



**Scott-Moncrieff**  
business advisers and accountants

**RIVERSIDE INVERCLYDE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2014**

**Company registration number: SC304355**

**Charity number: SC037806**

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## **RIVERSIDE INVERCLYDE**

### **CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2014**

#### **OFFICERS AND ADVISORS:**

##### **Directors:**

Alf Young	(Chair) - resigned as Director and Chair 30 <sup>th</sup> August 2013
David Wilson	(Chair from 19 <sup>th</sup> September 2013 to 3 <sup>rd</sup> March 2014)
Dr Gerard McCarthy	(Chair) - appointed as Director and Chair 4 <sup>th</sup> March 2014
Fay Rogers	
Ralph Leishman	Resigned 30 <sup>th</sup> August 2013
Donald McRae	Resigned 1 <sup>st</sup> September 2013
Alastair Milloy	Resigned 1 <sup>st</sup> July 2013
James Clocherty	
James A McQuade	
Derek McCrindle	
Stephen McCabe	
Anne McGregor	Appointed 4 <sup>th</sup> March 2014

##### **Secretary:**

Burness Paull LLP

##### **Registered office:**

Suite E1, The East Wing  
Custom House, Custom House Way  
Greenock  
Renfrewshire  
PA15 1EQ

##### **Bankers:**

Clydesdale Bank plc  
West End Branch  
100 West Blackhall Street  
Greenock  
PA15 1XR

##### **Lawyers:**

Burness Paull LLP  
120 Bothwell Street  
Glasgow  
G2 7JL

##### **Auditor:**

Scott-Moncrieff  
25 Bothwell Street  
Glasgow  
G2 6NL

**RIVERSIDE INVERCLYDE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2014**

<b>CONTENTS</b>	<b>PAGE</b>
Directors' report	1
Strategic report	3
Independent auditor's report	6
Consolidated statement of financial activities (incorporating income and expenditure account)	8
Company statement of financial activities (incorporating income and expenditure account)	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated cash flow statement	12
Notes to the consolidated financial statements	13

## **RIVERSIDE INVERCLYDE**

### **DIRECTORS' REPORT**

**For the year ended 31 March 2014**

#### **Directors**

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

Alf Young	(Chair) - resigned as Director and Chair 30 <sup>th</sup> August 2013
David Wilson	(Chair from 19th September 2013 to 3rd March 2014)
Dr Gerard McCarthy	(Chair) – appointed as Director and Chair 4 <sup>th</sup> March 2014
Fay Rogers	
Ralph Leishman	Resigned 30 <sup>th</sup> August 2013
Donald McRae	Resigned 1 <sup>st</sup> September 2013
Alastair Milloy	Resigned 1 <sup>st</sup> July 2013
James Clocherty	
James A McQuade	
Derek McCrindle	
Stephen McCabe	
Anne McGregor	Appointed 4 <sup>th</sup> March 2014

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

The board of directors are responsible for setting strategy and overseeing the overall operations of the charity. The Chief Executive is responsible for the day to day operational matters.

#### **Statement of Directors' responsibilities**

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

Company and charity law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the surplus or deficit of the group and company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **RIVERSIDE INVERCLYDE**

### **DIRECTORS' REPORT**

**For the year ended 31 March 2014**

#### **Going concern**

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

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

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

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

#### **Auditor**

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

Signed by order of the Board



Dr Gerard McCarthy  
Chair

Dated: 25 September 2014

## **RIVERSIDE INVERCLYDE**

### **STRATEGIC REPORT**

**For the year ended 31 March 2014**

#### **Objectives and activities**

Formally incorporated in 2006 Riverside Inverclyde (ri) is an Urban Regeneration Company Limited by guarantee, with charitable status and two member organisations, Inverclyde Council and Scottish Enterprise. As a public/private partnership ri has been designed to secure the long term economic growth of Inverclyde. It has a twin track approach of "going for growth" through the development of existing and new opportunities and "spreading the benefits of growth" to the local resident and business communities.

