



Scott-Moncrieff
business advisers and accountants

RIVERSIDE INVERCLYDE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

COMPANY REGISTRATION NUMBER: SC304355

CHARITY NUMBER: SC037806

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COMPANIES HOUSE

RIVERSIDE INVERCLYDE

OFFICERS AND ADVISORS

Directors:

Dr Gerard McCarthy	Chair and Director
Fay Rogers	
James Clocherty	
James A McQuade	
Anne McGregor	
Gavin McDonagh	
Innes Nelson	
Andrew S McKenzie	
Ian Bruce	

Secretary:

Burness Paull LLP

Chief Executive

Fiona Maguire

Registered office:

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Renfrewshire
PA15 1EQ

Bankers:

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Lawyers:

Burness Paull LLP
120 Bothwell Street
Glasgow
G2 7JL

Auditor:

Scott-Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

RIVERSIDE INVERCLYDE

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RIVERSIDE INVERCLYDE

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report (incorporating the strategic report) and the audited financial statements of the group for the year ended 31 March 2018.

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

In January 2016, Inverclyde Council's Environment & Regeneration Committee approved the recommendation arising from the commissioned document "Review of the Future of Delivery of Regeneration Services in Inverclyde" that a revised/extended Single Operating Plan should be developed for the period April 2016 to March 2019.

It also provided the opportunity to review and reinforce the effective joint working between the Council's Regeneration team and ri, re-affirming the two teams are successfully working together towards shared goals and priorities, and clarifying the respective roles of each organisation.

In short, it continues to maximise the efficiency and collective impact of the two organisations, in the face of increasingly scarce resources. The review highlighted the success of the first two years of the innovative three year "Single Operating Plan 2014-2017" between Riverside Inverclyde and Inverclyde Council's Economic Development and Regeneration team.

The "Inverclyde Economic Development & Regeneration Single Operating Plan April 2016 to March 2019" was adopted by Inverclyde Council's Environment & Regeneration Committee in April 2016, and the Riverside Inverclyde Board in May 2016.

The key elements of the 2016-19 Plan remained consistent with those in the 2014-17 Plan, the six priorities being:

- **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 (e.g. Marine engineering, 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 value-added businesses in the area, through support to innovate, export, secure growth finance, and develop a highly skilled workforce.
- **To increase Inverclyde's capacity to accommodate particularly in the private sector** by developing and maintaining 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.
- **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; and working with the business community to open up employment opportunities to people from all backgrounds, and ensure that employers pay at least the living wage.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Key priorities (cont'd)

- **To accelerate the regeneration of strategic employment sites and town centres** as the business, leisure, retail and housing markets return to growth.
- **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.
- **To co-ordinate action and investment with our partners**, including government, national economic development bodies, City Region partners, communities, and the private sector, maximising joint impact on Inverclyde's economic development and regeneration. This will be a key focus for the Head of Business Investment, particularly working with the business community, Scottish Enterprise, and other partners, to attract business investment into the area.

The 2016-19 Plan identifies updated projects and financials and key indicators reflecting the transition towards an increased focus on public realm/environmental improvement schemes and less on creating new speculative business premises.

A review of the Company's operations for the period post 2019 is currently being carried out. In 2018/19 operations will continue with the same key priorities with activities beyond that date determined by the outcome of the review. Due to contract delays a number of projects which were planned to be completed by March 2019 are running behind schedule and will be further progressed to completion in future periods – financial resources for these projects are available.

Strategic report

Achievements and performance

Following ri's commissioning of a charrette for Port Glasgow discussions have taken place with Inverclyde Council planners and local traders through the Port Glasgow Town Centre Regeneration Forum. One of the key priorities identified for consolidation and redevelopment of the town centre, being the formation of a new entrance to the town centre from the Tesco roundabout, is now complete.

To further develop the environmental improvements of town centres and villages throughout Inverclyde, Inverclyde Council has engaged Riverside Inverclyde to act as delivery agent on behalf of the Council in respect of a programme of works with Riverside Inverclyde playing an active role on the Town Centre Regeneration Forums of Gourock, Greenock and Port Glasgow set up as part of the consultation process regarding these works.

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 commercial interest in Inverclyde. With the planned development of the Baker Street Food and Drink Enterprise Hub, focus has been on setting up and promoting awareness of local food and drink companies within Inverclyde through Taste Inverclyde. A guide has recently been published to showcase the food and drink offering in Inverclyde to tourists and local residents. ri hosts monthly conferences to attract new and existing businesses to Inverclyde to network and improve B2B.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Achievements and performance (cont'd)

A Greenock Town Centre Digital Network project has been approved in consultation with Greenock Town Centre Regeneration Forum and installation is in progress. ri is liaising with Scotland's Town Partnership, Oracle and their partners to attempt to seek funding and knowledge support for the programme.

The key actions of Targeted Recruitment and Training including having minimum targets of helping local residents to be employed on construction works and encouraging the use of local sub-contractors.

ri has continued to support the Beacon Arts Centre with grant funding to assist with completion of outstanding public realm works.

riph continued to expand and upgrade its property portfolio with the completion of further works at Kelburn, Custom House, Drumfrochar Industrial Estate, Lynedoch Industrial Estate and Gourrock Municipal Buildings. Occupancy levels continued to be healthy with interest in taking up tenancy of all properties remaining high throughout the year. The number of FTEs occupying riph's property portfolio has remained at 905.

Financial review

ri as a group operated within its development funding allocation and managed its operating costs in line with the targets agreed with its funders at the start of the year covering all of its operating costs from its own accumulated reserves. Project spend in the year on charitable activities of £2,447,004 (as detailed in Note 9) showed an increase over the previous year (2017 - £1,978,598) with spend focussed on delivery of the Achievements and Performance noted above. Support costs are subject to ongoing review and increased on the previous year as per Note 11 (2018 - £553,578, 2017 - £523,532). In the year ended 31 March 2018 group net income (before taxation and other gains / losses) of £79,494 is reported. The net current assets of the group have decreased from £2,252,897 in 2017 to £1,402,275.

