750</u>	<u>48,128</u>	<u>58,878</u>	<u>46,600</u>

Glasgow South West Regeneration Agency Limited
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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

7. Support Costs – Breakdown by delivery

	Administration	Salary	2010 Total	2009 Total
	£	£	£	£
Core and executive function	172,962	660,571	833,533	832,298
People and Regeneration	324,710	-	324,710	236,585
Economy and Regeneration	14,000	-	14,000	28,921
Place and Regeneration	33,310	-	33,310	45,900
Governance	-	48,128	48,128	36,000
	<u>544,982</u>	<u>708,699</u>	<u>1,253,681</u>	<u>1,179,704</u>

Support costs are allocated based on time spent.

8. Net Incoming Resources for the Year

This is stated after charging:

	2010 £	2009 £
Depreciation	441,048	373,849
Auditors' Remuneration - Audit Fees	10,750	10,600
- Other Fees	16,000	16,750
Operating lease rentals - Plant and Machinery	34,189	93,966
- Other	153,930	246,273

9. Staff Costs and Numbers

Staff costs were as follows:

	2010 £	2009 £
Salaries and wages	6,165,479	5,435,507
Social security costs	497,391	473,249
Other pension costs	86,719	95,016
Total	<u>6,749,589</u>	<u>6,003,772</u>

The number of employees whose emoluments exceeded
£60,000 fall within the undernoted band:

	2010 Number	2009 Number
£70,000 - £79,999	-	1
£80,000 - £90,000	1	-

A payment of £27,256 was made in respect of a redundancy payment to the former Chief Executive during the year.

Glasgow South West Regeneration Agency Limited**(A company limited by guarantee)****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 MARCH 2010****9. Staff Costs and Numbers (Continued)**

The average number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	2010 Number	2009 Number
Charitable Activities	271	258
Administration	19	21
Total	290	279

10. Trustees' Remuneration and Related Party Transactions

None of the trustees received any remuneration during the year nor were reimbursed expenses (2009: £ nil).

Due to the nature of the charity'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 Trustee may have an interest. All transactions involving companies or organisations in which a Trustee may have an interest are conducted at arm's length and in accordance with normal project and programme rules. Trustees are not permitted to participate in discussions or decisions on transactions involving their related business.

11. Tangible Fixed Assets

	Freehold land and buildings £	Assets Under Construction	Leasehold properties £	Fixtures, Fittings And Equipment £	Motor Vehicles £	Total £
Cost or valuation						
At 1 April 2009	9,351,725	3,316,820	856,381	2,263,627	88,429	15,876,982
Additions	389,468	-	12,350	78,938	-	480,756
Transferred	3,316,820	(3,316,820)	-	-	-	-
Revaluation	(3,273,321)	-	-	-	-	(3,273,321)
At 31 March 2010	9,784,692	-	868,731	2,342,565	88,429	13,084,417
Depreciation						
At 1 April 2009	1,168,864	-	419,070	2,093,306	22,842	3,704,082
Charge for the year	261,395	-	52,621	118,188	8,844	441,048
Revaluation	(1,430,259)	-	-	-	-	(1,430,259)
At 31 March 2010	-	-	471,691	2,211,494	31,686	2,714,871
Net book values						
At 31 March 2010	9,784,692	-	397,040	131,071	56,743	10,369,546
At 31 March 2009	8,182,861	3,316,820	437,311	170,321	65,587	12,172,900

All assets are held for direct charitable purposes.

Glasgow South West Regeneration Agency Limited

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

11. Tangible Fixed Assets (continued)

The freehold properties were revalued at 31st March 2010 based on a valuation carried out by James Barr. The basis used for the valuation was open market valuation.

The result of the valuation was an unrealised loss of £1,843,062. This figure is a net figure as certain properties showed an increase in value of £1,848,270, whilst certain properties showed a deficit of £3,691,332. The valuation includes a freehold property which was gifted to the charity in the past which has been included at valuation and also includes an uplift for existing freehold properties which had previously been shown net of grants received.

If freehold property had not been included at valuation they would have been held at historic cost as follows: £11,627,754 (2009: 11,499,681).

12. Fixed Asset Investments

	Subsidiaries
Cost	
At 1 April 2009 and at 31 March 2010	2
Provision for diminution in value	
At 1 April 2009 and at 31 March 2010	(2)
Net Book Value	
At 31 March 2009 and 31 March 2010	<u>-</u>

Shares in subsidiary undertakings

Name of Company	Nature of business	Proportion of shares held Ordinary
Electronic Adaptor Concerns Limited	Dormant	100%
Express Surveillance Solutions Limited	Dormant	100%
GI Telesales Limited	Dormant	100%
GI Enterprise Limited	Dormant	*

*GI Enterprise Limited does not have a share capital. It is a company limited by guarantee; Glasgow South West Regeneration Agency Limited is the only member of this company.

The above subsidiaries are registered in Scotland. Note that the results of these companies have not been consolidated with those of GSWRA on the grounds that the results are not significant to the overall result of the group.

During the year £109,304 was received in respect of a £10 shareholding in Glasgow Business Services.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

13. Programme Related Investments

	£
Cost	
At 1 April 2009 and at 31 March 2010	308,126
Provision for diminution in value	
At 1 April 2009 and at 31 March 2010	-
Net Book Value	
At 31 March 2009 and 31 March 2010	<u>308,126</u>

Details of investee companies:

Name	Nature of Business	Proportion of shares held Ordinary
Moorpark Joint Venture LLP	Property development and letting	50%
Govan Digital Media Centre Limited	Property development and letting	33%
Modular Developments Limited	Property development and letting	50%

Note that the all of the investee companies listed above were originally set up as joint venture companies. However, whilst this reflects the legal structure of the entities, this does not reflect the substance of the arrangement: in practice, GSWRA do not share control of the entity and hence the investment does not meet the definition of a Joint Venture as per FRS 9. Historically, these have therefore been accounted for as "other investments".