#### **Key Priorities**

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

##### **Business**

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

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

##### **People**

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

##### **Place**

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

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

##### **Partnership**

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

## **RIVERSIDE INVERCLYDE**

### **STRATEGIC REPORT**

**For the year ended 31 March 2014**

#### **Achievements and Performance**

ri has commissioned a masterplanning exercise for Port Glasgow and discussions are taking place with Inverclyde Council planners to look at options for the consolidation and redevelopment of the town centre. This will be presented to Inverclyde Council in the early part of the new financial year.

Since 2010, ri and the Council have been working together on a master plan for the development of Gourrock Pierhead, a long standing ambition for the area which aims to improve traffic flows and help to unlock additional tourism and commercial potential through housing, retail and leisure developments. A scheme for re-routing the main traffic flow through the town centre and improving the pierhead environs with a budget of £4.7M has recently received planning consent. ri is acting as agent on this project for Inverclyde Council. In terms of timescale, it is likely that the project will be on site in autumn 2014, following approval of road construction consent and retendering.

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

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

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

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

ri has actively supported the Beacon Arts Centre with operational grant funding and facilitating a very successful Folk and Roots Festival. A project led by local artists to explore and preserve in words, pictures, song and sound the legacy of Greenock's sugar industry was supported by ri.

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

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

#### **Financial Review**

ri operated within its development funding allocation and reduced its operating costs in line with the targets agreed with its funders at the start of the year. In the year ended 31<sup>st</sup> March 2014 a positive net movement in funds (before Pension) of £295,928 is reported, £264,027 of this surplus having been gifted by ri's subsidiary company. The net current assets of the company have improved from £250,039 to £552,350.

At group level, in the year ended 31<sup>st</sup> March 2014 a positive net movement in funds (before Pension and other items) of £432,398 is reported and net current assets have improved from £386,496 to £715,496.

## **RIVERSIDE INVERCLYDE**

### **STRATEGIC REPORT**

**For the year ended 31 March 2014**

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

A mid-term review of Riverside Inverclyde's operations was carried out in Spring 2014 as per the Company's Articles of Association and following discussion, actions arising from the recommendations from the review were taken. The outcome of these discussions was the drafting of a Single Operation Plan for Riverside Inverclyde and Inverclyde Council Regeneration and Economic Department which covers the period to 31<sup>st</sup> March 2017. The Plan focuses on the projects, investments and services to be delivered or led directly by the Council's Regeneration Team and ri, building on existing plans and financial commitments, at the same time as establishing some new actions to be taken forward in the next three years.

#### **Reserves policy**

The level of available unrestricted reserves as shown in the group balance sheet on page 10 is £12,804,477 (2013: £9,380,664). The Directors are of the opinion that the description of funds in note 1 to the financial statements represents a prudent approach to risk and commitments made.

#### **Directors' appointment, induction and training**

The appointment, removal and retirement of Directors is carried out as per Articles 36 to 53 of the Memorandum and Articles of Association. Newly appointed Directors meet individually with the Chief Executive to be fully appraised of the current and future projects being undertaken by the company.

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

Through regular reporting to the Operations, Finance and Governance Subgroup of the Board over the year, the directors have continually reviewed and assessed the major risks to which the company is considered to be exposed, and have taken action where necessary to mitigate those risks. A corporate risk register is maintained by Riverside Inverclyde and has been established in line with Scottish Government, Scottish Enterprise and Inverclyde Council best practice.

The directors have been actively taking steps to plan the Company's long term strategy whilst recognizing the risk that long term funding has not yet been secured from core funders. This risk is being actively addressed and to date core funding, albeit at a reduced level, has been secured for the period to 31<sup>st</sup> March 2017.

At operational level project risk registers are maintained by the project owner in close consultation with the appointed project manager. The appointed project manager maintains a risk register for all projects in the programme in excess of £100,000. The Chief Executive is the senior responsible officer (SRO) and so ensures that risk assessment, management and mitigation systems are established and maintained. The SRO is responsible for:

- Reviewing the initial risk register to ensure that all significant risks have been captured and appropriate mitigating action put in place or planned;
- Obtaining regular assurance from the Project Manager that risks are being appropriately managed; and
- Ensuring that risks escalated from project level are recorded on the relevant risk register (programme, business unit, corporate) and appropriate mitigating action agreed to address these.