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 group 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 principal risks are:

- Failure to identify or access potential funding sources offered by external providers (it is acknowledged funding success can be subject to a competitive element);
- Failure to deliver operating plan targets on time and within budget;
- Inability to reshape the joint venture agreements to ensure that there are not any state aid implications for both private and public sector partners;
- Breach of Charity Law, VAT regulations or State Aid rules;
- Significant reduction in forecast property rental income due to bad debt, extended vacancy of key properties or slow occupancy of new properties; and
- Failure to ensure that the performance management arrangements take account of best practice reporting requirements expected from the external auditor and Audit Scotland resulting in adverse criticism. The new system is not fully embedded and in the absence of a robust follow up process, indicators may not be regularly reviewed and updated.

Principal risks and uncertainties (cont'd)

The directors have been actively taking steps to plan the group's long term strategy whilst recognising 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 March 2019. Grant funded projects within the Plan 2016 to 2019 which have been delayed will be completed post 31st March 2019 utilising the resources allocated. There is adequate financial resource within the Company's reserves to continue operations in the foreseeable future.

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.

Reserves policy

The level of total unrestricted reserves as shown in the group balance sheet on page 14 is £9,922,137 (2017: £10,012,380). Of these unrestricted reserves, £8,476,283 (2017: £7,740,919) is held as a designated reserve as explained in Note 3. The general unrestricted reserve of £1,445,854 is held to fund ongoing development projects and has arisen in part due to timing of incoming funds. A proportion of this reserve is held to fund 6 months operating costs and anticipated end of life costs of the project. Restricted funding is £7,341 at the year end (2017: £34,353).

The Directors are of the opinion that the description of funds in note 3 to the financial statements represents a prudent approach to risk and commitments made.

Going concern

This Directors' Report has been based on the funding awards expected to be received. Having assessed the funding already committed and existing reserves, the directors have a reasonable expectation that the group 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.

Plans for future periods

In January 2016, Inverclyde Council's Environment & Regeneration Committee approved the recommendation arising from the commissioned document "Review of the Future of Delivery of Regeneration Services in Inverclyde" that a revised/extended Single Operating Plan should be developed for the period April 2016 to March 2019. It also provided the opportunity to review and reinforce the effective joint working between the Council's Regeneration team and ri, re-affirming the two teams are successfully working together towards shared goals and priorities, and clarifying the respective roles of each organisation. In short, it continues to maximise the efficiency and collective impact of the two organisations, in the face of increasingly scarce resources. The review highlighted the success of the first two years of the innovative three year "Single Operating Plan 2014-2017" between Riverside Inverclyde and Inverclyde Council's Economic Development and Regeneration team.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Plans for future periods (cont'd)

The "Inverclyde Economic Development & Regeneration Single Operating Plan April 2016 to March 2019" was adopted by Inverclyde Council's Environment & Regeneration Committee in April 2016, and the Riverside Inverclyde Board in May 2016. The key elements of the 2016-19 Plan remained consistent with those in the 2014-17 plan. The 2016-19 Plan identifies updated projects and financials and key indicators reflecting the transition towards an increased focus on public realm/environmental improvement schemes and less on creating new speculative business premises. The Plan provides a platform for Riverside Inverclyde to address the opportunities and challenges present in Inverclyde within the six key priorities.

The Single Operating Plan encompasses all regeneration services across both Inverclyde Council and Riverside Inverclyde as an integrated strategy. It was agreed by all parties that a review of the Single Operating Plan would be held in 2018/19 – a timescale which complements the conclusion of the current Plan in 2019. In the "Final Report into the Future Delivery of Regeneration Services in Inverclyde" (*New Skills Consulting – January 2016*) it was recommended that a longer term ten year Economic Development Strategy for Inverclyde be developed with three year rolling plans with annual performance reviews within the context of this. As per the recommendations a tender document has been issued by Inverclyde Council for the performance review of Riverside Inverclyde for the period to 2013 – 2018.

Grant funded projects within the Single Operating Plan 2016 to 2019 which have been delayed will be completed post 31st March 2019 utilising the resources allocated. There is adequate financial resource within the group's reserves to continue operations in the foreseeable future.

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.

Directors

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

Dr Gérard McCarthy	Chair and Director
Fay Rogers	
James Clocherty	
James A McQuade	
Anne McGregor	
Gavin McDonagh	
Innes Nelson	Appointed 25 May 2017
Andrew S McKenzie	Appointed 25 May 2017
David Wilson	Resigned 25 May 2017
Stephen McCabe	Resigned 25 May 2017
Ian Bruce	Appointed 22 nd February 2018

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 group.

RIVERSIDE INVERCLYDE

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Remuneration of key management personnel

The Directors, on the recommendation of the Chief Executive, annually review the employee gradings and pay scales. Employee salaries are based on grading placements within the Schedule of Grades and Rates of Pay for Local Government Employees. No performance related incentive payments are offered.

Relationship between ri and riph

Riverside Inverclyde (Property Holdings) Limited (riph) is a private company limited by shares with the shares being 100% owned by ri. riph follows the same strategic objectives as its parent body and was established as the main delivery vehicle for commercial property projects within the Inverclyde operating area, particularly the acquisition and subsequent development of land and buildings for these purposes.

Reference and administrative details

The above details are contained within the officers and advisors section of the financial statements.

Statement of Directors' responsibilities

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

Charity and company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). 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 income and expenditure 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;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Disclosure of information to the auditor

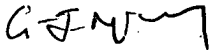
As far as each of the directors at the time the report is approved are aware:

- a) there is no relevant information of which the group'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 group's 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.

The Directors' Report (incorporating the Strategic Report) has been approved on behalf of by the Board by:



Dr Gerard McCarthy
Chair

Dated: 25 September 2018

RIVERSIDE INVERCLYDE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF RIVERSIDE INVERCLYDE

FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of Riverside Inverclyde (the parent charitable company) and its subsidiary (the group) for the year ended 31 March 2018 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities (incorporating the Income and Expenditure Account), the Consolidated and Parent Charitable Company Balance Sheet, the Consolidated and Parent Charitable Company Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2018 and of the group's and 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

RIVERSIDE INVERCLYDE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF RIVERSIDE INVERCLYDE

FOR THE YEAR ENDED 31 MARCH 2018

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report (incorporating the Strategic Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (incorporating the Strategic Report).