The overall substance of these investments was that of a loan to the entity in order for the company to develop property within the charities operational area with a view to improving both the area in which the development took place and the overall opportunities available to residents within the area. Whilst it is anticipated that in the long term these investments will generate income for the charity, this was not the main focus of the investment.

Accordingly, under the terms of the charities SORP these items have been accounted for as programme related investments. This represented a change in accounting policy in the prior year which the directors consider provides a more accurate reflection of the true state of the charities affairs.

The programme related investments are monitored by management via regular communication with the investee companies and review of management accounts.

During the year the 100% shareholding in Govan Digital Media Centre Limited was diluted following a share issue following which GSWRA own 33% of the company.

14. Debtors

	2010 £	2009 £
Trade Debtors	464,079	416,200
Prepayments	282,006	144,505
VAT Recoverable	-	28,635
Other Debtors	1,008,632	2,197,186
Amounts due by Moorpark LLP	539,415	-
	<u>2,294,132</u>	<u>2,786,526</u>

Glasgow South West Regeneration Agency Limited
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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

15. Creditors: Amounts falling due within one year

	2010	2009
	£	£
Loans (Note 16)	248,862	165,186
Bank overdraft	-	147,083
Trade creditors	134,262	502,457
Other taxes and social security costs	171,511	119,748
Other creditors and accruals	342,562	561,177
Deferred income (Note 17)	62,745	80,175
	<u>959,942</u>	<u>1,575,826</u>

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

	2010	2009
	£	£
Bank loans	1,090,830	666,747
Development loan	1,505,911	1,597,815
Moorpark loan	481,900	-
	<u>3,078,641</u>	<u>2,264,562</u>

The loans are repayable in equal monthly instalments.

The loans are repayable as follows:

	2010	2009
	£	£
In one year or less	248,862	165,186
Between one and two years	266,615	174,636
Between two and five years	857,323	588,438
In five years or more	1,954,703	1,501,488
	<u>3,327,503</u>	<u>2,429,748</u>

The loans and bank overdraft (see note 15) 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 and the Festival Business Centre.

17. Deferred Income

	2010	2009
	£	£
Balance at 31 March 2009	80,175	61,514
Amount released to incoming resources	(80,175)	(61,514)
Amount deferred in the year	62,745	80,175
Balance at 31 March 2010	<u>62,745</u>	<u>80,175</u>

Deferred income comprises prepaid rent and management fees received in advance (2009: prepaid rent).

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

18. Unrestricted Funds

	Movement in funds					Balance at 31-Mar-10 £
	Balance at 01-Apr-09 £	Incoming resources £	Resources expended £	Revaluation £	Transfers £	
General charitable funds	1,066,864	-	58,878		(4,873)	1,003,113
Core and executive function	-	908,703	833,533		-	75,170
Designated funds:						
Projects	-	-	-		-	-
Economy and Regeneration	-	-	-		-	-
Place and Regeneration	24,214	609,217	638,304		4,873	-
People and Regeneration	432,040	3,696,575	3,196,461		-	932,154
Properties	6,284,461	1,158,632	1,380,979	(1,843,062)	-	4,219,052
	<u>7,807,579</u>	<u>6,373,127</u>	<u>6,108,155</u>	<u>(1,843,062)</u>	<u>-</u>	<u>6,229,489</u>

The designated funds represent those monies which have been allocated by the Trustees to specific projects or developments. This designation does not represent a restriction upon the use of these funds but represents the intention of the Trustees regarding utilisation of such monies. The reserves are not necessarily represented by cash held by the charity: in particular with regard to those reserves designated to properties, the cash has already been spent on fixed assets but is held as a designated fund to be expended over the life of the asset via depreciation in line with the Charities SORP. The actual make up of the funds is shown within note 21 which highlights the net assets by fund.

19. Restricted Funds

	Movement in funds				Balance at 31-Mar-10 £
	Balance at 01-Apr-09 £	Incoming resources £	Expended resources £	Transfers £	
Projects	-	-	-	-	-
Economy and Regeneration	140,404	535,341	520,230	-	155,515
Place and Regeneration	3,172,057	92,295	-	-	3,264,352
People and Regeneration	311,887	3,331,477	3,643,364	-	-
Properties	-	-	-	-	-
	<u>3,624,348</u>	<u>3,959,113</u>	<u>4,163,594</u>	<u>-</u>	<u>3,419,867</u>

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

19. Restricted Funds (continued)

These funds are restricted in use within the projects or property development to which they relate, for the specific purposes that they were awarded.

These restrictions have been put in place by the awarding body. Any surplus funds arising following completion of the project or development may require to be repaid to the awarding body.

20. Operating Leases Commitments

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

	2010		2009	
	Property £	Other £	Property £	Other £
Operating leases which expire:				
Within one year	153,930	15,810	108,934	25,712
In the second to fifth years inclusive	111,580	18,379	31,353	3,917
After five years	64,419	-	42,731	-
	<u>329,929</u>	<u>34,189</u>	<u>183,018</u>	<u>29,629</u>

21. Net Assets by Fund

	Restricted £	Unrestricted £	Total £
Fixed Assets	-	10,677,672	10,677,672
Net current assets / (liabilities)	3,419,867	(1,369,542)	2,050,325
Long term Liabilities	-	(3,078,641)	(3,078,641)
	<u>3,419,867</u>	<u>6,229,489</u>	<u>9,649,356</u>

22. Capital Commitments

There are no capital commitments at 31 March 2010.