Strategic Report signed by order of the Board



Dr Gerard McCarthy  
Chair

Dated: 25 September 2014



## **RIVERSIDE INVERCLYDE**

### **INDEPENDENT AUDITOR'S REPORT**

**For the year ended 31 March 2014**

We have audited the financial statements of Riverside Inverclyde for the year ended 31 March 2014 which comprise the consolidated and parent company statement of financial activities (incorporating income and expenditure account), consolidated and parent company balance sheet, consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the group and parent company's members as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 and to the company's directors, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the group and parent company's members and to the company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and parent company, the group and parent company's members and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent charitable company's affairs as at 31 March 2014 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**RIVERSIDE INVERCLYDE**

**INDEPENDENT AUDITOR'S REPORT**

**For the year ended 31 March 2014**


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

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Iain D Lee, Senior Statutory Auditor**  
**For and on behalf of Scott-Moncrieff, Statutory Auditor**  
**Chartered Accountants**  
25 Bothwell Street  
Glasgow G2 6NL

Dated: 25 September 2014

**RIVERSIDE INVERCLYDE**

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

**For the year ended 31 March 2014**

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	443,826	5,776,748	6,220,574	6,734,764
Investment income	3	810,487	-	810,487	671,337
<b>Total Incoming Resources</b>		<b>1,254,313</b>	<b>5,776,748</b>	<b>7,031,061</b>	<b>7,406,101</b>
<b>Resources Expended</b>					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	4	11,756	5,715,748	5,727,504	5,844,966
Support costs	5	859,290	-	859,290	925,143
Governance costs	6	10,779	-	10,779	9,688
Other costs - taxation	7	1,090	-	1,090	(2,306)
<b>Total Resources Expended</b>		<b>882,915</b>	<b>5,715,748</b>	<b>6,598,663</b>	<b>6,777,491</b>
<b>Net movement in funds (before pension scheme and other items)</b>		<b>371,398</b>	<b>61,000</b>	<b>432,398</b>	<b>628,610</b>
Actuarial loss on defined benefit pension scheme		(52,000)	-	(52,000)	(42,000)
Transfer between funds		61,000	(61,000)	-	-
Share of loss in investment		(49,922)	-	(49,922)	(59,675)
Unrealised gain on revaluation		3,093,337	-	3,093,337	-
Provision for write down of Investments	10	-	-	-	(10,100,726)
<b>Net movement in funds (after pension scheme and other items)</b>		<b>3,423,813</b>	<b>-</b>	<b>3,423,813</b>	<b>(9,573,791)</b>
Funds brought forward		9,380,664	-	9,380,664	18,954,455
<b>Funds carried forward</b>		<b>12,804,477</b>	<b>-</b>	<b>12,804,477</b>	<b>9,380,664</b>

The group has no recognised gains or losses other than the results for the current and previous year as set out above.

All of the activities of the group are classed as continuing.

The notes on pages 13 to 24 form part of these financial statements.

**RIVERSIDE INVERCLYDE**

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

For the year ended 31 March 2014

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	443,826	448,461	892,287	1,458,981
Investment income	3	268,066	-	268,066	101,486
<b>Total Incoming Resources</b>		<u>711,892</u>	<u>448,461</u>	<u>1,160,353</u>	<u>1,560,467</u>
<b>Resources Expended</b>					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	4	-	448,461	448,461	988,981
Support costs		409,685	-	409,685	451,707
Governance costs		6,279	-	6,279	5,688
<b>Total Resources Expended</b>		<u>415,964</u>	<u>448,461</u>	<u>864,425</u>	<u>1,446,376</u>
<b>Net movement in funds (before pension scheme)</b>		295,928	-	295,928	114,091
Actuarial loss on defined benefit pension scheme		(52,000)	-	(52,000)	(42,000)
<b>Net movement in funds (after pension scheme)</b>		243,928	-	243,928	72,091
Funds brought forward		169,407	-	169,407	97,316
<b>Funds carried forward</b>		<u>413,335</u>	<u>-</u>	<u>413,335</u>	<u>169,407</u>

The company has no recognised gains or losses other than the results for the current and previous year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 13 to 24 form part of these financial statements.