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

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

RIVERSIDE INVERCLYDE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF RIVERSIDE INVERCLYDE

FOR THE YEAR ENDED 31 MARCH 2018

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors (who are the directors for the purposes of company law and trustees 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's directors as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

RIVERSIDE INVERCLYDE

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF RIVERSIDE
INVERCLYDE**

FOR THE YEAR ENDED 31 MARCH 2018

Use of our report (cont'd)

Our audit work has been undertaken so that we might state to the parent charitable company's members, as a body, and the charitable company's directors, as a body, 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 parent charitable company, the parent charitable company's members, as a body, and the parent charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Scott-Moncrieff

Allison Gibson, Senior Statutory Auditor

For and on behalf of

Scott-Moncrieff, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Chartered Accountants

25 Bothwell Street

Glasgow

G2 6NL

Date: 25 September 2018

RIVERSIDE INVERCLYDE

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

FOR THE YEAR ENDED 31 MARCH 2018

	Note	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Income and endowments from:					
Charitable activities	6	75,556	1,669,351	1,744,907	1,903,797
Investments	7	1,403,998	-	1,403,998	1,453,442
Total income and endowments		1,479,554	1,669,351	3,148,905	3,357,239
Expenditure on:					
Raising funds	8	(622,407)	-	(622,407)	(558,560)
Charitable activities	9	(630,151)	(1,816,853)	(2,447,004)	(1,978,598)
Total expenditure		(1,252,558)	(1,816,853)	(3,069,411)	(2,537,158)
Net income/(expenditure) before taxation, other gains/(losses) and transfers	12	226,996	(147,502)	79,494	820,081
Taxation	14	(144,690)	-	(144,690)	11,697
Actuarial gain/(loss) on defined benefit pension scheme	23	35,000	-	35,000	(77,000)
Transfers between funds	24	(120,490)	120,490	-	-
Unrealised loss on revaluation	16	(87,059)	-	(87,059)	(1,298,661)
Net movement in funds		(90,243)	(27,012)	(117,255)	(543,883)
Reconciliation of funds:					
Total funds brought forward	24	10,012,380	34,353	10,046,733	10,590,616
Total funds carried forward	24	9,922,137	7,341	9,929,478	10,046,733

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

The notes form part of these financial statements.

RIVERSIDE INVERCLYDE

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

FOR THE YEAR ENDED 31 MARCH 2018

	Note	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Income and endowments from:					
Charitable activities	6	75,556	1,317,277	1,392,833	819,302
Investments	7	529,355	-	529,355	793,131
Total income and endowments		604,911	1,317,277	1,922,188	1,612,433
Expenditure on:					
Charitable activities	9	(1,281,240)	(1,498,747)	(2,779,987)	(1,250,515)
Total expenditure		(1,281,240)	(1,498,747)	(2,779,987)	(1,250,515)
Net (expenditure)/income before other gains/(losses) and transfers	12	(676,329)	(181,470)	(857,799)	361,918
Actuarial gain/(loss) on defined benefit pension scheme	23	35,000	-	35,000	(77,000)
Transfers between funds	24	(177,862)	177,862	-	-
Net movement in funds		(819,191)	(3,608)	(822,799)	284,918
Reconciliation of funds:					
Total funds brought forward	24	2,092,017	4,968	2,096,985	1,812,067
Total funds carried forward	24	1,272,826	1,360	1,274,186	2,096,985

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

The notes form part of these financial statements.

RIVERSIDE INVERCLYDE

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	15	101,550	103,547
Investment property	16	10,312,924	9,461,870
Investments	17	-	-
		<u>10,414,474</u>	<u>9,565,417</u>
Current assets			
Debtors	18	1,062,310	720,214
Cash at bank and in hand	19	1,512,884	2,909,214
		<u>2,575,194</u>	<u>3,629,428</u>
Creditors: amounts falling due within one year	20	<u>(1,172,919)</u>	<u>(1,376,531)</u>
Net current assets		<u>1,402,275</u>	<u>2,252,897</u>
Total assets less current liabilities		<u>11,816,749</u>	<u>11,818,314</u>
Provision for liabilities	22	(1,768,271)	(1,623,581)
Pension liability	23	(119,000)	(148,000)
Net assets		<u><u>9,929,478</u></u>	<u><u>10,046,733</u></u>
Funds			
Unrestricted funds	24	1,445,854	2,271,461
Land and property reserve	24, 26	8,595,283	7,888,919
Pension reserve	24	(119,000)	(148,000)
		<u>9,922,137</u>	<u>10,012,380</u>
Total unrestricted funds		<u>9,922,137</u>	<u>10,012,380</u>
Restricted funds	24	7,341	34,353
	24, 25	<u><u>9,929,478</u></u>	<u><u>10,046,733</u></u>

The financial statements were authorised for issue by the Board on 25 September 2018 and are signed on its behalf by:



Dr Gerard McCarthy (Chair)

Company registration number: SC304355

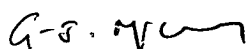
Charity number: SC037806

The notes form part of these financial statements.

RIVERSIDE INVERCLYDE
COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	15	3,576	2,137
Investments	17	100	100
		<u>3,676</u>	<u>2,237</u>
Current assets			
Debtors	18	1,168,149	1,197,869
Cash at bank and in hand	19	910,703	1,954,571
		<u>2,078,852</u>	<u>3,152,440</u>
Creditors: amounts falling due within one year	20	<u>(689,342)</u>	<u>(909,692)</u>
Net current assets		<u>1,389,510</u>	<u>2,242,748</u>
Total assets less current liabilities		<u>1,393,186</u>	<u>2,244,985</u>
Pension liability	23	<u>(119,000)</u>	<u>(148,000)</u>
Net assets		<u>1,274,186</u>	<u>2,096,985</u>
Funds			
Unrestricted funds	24	1,391,826	2,240,017
Pension reserve	24	(119,000)	(148,000)
Total unrestricted funds	24	<u>1,272,826</u>	<u>2,092,017</u>
Restricted funds	24	<u>1,360</u>	<u>4,968</u>
	24, 25	<u>1,274,186</u>	<u>2,096,985</u>

The financial statements were authorised for issue by the Board on 25 September 2018 and are signed on its behalf by:



Dr Gerard McCarthy (Chair)

Company registration number: SC304355
Charity number: SC037806

The notes form part of these financial statements.

RIVERSIDE INVERCLYDE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net income before taxation and other gains/(losses)		79,494	820,081
Interest received		(4,048)	(264)
Depreciation		18,093	21,994
Movement in debtors		(342,096)	1,267,799
Movement in creditors		(203,612)	672,762
Movement on defined benefit pension scheme		6,000	4,000
Net cash (used in)/generated from operating activities		(446,169)	2,786,372
Cash flows from investing activities			
Interest received		4,048	264
Payment for investment properties		(938,113)	(1,776,661)
Payment for fixed assets		(16,096)	(6,748)
Net cash used in investing activities		(950,161)	(1,783,145)
Net (decrease)/increase in cash and cash equivalents		(1,396,330)	1,003,227
Cash and cash equivalents at 1 April	19	2,909,214	1,905,987
Cash and cash equivalents at 31 March	19	1,512,884	2,909,214

The notes form part of these financial statements.

RIVERSIDE INVERCLYDE

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net (expenditure)/income before other gains/(losses)		(857,799)	361,918
Interest received		(4,048)	(264)
Depreciation		29,720	1,026
Movement in debtors		(220,350)	116,436
Movement in creditors		679,650	573,122
Movement on defined benefit pension scheme		6,000	4,000
Net cash (used in)/generated from operating activities		(1,044,630)	1,056,238
Cash flows from investing activities			
Interest received		4,048	264
Payment for fixed assets		(3,286)	(2,223)
Net cash generated from/(used in) investing activities		762	(1,959)
Net (decrease)/increase in cash and cash equivalents		(1,043,868)	1,054,279
Cash and cash equivalents at 1 April	19	1,954,571	900,292
Cash and cash equivalents at 31 March	19	910,703	1,954,571

The notes form part of these financial statements.

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. General information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the group's transactions are denominated. The consolidated financial statements incorporate the accounts of Riverside Inverclyde and its subsidiary undertaking Riverside Inverclyde (Property Holdings) Ltd made up to 31 March 2018.

Riverside Inverclyde is a charitable private company limited by guarantee incorporated in the United Kingdom and registered in Scotland under company number SC304355. Riverside Inverclyde has charitable status (Charity number: SC037806) and two member organisations, Inverclyde Council and Scottish Enterprise. As a public/private partnership Riverside Inverclyde and its subsidiary have been designed to secure the long term economic growth of Inverclyde. The member organisation's liability is limited to £1.

Riverside Inverclyde (Property Holdings) Ltd is a private company limited by shares. The company is incorporated in the United Kingdom and is registered in Scotland under company number SC331360.

Details of the registered office can be found in the officers and advisors page of these financial statements.

2. Statement of compliance

The financial statements are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to both years presented, in dealing with items which are considered material in relation to the group's financial statements unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention (modified to include the revaluation of investment property). The consolidated financial statements incorporate the accounts of Riverside Inverclyde and its subsidiary undertaking Riverside Inverclyde (Property Holdings) Limited made up to 31 March 2018. The results of the subsidiary are consolidated on a line by line basis.

Riverside Inverclyde meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transition value unless otherwise stated in the relevant accounting policy.

The preparation of consolidated financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the accounting policies (see note 4).

3. Accounting policies (cont'd)

Going concern

The Business Outlook outlined within the Directors' Report has been based on the funding awards expected to be received in the following year. Having assessed the funding already committed for the following year and existing reserves, the directors have a reasonable expectation that the group 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.

Income recognition

All income is included in the Statement of Financial Activities when the group and company is entitled to the income, it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised and included in the Statement of Financial Activities when the group and company has control over the donation, any conditions associated with the donation have been met, the receipt of economic benefit is probable and the economic benefit can be measured reliably.

Grants

Grants are credited to the Statement of Financial Activities in the period that conditions for receipt have been complied with, the group and company is entitled to the grant, it is probable that the income will be received and the amount can be measured reliably.

Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the group and company; this is normally upon notification of the interest payable by the bank.

Gift aid is recognised in the period to which it relates.

Rental income from operating leases is recognised in the Statement of Financial Activities on a straight-line basis over the term of the relevant lease.

Expenditure recognition

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 based on activity levels.

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

3. Accounting policies (cont'd)

Pension costs

Riverside Inverclyde operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the group and company in an independently administered fund. Employer contributions to this scheme are charged to the Statement of Financial Activities and are included within staff costs. Movements in the overall position of the defined benefit pension scheme are included in the Statement of Financial Activities.

Current and deferred 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.

Riverside Inverclyde (Property Holdings) Limited is a company and taxable profits are subject to corporation tax.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the group operates and generates income.

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Tangible fixed assets

Tangible fixed assets are stated as historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at the following annual rates in order to write off the cost of each asset, less its estimated residual value, over its estimated useful economic life as follows:

Freehold property – 50 years straight line basis
Office equipment - 4 years straight line basis
Furniture and fittings - 4 years straight line basis
Other assets - 10 years straight line basis

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

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. Gains and losses arising from changes in the fair value of investment property are included in the Statement of Financial Activities for the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. Accounting policies (cont'd)

Investment property (cont'd)

An external independent valuer, having appropriate recognised professional qualifications and current experience of the location and type of property being valued, values the group's investment properties annually. Fair values are based on market values. Market values are the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing.

Valuations reflect the type of occupier and the general perception of their likely creditworthiness, the division of related costs between landlord and tenant, the incidence of rent reviews and anticipated revised rental levels, and the remaining economic life of the property.

Investments

Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment losses.

Financial instruments

The group and company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and balances with related parties. Debt instruments (other than those wholly repayable or receivable within one year) are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Accounting policies (cont'd)

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment.

Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid deposits with a short maturity of twelve months or less from the date of opening of the deposit or similar account.

Creditors

Short term trade creditors are measured at the transaction price.

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 group and charity, and which have not been designated for other purposes.