**RIVERSIDE INVERCLYDE**

**CONSOLIDATED BALANCE SHEET**

**As at 31 March 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
<b>Fixed assets</b>			
Tangible assets	9	12,261,250	9,113,347
<b>Investments</b>	10	-	-
<b>Current assets</b>			
Debtors	11	2,118,390	4,864,697
Cash at bank and in hand		1,518,118	829,208
		<u>3,636,508</u>	<u>5,693,905</u>
<b>Creditors: amounts falling due within one year</b>	12	2,921,012	5,307,409
<b>Net current assets</b>		<u>715,496</u>	<u>386,496</u>
<b>Total assets less current liabilities</b>		<u>12,976,746</u>	<u>9,499,843</u>
Provision for liabilities	13	(24,269)	(23,179)
Pension liability	14	(148,000)	(96,000)
<b>Net assets</b>		<u><u>12,804,477</u></u>	<u><u>9,380,664</u></u>
<b>Funds</b>			
Restricted		-	-
Unrestricted		702,477	381,001
		<u>702,477</u>	<u>381,001</u>
Land and property reserve	15	12,250,000	9,095,663
Pension reserve	14	(148,000)	(96,000)
		<u><u>12,804,477</u></u>	<u><u>9,380,664</u></u>

The financial statements were authorised for issue by the Board on 25 September 2014 and are signed on its behalf by:

*G. J. McCarthy*

Dr Gerard McCarthy (Chair)

**Company registration number: SC304355**

**Charity number: SC037806**

The notes on pages 13 to 24 form part of these financial statements.

**RIVERSIDE INVERCLYDE**  
**COMPANY BALANCE SHEET**  
**As at 31 March 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	9	8,885	15,268
<b>Investments</b>	10	100	100
<b>Current assets</b>			
Debtors	11	778,772	1,448,940
Cash at bank and in hand		987,807	255,065
		<u>1,766,579</u>	<u>1,704,005</u>
<b>Creditors: amounts falling due within one year</b>	12	1,214,229	1,453,966
<b>Net current assets</b>		<u>552,350</u>	<u>250,039</u>
<b>Total assets less current liabilities</b>		<u>561,335</u>	<u>265,407</u>
Pension liability	14	(148,000)	(96,000)
<b>Net assets</b>		<u>413,335</u>	<u>169,407</u>
<b>Funds</b>			
Restricted			
Unrestricted		561,335	265,407
		<u>561,335</u>	<u>265,407</u>
Pension reserve		(148,000)	(96,000)
		<u>413,335</u>	<u>169,407</u>

The financial statements were authorised for issue by the Board on 25 September 2014 and are signed on its behalf by:



Dr Gerard McCarthy (Chair)

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

The notes on pages 13 to 24 form part of these financial statements.

**RIVERSIDE INVERCLYDE****CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 March 2014**

	Notes	2014 £	2013 £
Net cash inflow from operating activities	16	797,493	793,023
<b>Returns on Investments and servicing of finance</b>			
Interest receivable		4,039	730
Share of loss in investment		(49,922)	(59,675)
<b>Taxation</b>			
Corporation tax received/(paid)		-	35,030
<b>Capital expenditure and financial investment</b>			
Payment for tangible fixed assets		(62,700)	(431,814)
<b>Increase in cash in the year</b>	17	<u>688,910</u>	<u>337,294</u>

The notes on pages 13 to 24 form part of these financial statements.

## **RIVERSIDE INVERCLYDE**

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

**For the year ended 31 March 2014**

#### **1. ACCOUNTING POLICIES**

##### **Basis of presentation and consolidation**

The consolidated financial statements have been prepared under the historical cost convention (modified to include the revaluation of certain fixed assets) and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and the Companies Act 2006. The consolidated financial statements incorporate the accounts of Riverside Inverclyde and its subsidiary undertaking Riverside Inverclyde (Property Holdings) Ltd made up to 31 March 2014. The results of the subsidiary are consolidated on a line by line basis.

##### **Incoming resources**

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

##### **Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Governance costs include those costs associated with meeting the constitutional requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

##### **Fund accounting**

Unrestricted funds are funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Included in unrestricted funds is a land and property reserve, which represents costs of assets acquired with grant funding obtained by Riverside Inverclyde. The reserve will be released to the Consolidated Statement of Financial Activities in the event of any of the assets being sold.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors.

##### **Grants**

Revenue grants are credited to the Income and Expenditure Account and the Statement of Financial Activities in the period that conditions for receipt have been complied with.

##### **Fixed assets**

Fixed assets are recorded as follows:

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

A de-minimis level of £1,000 has been set, below which figure assets are written off to the Statement of Financial Activities in the year of purchase.



## RIVERSIDE INVERCLYDE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

##### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land and property - no depreciation charged  
Furniture and equipment – 4 years straight line basis  
Other assets – no depreciation charged.

##### Taxation

Riverside Inverclyde is a charity and is recognised as such by HM Revenue and Customs for taxation purposes. As a result there is no liability to taxation on any of the company's income.

##### Pension costs

The company operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The movement in the pension asset or liability in the year is reflected in the Statement of Financial Activities.

##### Deferred taxation

Deferred taxation is provided by using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

##### Investments

Investments are stated at market value, less any provisions required where there has been a permanent diminution in their value.

#### 2. GRANTS RECEIVABLE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
The Harbours / Cathcart Street	-	57,816	57,816	248,800
Greenock & Port Glasgow Town Centres	-	229,470	229,470	605,779
Gourock Town Centre	-	65,560	65,560	-
Infrastructure and Placemaking	-	59,486	59,486	26,842
Energy and Renewables Development	-	22,487	22,487	76,381
Communications and Marketing	-	13,642	13,642	31,179
Development Funding	443,826	-	443,826	470,000
<b>Total - company</b>	<b>443,826</b>	<b>448,461</b>	<b>892,287</b>	<b>1,458,981</b>

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
<b>Total - company</b>	443,826	448,461	892,287	1,458,981
The Harbours / Cathcart Street	-	1,947,733	1,947,733	791,488
Cartsdyke and Cartsburn	-	472	472	14,590
Riverside Business Park	-	770,535	770,535	3,419,749
Greenock & Port Glasgow Town Centres	-	79,085	79,085	473,534
Gourock Masterplan	-	32,677	32,677	169,070
Kelburn	-	2,485,079	2,485,079	112,818
Infrastructure and Placemaking	-	12,706	12,706	24,534
Commercial Property Upgrade	-	-	-	270,000
<b>Total - group</b>	<u>443,826</u>	<u>5,776,748</u>	<u>6,220,574</u>	<u>6,734,764</u>

### 3. INVESTMENT INCOME

Bank interest receivable	4,039	-	4,039	730
Gift aid	264,027	-	264,027	100,756
<b>Total - company</b>	<u>268,066</u>	<u>-</u>	<u>268,066</u>	<u>101,486</u>

Bank interest receivable	4,039	-	4,039	730
Rent receivable	806,448	-	806,448	670,607
<b>Total - group</b>	<u>810,487</u>	<u>-</u>	<u>810,487</u>	<u>671,337</u>

### 4. COSTS OF GENERATING VOLUNTARY INCOME

The Harbours / Cathcart Street	-	57,816	57,816	248,800
Greenock & Port Glasgow Town Centres	-	229,470	229,470	605,779
Gourock Masterplan	-	65,560	65,560	-
Infrastructure and Placemaking	-	59,486	59,486	26,842
Energy and Renewables Development	-	22,487	22,487	76,381
Communications and Marketing	-	13,642	13,642	31,179
<b>Total - company</b>	<u>-</u>	<u>448,461</u>	<u>448,461</u>	<u>988,981</u>