The land and property reserve represents a designated reserve. The group obtains grant funding to fund its capital development works which are recognised as income in the Statement of Financial Activities when receivable. The cost of the works performed are capitalised within investment property as incurred. Unrealised gains or losses on revaluation of the assets are reflected in the Statement of Financial Activities. The reserve will be released to unrestricted reserves 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.

4. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied to the depreciation rates, pension assumptions, the principles underlying the valuation of investment property assets and the bad debt provision. Depreciation rates are deemed appropriate for the class of asset. Pension assumptions used by the actuary have been reviewed by the directors and have been deemed to be appropriate. The principles underlying the valuation of investment property assets which have been determined by qualified valuers, have been reviewed by the directors and have been confirmed as reasonable. The bad debt provision has been deemed reasonable based on management's expectation of likely future receipt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5. Comparative statement of financial activities (incorporating the income and expenditure account)

Group	Unrestricted funds £	Restricted funds £	Total funds 2017 £
Income and endowments from:			
Charitable activities	-	1,903,797	1,903,797
Investments	1,453,442	-	1,453,442
Total income and endowments	1,453,442	1,903,797	3,357,239
Expenditure on:			
Raising funds	(558,560)	-	(558,560)
Charitable activities	(567,764)	(1,410,834)	(1,978,598)
Total expenditure	(1,126,324)	(1,410,834)	(2,537,158)
Net income before taxation, other losses and transfers	327,118	492,963	820,081
Taxation	11,697	-	11,697
Actuarial loss on defined benefit pension scheme	(77,000)	-	(77,000)
Transfers between funds	508,610	(508,610)	-
Unrealised loss on revaluation	(1,298,661)	-	(1,298,661)
Net movement in funds	(528,236)	(15,647)	(543,883)

5. Comparative statement of financial activities (incorporating the income and expenditure account) (cont'd)

Company	Unrestricted funds £	Restricted funds £	Total funds 2017 £
Income and endowments from:			
Charitable activities	-	819,302	819,302
Investments	793,131	-	793,131
Total income and endowments	<u>793,131</u>	<u>819,302</u>	<u>1,612,433</u>
Expenditure on:			
Charitable activities	(371,569)	(878,946)	(1,250,515)
Total expenditure	<u>(371,569)</u>	<u>(878,946)</u>	<u>(1,250,515)</u>
Net income/(expenditure) before losses and transfers	421,562	(59,644)	361,918
Actuarial loss on defined benefit pension scheme	(77,000)	-	(77,000)
Transfers between funds	(14,612)	14,612	-
Net movement in funds	<u>329,950</u>	<u>(45,032)</u>	<u>284,918</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

6. Charitable activities income	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Group				
Charitable activities	75,556	-	75,556	-
The Harbours / Cathcart Street	-	117,581	117,581	131,352
Riverside Business Park	-	3,684	3,684	-
Pottery Street road adoption	-	(6,854)	(6,854)	37,764
Greenock & Port Glasgow town centres	-	779,939	779,939	412,506
Gourock masterplan	-	4,651	4,651	35,176
Broomhill regeneration	-	209,251	209,251	121,709
Kilmacolm self build	-	209,991	209,991	406,312
Kelburn	-	9,317	9,317	20,544
Local business support	-	31,134	31,134	-
Infrastructure and placemaking	-	32,160	32,160	156,576
Town and villages environmental improvements	-	85,388	85,388	-
Communications and marketing	-	67,805	67,805	10,770
Custom House	-	115,102	115,102	1,279
Gourock Municipal buildings	-	10,202	10,202	569,809
	<u>75,556</u>	<u>1,669,351</u>	<u>1,744,907</u>	<u>1,903,797</u>
Company				
The Harbours / Cathcart Street	-	117,581	117,581	131,352
Greenock & Port Glasgow town centres	-	779,939	779,939	398,895
Broomhill regeneration	-	203,270	203,270	121,709
Local business support	-	31,134	31,134	-
Infrastructure and placemaking	-	32,160	32,160	156,576
Town and villages environmental improvements	-	85,388	85,388	-
Communications and marketing	-	67,805	67,805	10,770
Charitable activities	75,556	-	75,556	-
	<u>75,556</u>	<u>1,317,277</u>	<u>1,392,833</u>	<u>819,302</u>
7. Investment income				
Group				
Bank interest receivable	4,048	-	4,048	264
Rent receivable	1,399,950	-	1,399,950	1,453,178
	<u>1,403,998</u>	<u>-</u>	<u>1,403,998</u>	<u>1,453,442</u>
Company				
Bank interest receivable	4,048	-	4,048	264
Gift aid	525,307	-	525,307	792,867
	<u>529,355</u>	<u>-</u>	<u>529,355</u>	<u>793,131</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

8. Raising funds expenditure	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Group				
Property costs	<u>622,407</u>	<u>-</u>	<u>622,407</u>	<u>558,560</u>
9. Charitable activities expenditure	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Group				
The Harbours / Cathcart Street	-	117,581	117,581	129,992
Riverside Business Park	-	353	353	-
Pottery Street road adoption	-	-	-	30,910
Greenock & Port Glasgow town centres	-	855,269	855,269	399,235
Gourock masterplan	-	4,651	4,651	35,176
Broomhill regeneration	-	299,150	299,150	125,805
Kilmacolm self build	-	213,894	213,894	402,409
Local business support	-	31,134	31,134	50,000
Infrastructure and placemaking	-	58,860	58,860	152,968
Town and villages environmental improvements	-	91,410	91,410	-
Communications and marketing	-	104,659	104,659	20,946
Business investment	76,573	-	76,573	44,232
Commercial property upgrade	-	39,892	39,892	63,393
Support costs (note 11)	553,578	-	553,578	523,532
	<u>630,151</u>	<u>1,816,853</u>	<u>2,447,004</u>	<u>1,978,598</u>
Company				
The Harbours / Cathcart Street	-	117,581	117,581	129,992
Greenock & Port Glasgow town centres	-	802,699	802,699	399,235
Broomhill regeneration	-	292,404	292,404	125,805
Local business support	-	31,134	31,134	50,000
Business investment	76,573	-	76,573	44,232
Infrastructure and placemaking	-	58,860	58,860	152,968
Town and villages environmental improvements	-	91,410	91,410	-
Communications and marketing	-	104,659	104,659	20,946
RIPH	880,741	-	880,741	-
Support costs (note 11)	323,926	-	323,926	327,337
	<u>1,281,240</u>	<u>1,498,747</u>	<u>2,779,987</u>	<u>1,250,515</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

9. Charitable activities expenditure (cont'd)

Group

All grants awarded by the group during 2018 and 2017 were to institutions. No grants were awarded to individuals (2017: nil).