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

4. COSTS OF GENERATING VOLUNTARY INCOME (cont'd)	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
Total – company	-	448,461	448,461	988,981
Communications and Marketing	-	-	-	(30,511)
The Harbours / Cathcart Street	-	1,947,733	1,947,733	791,487
Cartsdyke and Cartsburn	-	472	472	14,590
Riverside Business Park	-	770,535	770,535	3,419,749
Greenock & Port Glasgow Town Centres	-	79,085	79,085	473,534
Gourock Masterplan	-	32,677	32,677	169,070
Kelburn	-	2,485,079	2,485,079	112,818
Infrastructure and Placemaking	-	12,706	12,706	24,535
Commercial Property Upgrade	11,756	-	11,756	293,540
Transferred to land and property reserve	-	(61,000)	(61,000)	(412,827)
Total – group	11,756	5,715,748	5,727,504	5,844,966
5. SUPPORT COSTS				
	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
Salaries	355,452	-	355,452	418,072
Consultancy costs	42,970	-	42,970	21,122
Legal and Professional fees	19,896	-	19,896	8,785
Administrative Expenses	173,898	-	173,898	170,589
Property costs	267,074	-	267,074	306,575
	859,290	-	859,290	925,143
6. GOVERNANCE COSTS				
Audit and Accountancy Fees	10,779	-	10,779	9,688
Operating Results			2014 £	2013 £
Operating results are stated after charging:-				
Depreciation			8,134	12,080
Auditors' remuneration				
- as auditors			10,600	10,500
- taxation services			3,550	3,500

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 7. TAXATION

	2014 £	2013 £
The tax charge for the year was as follows:-		
Deferred tax	<u>1,090</u>	<u>(2,306)</u>

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:-

	2014 £	2013 £
Profit in subsidiary company on ordinary activities before taxation	<u>26,638</u>	<u>39,711</u>
Profit in subsidiary company on ordinary activities multiplied by the effective rate of corporation tax in the UK of 23% (2013: 20%)	6,127	7,942
Income not taxable for tax purposes	(12,900)	(6,580)
Depreciation (lower than)/in excess of capital allowances	(1,253)	(1,362)
Expenses not deductible for tax purposes	8,026	-
	<u>-</u>	<u>-</u>

### 8. PAYROLL COSTS

	2014 £	2013 £
Wages and salaries	284,523	334,914
Social security costs	28,888	33,675
Other pension costs	42,041	49,483
	<u>355,452</u>	<u>418,072</u>

Included in the above is £104,500 (2013: £nil) of recharged salary costs of employees not employed directly by the group.

Particulars of employees:-	2014 No.	2013 No.
The average number of staff remunerated by the group during the financial year amounted to:-		
Full time	6	6
Part time	<u>3</u>	<u>3</u>

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

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

	2014 No	2013 No
Number of employees with total emoluments over £60,000:		
£100,000 - £109,999	-	1

The above employee is a member of the defined benefit pension scheme. During the year ended 31 March 2014, pension contributions totalling £nil (2013: £21,173) were made in respect of this employee.

### 9. FIXED ASSETS

Cost or valuation	Land and Property £	Furniture and Equipment £	Other Assets £	Total £
As at 1 April 2013	8,951,627	111,032	144,036	9,206,695
Additions	61,000	1,700	-	62,700
Revaluation	3,162,373	-	(69,036)	3,093,337
As at 31 March 2014	12,175,000	112,732	75,000	12,362,732
<b>Depreciation</b>				
As at 1 April 2013	-	93,348	-	93,348
Charge in year	-	8,134	-	8,134
As at 31 March 2014	-	101,482	-	101,482
Net book value as at 31 March 2014	12,175,000	11,250	75,000	12,261,250
Net book value as at 31 March 2013	8,951,627	17,684	144,036	9,113,347

£8,885 of the total net book value of furniture and equipment relates to the company only (2013: £15,268).

Land and property held by the company were revalued as at March 2014 by Lambert Smith Hampton, on an open market value basis.

The historical cost of assets held within land and property is £13,123,857.

## RIVERSIDE INVERCLYDE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

#### 10. INVESTMENTS

##### Company

The company formed Riverside Inverclyde (Property Holdings) Limited on 24 September 2007 and subscribed the £100 share capital. This company is used for property development. During the year ended 31 March 2014, the company had turnover of £6,134,735 and profit after taxation of £25,548. At the balance sheet date the company had net assets of £12,391,242.

##### Group

Riverside Inverclyde (Property Holdings) Ltd and Peel Land and Property (James Watt Dock) Limited have a joint venture arrangement in James Watt Dock LLP. James Watt Dock LLP was established to advance the redevelopment of a 107 acre site to the east of Greenock town centre. The value of Riverside Inverclyde (Property Holdings) Ltd's 50% investment is as follows:-

	2014 £	2013 £
Capital injection	5,000,000	5,000,000
Working capital	5,150,000	5,150,000
Accumulated share of profit / (loss)	(99,196)	(49,274)
Provision for write down in Investment	(10,100,726)	(10,100,726)
	<u>(49,922)</u>	<u>-</u>

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

The above balance as at 31 March 2014 is recognised as a creditor falling due within one year within note 12 to the financial statements.

The LLP made a loss of £99,845 for the year ended 30 March 2014 (2013: £13,978,702) and has net liabilities of £4,057,743 at that date.

11. DEBTORS	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Trade debtors	40,984	16,053	-	558
Grants receivable	1,923,482	4,163,906	223,482	1,047,595
Riverside Inverclyde (Property Holdings) Ltd	-	-	535,444	286,583
VAT	93,490	613,192	-	91,505
Prepayments	57,520	68,632	16,932	19,785
Accrued income	2,914	2,914	2,914	2,914
	<u>2,118,390</u>	<u>4,864,697</u>	<u>778,772</u>	<u>1,448,940</u>

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

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
<b>12. CREDITORS: Amounts falling due within one year</b>				
Trade creditors	666,570	1,345,531	56,257	468,845
Accruals	153,651	44,638	11,394	11,634
VAT	-	-	90,471	-
Interest in net liability of associate	49,922	-	-	-
Deferred income	2,050,869	3,917,240	1,056,107	973,487
	<u>2,921,012</u>	<u>5,307,409</u>	<u>1,214,229</u>	<u>1,453,966</u>

The movement in deferred income is analysed as follows:

	2014 £	2013 £	2014 £	2013 £
At 1 April 2013	3,917,240	2,886,937	973,487	636,777
Received in year	3,910,377	7,264,556	531,081	1,325,691
Released in year	(5,776,748)	(6,234,253)	(448,461)	(988,981)
At 31 March 2014	<u>2,050,869</u>	<u>3,917,240</u>	<u>1,056,107</u>	<u>973,487</u>

### 13. PROVISIONS FOR LIABILITIES

	2014 £	2013 £
Deferred taxation:		
Accelerated capital allowances	<u>24,269</u>	<u>23,179</u>

### 14. PENSION SCHEME

The charity participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

An updated FRS 17 valuation of the Strathclyde Pension Fund was performed as at 31 March 2012, with the next formal triennial valuation due as at 31 March 2014.

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

Assumptions as at	March 2014	March 2013
Pension increases	2.9%	2.8%
Salary increases	5.2%*	5.1% **
Expected return on assets	6.0%	5.2%
Discount rate	4.3%	4.5%

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

\*\* Salary increases are assumed to be 1% p.a. until 31 March 2015 reverting to RPI plus 1.5% pa thereafter.

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

The following details relate to the charity and show the fair value of the assets, analysed over the main asset classes, together with the expected returns for each asset class.

Assets (Employer)	Long Term Return % per annum	Fund Value at	
		2014 £'000	Expected Return £'000 per annum
Equities	6.6%	407	26.862
Bonds	3.7%	64	2.368
Property	4.8%	37	1.776
Cash	3.7%	27	0.999
<b>Total</b>		<b>535</b>	<b>32.005</b>

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

	2014 £'000	2013 £'000
Estimated employer assets (A)	535	466
Present value of scheme liabilities	683	562
Present value of unfunded liabilities	-	-
Total value of liabilities (B)	683	562
Net pension liability (A) – (B)	(148)	(96)

Analysis of the amount charged to operating profit	2014 £'000	2013 £'000
Service cost	32	38
Past service cost	-	-
Curtailment and settlements	-	-
Decrease in irrecoverable surplus	-	-
Total operating charge (A)	32	38

Amount credited to other finance income

Expected return on employer assets	25	22
Interest on pension scheme liabilities	(26)	(21)
Net return (B)	(1)	1
Net revenue account cost (A)-(B)	33	37



# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

	2014 £'000	2013 £'000
Actual return less expected return on pension scheme assets	8	34
Experience gains and losses arising on the scheme liabilities	-	-
Changes in financial assumptions underlying the present value of scheme liabilities	(52)	(82)
<b>Actuarial loss in pension plan</b>	<b>(44)</b>	<b>(48)</b>
Increase in irrecoverable surplus from membership fall and other factors	-	-
<b>Actuarial loss</b>	<b>(44)</b>	<b>(48)</b>
<b>Movement in deficit during the year</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Deficit in scheme at beginning of year	(96)	(54)
Current service cost	(32)	(38)
Employer contributions	25	43
Other income	-	-
Other outgo (e.g. expenses, etc)	-	-
Past service costs	-	-
Impact of settlements and curtailments	-	-
Net return on assets	(1)	1
Actuarial loss	(44)	(48)
<b>Deficit at end of year</b>	<b>(148)</b>	<b>(96)</b>
<b>History of experience gains and losses</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Difference between expected and actual return on assets	8	34
Value of assets	535	466
Percentage of assets	1.5%	7.3%
Experience gains on liabilities	-	-
Total present value of liabilities	683	562
Percentage of present value of liabilities	0%	0%
Actuarial loss recognised in SOFA	(44)	(48)
Total present value of liabilities	683	562
Percentage of the present value of liabilities	(6.4%)	(8.5%)

# RIVERSIDE INVERCLYDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 15. LAND AND PROPERTY RESERVE

	2014 £	2013 £
At 1 April 2013	9,095,663	18,832,836
Land and property transferred at cost	61,000	412,827
Unrealised gain on revaluation	3,093,337	-
Provision for write down of investment	-	(10,150,000)
At 31 March 2014	<u>12,250,000</u>	<u>9,095,663</u>

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

Riverside Business Park site (site of Ben Lomond building)	-	200,000
Cartsburn/Cartsdyke site	350,000	475,000
Lynedoch Industrial Estate	1,500,000	1,760,000
Drumfrochar Road Estate	700,000	470,000
Victoria House Offices and Workshops	710,000	670,000
James Watt Dock site	400,000	400,000
Clydeview Building	1,590,000	1,800,000
Ben Lomond Building	2,000,000	-
Ladyburn Centre	855,000	930,000
Café at Riverside Business Park	100,000	70,000
Pontoons	75,000	144,036
Custom House, Greenock	1,100,000	1,163,800
Princes Street, Port Glasgow Development	245,000	412,827
Nursery at Riverside Business Park	550,000	600,000
Kelburn Industrial Estate, Port Glasgow	1,880,000	-
Scarlow Street, Port Glasgow	195,000	-
	<u>12,250,000</u>	<u>9,095,663</u>

The investment added to the reserve is made up of:

Investment in James Watt Dock LLP	-	-
Total held in reserve	<u>12,250,000</u>	<u>9,095,663</u>

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

	2014 £	2013 £
Net incoming resources per Statement of Financial Activities	432,398	628,610
Other costs – taxation	1,090	(2,306)
Interest receivable	(4,039)	(730)
Share of loss in investment	49,922	59,675
Depreciation charge	8,134	12,080
Decrease/(Increase) in debtors	2,746,307	(935,494)
(Decrease)/Increase in creditors	(2,436,319)	1,031,188
Net cash inflow from operating activities	<u>797,493</u>	<u>793,023</u>

## **RIVERSIDE INVERCLYDE**

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

**For the year ended 31 March 2014**

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

	<b>As at 31 March 2013 £</b>	<b>Cash flow £</b>	<b>As at 31 March 2014 £</b>
Cash	<u>829,208</u>	<u>688,910</u>	<u>1,518,118</u>

#### **18. CAPITAL COMMITMENTS**

Capital expenditure authorised by the directors and contracted for amounted to: £2.415m (2013: £4.221m).

Capital expenditure authorised by the directors but not contracted for amounted to: £5.687m (2013: £3.655m).

All capital expenditure contracted for will be met by grant funding.

#### **19. CONTROLLING PARTY**

The company is not under the control of any outside parties.

#### **20. MEMBERS' INTERESTS AND LEGAL STATUS**

The company is limited by guarantee and therefore does not have a share capital. The members of the company, whose liability is limited to £1, are Inverclyde Council and Scottish Enterprise.

#### **21. RELATED PARTY TRANSACTIONS**

The company's board of directors includes local authority councillors. Due to the nature of the company's trade, there have been transactions with local authorities in the year. No director of the company has been able to use this position to their advantage in respect of these transactions.

#### **22. CONTINGENT LIABILITIES**

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