Grants paid to institutions	Total funds 2018 £	Total funds 2017 £
Beacon Arts Centre	31,134	113,247
River Clyde Homes	10,000	-
Rig Arts	17,000	-
The Trust	15,000	-
	<u>73,134</u>	<u>113,247</u>

Company

All grants awarded by the company during 2018 and 2017 were to institutions. No grants were awarded to individuals (2017: nil).

Grants paid to institutions	Total funds 2018 £	Total funds 2017 £
Riverside Inverclyde (Property Holdings) Limited	880,741	-
Beacon Arts Centre	31,134	113,247
River Clyde Homes	10,000	-
Rig Arts	17,000	-
The Trust	15,000	-
	<u>953,875</u>	<u>113,247</u>

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
10. Governance costs				
Group				
Audit fees (note 11)	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>
Company				
Audit fees (note 11)	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>7,000</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11. Support costs	Salaries £	Consultancy costs £	Legal and professional fees £	Administrative expenses £	Audit fees £	2018 Total £
Group						
Riverside Business Park	63	6	1	31	2	103
Greenock and Port Glasgow town centres	151,507	15,101	2,765	75,259	5,422	250,054
Business investment	13,565	1,352	248	6,738	485	22,388
The Harbours / Cathcart Street	20,829	2,076	380	10,347	745	34,377
Gourock masterplan	824	82	15	409	29	1,359
Commercial property upgrade	7,067	704	129	3,510	253	11,663
Kilmacolm self build	37,891	3,776	691	18,822	1,356	62,536
Local business support	5,515	550	101	2,740	197	9,103
Infrastructure and placemaking	10,427	1,039	190	5,179	373	17,208
Broomhill regeneration	52,994	5,281	967	26,324	1,896	87,462
Town and villages environmental improvements	16,193	1,614	296	8,044	579	26,726
Communications and marketing	18,540	1,848	338	9,210	663	30,599
Total – group	335,415	33,429	6,121	166,613	12,000	553,578

Support costs have been allocated across activities based on spend levels incurred within these activity areas.

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11. Support costs (cont'd)	Salaries £	Consultancy costs £	Legal and professional fees £	Administrative expenses £	Audit fees £	2017 Total £
Group						
The Harbours/ Cathcart Street	28,826	2,075	468	14,331	1,072	46,772
Pottery Street Road adoption	6,854	493	111	3,408	255	11,121
Greenock & Port Glasgow town centres	88,531	6,372	1,436	44,013	3,293	143,645
Gourock masterplan	7,800	562	127	3,878	289	12,656
Broomhill regeneration	27,897	2,008	452	13,869	1,037	45,263
Kilmacolm self build	89,236	6,424	1,447	44,361	3,319	144,787
Infrastructure and placemaking	33,921	2,442	550	16,864	1,262	55,039
Communications and marketing	15,732	1,133	255	7,821	585	25,526
Business investment	9,808	706	159	4,876	365	15,914
Commercial property upgrade	14,057	1,012	228	6,989	523	22,809
Total – group	<u>322,662</u>	<u>23,227</u>	<u>5,233</u>	<u>160,410</u>	<u>12,000</u>	<u>523,532</u>

Support costs have been allocated across activities based on spend levels incurred within these activity areas.

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11. Support costs – (cont'd)	Salaries £	Consultancy costs £	Legal and professional fees £	Administrative expenses £	Audit fees £	2018 Total £
Company						
The Harbours/Cathcart Street	11,377	1,601	292	1,950	287	15,507
Greenock & Port Glasgow town centres	77,667	10,925	2,000	13,314	1,961	105,867
Broomhill regeneration	28,292	3,980	729	4,850	714	38,565
Local business support	3,012	424	78	516	76	4,106
Business investment	7,409	1,042	191	1,270	187	10,099
Infra-structure and placemaking	5,695	801	147	976	144	7,763
Town and villages environmental improvements	8,845	1,244	228	1,516	223	12,056
Communications and marketing	10,126	1,424	261	1,736	256	13,803
RIPH	85,218	11,987	2,195	14,608	2,152	116,160
Total - Company	237,641	33,428	6,121	40,736	6,000	323,926
	Salaries £	Consultancy costs £	Legal and professional fees £	Administrative expenses £	Audit fees £	2017 Total £
Company						
The Harbours/Cathcart Street	32,570	3,270	737	8,529	986	46,092
Greenock & Port Glasgow town centres	100,030	10,045	2,263	26,194	3,027	141,559
Broomhill regeneration	31,521	3,165	713	8,254	954	44,607
Business investment	11,083	1,113	251	2,902	335	15,684
Infra-structure and placemaking	38,327	3,849	867	10,036	1,160	54,239
Local business support	12,528	1,258	283	3,281	379	17,729
Communications and marketing	5,248	527	119	1,374	159	7,427
Total - Company	231,307	23,227	5,233	60,570	7,000	327,337

Support costs have been allocated across activities based on spend levels incurred within these activity areas.

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

12. Net income/(expenditure)	2018	2017
	£	£
Group		
Net income is stated after charging:-		
Depreciation	18,093	21,994
Auditor's remuneration		
- as auditors	12,000	12,000
- taxation services	4,800	750
	<u> </u>	<u> </u>
Company	2018	2017
	£	£
Net (expenditure)/income is stated after charging:-		
Depreciation	1,847	1,026
Auditor's remuneration		
- as auditors	6,000	7,000
- taxation services	3,300	-
	<u> </u>	<u> </u>
13. Payroll costs	2018	2017
	£	£
Group		
Wages and salaries	261,368	249,717
Social security costs	28,374	27,033
Other pension costs	45,673	45,912
	<u> </u>	<u> </u>
	335,415	322,662
	<u> </u>	<u> </u>
	2018	2017
Particulars of employees:-	No.	No.
The average number of staff remunerated by the group during the year amounted to:-		
Full time	4	4
Part time	2	4
	<u> </u>	<u> </u>
	2018	2017
	£	£
Company		
Wages and salaries	261,368	249,717
Social security costs	28,374	27,033
Other pension costs	45,673	45,912
	<u> </u>	<u> </u>
	335,415	322,662
	<u> </u>	<u> </u>
Charged to Riverside Inverclyde (Property Holdings) Ltd	(97,775)	(91,355)
	<u> </u>	<u> </u>
	237,640	231,307
	<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

13. Payroll costs (cont'd)**Company (cont'd)**

Particulars of employees:-	2018 No.	2017 No.
The average number of staff remunerated by the company during the year amounted to:-		
Full time	3	3
Part time	1	3
	<u>4</u>	<u>6</u>

Group and company

Included in the above is £75,361 (2017: £99,756) of recharged salary costs of employees not employed directly by the group and company.

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

Key management personnel consists of the chief executive and the property manager. Key management received emoluments of £129,234 (2017: £124,188), employer NI payments of £14,990 (2017: £14,302) and pension contributions of £27,876 (2017: £26,165). The chief executive resigned during the year ended 31 March 2017 and was replaced shortly thereafter.

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

	2018 No.	2017 No.
£70,000 - £79,999	1	-
£80,000 - £89,999	1	-

14. Taxation

Group	2018 £	2017 £
The tax charge/(credit) for the year was as follows:-		
Deferred tax	144,690	(11,697)
	<u>144,690</u>	<u>(11,697)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

14. Taxation (cont'd)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit in subsidiary company on ordinary activities before taxation	<u>874,651</u>	<u>237,100</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	166,184	47,420
Expenses not deductible for tax purposes	18,903	268,779
Income not taxable for tax purposes	(185,075)	(317,577)
Movement in deferred tax on potential chargeable gains	161,700	95,600
Adjustment to deferred tax rate	(17,022)	(105,919)
Total tax charge/(credit) for year	<u>144,690</u>	<u>(11,697)</u>

15. Fixed assets	Freehold property £	Office equipment £	Furniture and fittings £	Other assets £	Total £
Group Cost					
As at 1 April 2017	50,630	111,104	23,852	75,000	260,586
Additions	-	16,096	-	-	16,096
As at 31 March 2018	<u>50,630</u>	<u>127,200</u>	<u>23,852</u>	<u>75,000</u>	<u>276,682</u>
Depreciation					
As at 1 April 2017	1,013	102,174	23,852	30,000	157,039
Charge in the year	1,013	9,580	-	7,500	18,093
As at 31 March 2018	<u>2,026</u>	<u>111,754</u>	<u>23,852</u>	<u>37,500</u>	<u>175,132</u>
Net book value					
At 31 March 2018	<u>48,604</u>	<u>15,446</u>	<u>-</u>	<u>37,500</u>	<u>101,550</u>
Net book value					
At 31 March 2017	<u>49,617</u>	<u>8,930</u>	<u>-</u>	<u>45,000</u>	<u>103,547</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

15. Fixed assets (cont'd)

Company	Office equipment £	Furniture and fittings £	Total £
Cost			
As at 1 April 2017	82,980	23,852	106,832
Additions	3,286	-	3,286
	<u>86,266</u>	<u>23,852</u>	<u>110,118</u>
Depreciation			
As at 1 April 2017	80,843	23,852	104,695
Charge in the year	1,847	-	1,847
	<u>82,690</u>	<u>23,852</u>	<u>106,542</u>
Net book value			
At 31 March 2018	3,576	-	3,576
Net book value			
At 31 March 2017	2,137	-	2,137

16. Investment property - group

	2018 £	2017 £
At 1 April	9,461,870	8,983,870
Additions	938,113	1,776,661
Revaluation	(87,059)	(1,298,661)
	<u>10,312,924</u>	<u>9,461,870</u>

Land and property held for investment purposes by the group were independently revalued as at 31 March 2018 by Alistair W Wood MRICS of Cushman and Wakefield on an open market value basis.

17. Investments - 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:-

	2018 £	2017 £
Capital injection	5,000,000	5,000,000
Provision for write down in investment	(5,000,000)	(5,000,000)
	<u>-</u>	<u>-</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

17. Investments – Group (cont'd)

Following a revaluation of the investment properties of James Watt Dock LLP as at 31 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 group. The group also loaned James Watt Dock LLP £5,150,000. This balance is recognised as a debtor within note 18 to the financial statements and a full provision has been made against the debtor. The amortised cost at 31 March 2018 is £4,302,026 (2017: £4,020,585).

The LLP made a loss of £274,104 for the year ended 31 March 2018 (2017: £556,502 profit) and has net assets attributable to members of £4,154,472 (2017: £3,978,210) at that date.

Company

The company formed Riverside Inverclyde (Property Holdings) Limited, a company incorporated in Scotland, on 24 September 2007 and subscribed to the £100 share capital. This company is used for property development. During the year ended 31 March 2018, the company generated income (including turnover and capital grants) of £2,656,169 (2017: £3,614,258) and incurred expenditure (including cost of sales, administrative costs, unrealised loss on revaluation, gift aid and taxation) of £1,781,518 (2017: £3,365,461). The profit after taxation was £729,961 (2017: £248,797). At the balance sheet date the company had assets of £11,802,521 (2017: £11,099,322), liabilities of £3,151,084 (2017: £3,177,846) and net assets of £8,651,437 (2017: £7,921,476). Riverside Inverclyde (Property Holdings) Limited's registered office is Suite E1, The East Wing, Custom House, Custom House Quay, Greenock, Renfrewshire, PA15 1EQ

18. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Loan due from joint venture (note 17)	4,302,026	4,020,585	-	-
Less: provision (note 17)	(4,302,026)	(4,020,585)	-	-
	-	-	-	-
Trade debtors	260,551	74,911	15,111	-
Grants receivable	596,172	388,023	133,969	38,454
Riverside Inverclyde (Property Holdings) Ltd	-	-	893,255	1,058,041
VAT	71,131	103,362	54,662	86,027
Prepayments	61,957	69,824	5,648	4,105
Accrued income	72,499	84,094	65,504	11,242
	<u>1,062,310</u>	<u>720,214</u>	<u>1,168,149</u>	<u>1,197,869</u>

The balance due from Riverside Inverclyde (Property Holdings) Ltd has arisen through normal trading transactions and is not a loan. The balance is subject to normal trading repayment terms.

The loan due from joint venture was fully provided for in 2013.

The group trade debtors are shown net of the bad debt provision of £37,325 (2017: £48,513). Movement in the bad debt provision is included within charitable expenditure.

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

19. Cash and cash equivalents	2018	2017
	£	£
Group		
Cash at bank and in hand	<u>1,512,884</u>	<u>2,909,214</u>

Company	2018	2017
	£	£
Cash at bank and in hand	<u>910,703</u>	<u>1,954,571</u>

20. Creditors: Amounts falling due within one year	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	474,095	216,806	236,293	28,356
Accruals	246,224	191,273	129,711	29,136
Deferred income	440,925	967,007	323,338	852,200
VAT	11,675	1,445	-	-
	<u>1,172,919</u>	<u>1,376,531</u>	<u>689,342</u>	<u>909,692</u>

21. Financial instruments	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Financial assets				
Cash and cash equivalents	1,512,884	2,909,214	910,703	1,954,571
Financial assets measured at amortised cost	<u>929,222</u>	<u>547,028</u>	<u>1,107,839</u>	<u>1,107,737</u>
	<u>2,442,106</u>	<u>3,456,242</u>	<u>2,018,542</u>	<u>3,062,308</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(720,319)</u>	<u>(408,079)</u>	<u>(366,004)</u>	<u>(57,492)</u>

Financial assets measured at amortised cost comprise trade debtors, grants receivable, amounts due to Riverside Inverclyde (Property Holdings) Ltd and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

22. Provisions for Liabilities	2018	2017
	£	£
Group		
Deferred taxation – capital gains and accelerated capital allowances	<u>1,768,271</u>	<u>1,623,581</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

23. Pension scheme

Group and company

Riverside Inverclyde 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 actuarial valuation of the Strathclyde Pension Fund was performed as at 31 March 2018.

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

Assumptions as at	31 March 2018	31 March 2017
Pension increases	2.4% p.a	2.4% p.a.
Salary increases	3.6% p.a	4.4% p.a.
Discount rate	2.7% p.a	2.7% p.a.
Mortality tables	Fund's VitaCurves with improvements in line with the CMI 2016 model with an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.25% p.a. for females	Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females

The expected rates of return are set equal to the discount rate.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

The mortality assumptions adopted imply the following life expectancies from age 65:

	2017/18	2016/17
Male currently aged 45	23.4 years	24.8 years
Male currently aged 65	21.4 years	22.1 years
Female currently aged 45	25.8 years	26.2 years
Female currently aged 65	23.7 years	23.6 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

23. Pension scheme (cont'd)

Group and company (cont'd)

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

	Long term rate of return expected at 31/03/18	Value at 31/03/18 £'000	% of Scheme assets	Expected return per annum £'000
Equities	2.7%	522	70%	14.1
Bonds	2.7%	134	18%	3.6
Property	2.7%	82	11%	2.2
Cash	2.7%	8	1%	0.2
Fair value of scheme assets		<u>746</u>	<u>100%</u>	<u>20.1</u>

	Long term rate of return expected at 31/03/17	Value at 31/03/17 £'000	% of Scheme assets	Expected return per annum £'000
Equities	2.7%	512	73%	14
Bonds	2.7%	84	12%	2
Property	2.7%	70	10%	2
Cash	2.7%	35	5%	1
Fair value of scheme assets		<u>701</u>	<u>100%</u>	<u>19</u>

The above asset values as at 31 March 2018 are at bid value.

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

	2018 £'000	2017 £'000
Estimated employer assets (A)	<u>746</u>	<u>701</u>
Fair value of funded liabilities	(865)	(849)
Fair value of unfunded liabilities	-	-
Total value of liabilities (B)	<u>(865)</u>	<u>(849)</u>
Net pension liability (A) – (B)	<u>(119)</u>	<u>(148)</u>

23. Pension scheme (cont'd)

Changes in the fair value of scheme assets are as follows:	2017/18 £'000	2016/17 £'000
Opening fair value of scheme assets	701	526
Interest income on assets	19	20
Contributions by members	9	11
Contributions by employer	31	38
Return on assets	(11)	108
Benefits paid	(3)	(2)
	<u>746</u>	<u>701</u>
Closing fair value of scheme assets		
Changes in the fair value of the scheme liabilities are as follows:	2017/18 £'000	2016/17 £'000
Opening fair value of scheme liabilities	849	593
Current service cost	34	40
Interest cost	22	22
Contributions by members	9	11
Actuarial (gains)/losses	(46)	185
Benefits paid	(3)	(2)
	<u>865</u>	<u>849</u>
Closing fair value of scheme liabilities		
Actual return on scheme assets	<u>8</u>	<u>128</u>

History of experience gains/(losses)	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Scheme assets	746	701	526	475	535
Scheme liabilities	(865)	(849)	(593)	(630)	(683)
Deficit in scheme	(119)	(148)	(67)	(155)	(148)
Experience adjustments on scheme assets	(11)	108	(3)	(117)	8
Experience adjustments on scheme liabilities	39	-	14	211	-

23. Pension scheme (cont'd)

	2018 £'000	2017 £'000
Service cost	34	40
Past service cost	-	-
Curtailment and settlements	-	-
Contributions by employer	(31)	(38)
Total operating charge (A)	3	2
Interest income	19	20
Interest cost	(22)	(22)
Net interest (cost) (B)	(3)	(2)
Net revenue account cost (A)-(B)	6	4

The employer contributions for the year to 31 March 2019 will be approximately £46,000

	2018 £'000	2017 £'000
Actual return less expected return on pension scheme assets	(11)	108
Experience gains and losses arising on scheme liabilities	39	-
Changes in financial and demographic assumptions underlying the fair value of scheme liabilities	7	(185)
Actuarial gains/(losses)	35	(77)

Movement in deficit during the year

	2017/18 £'000	2016/17 £'000
Deficit in scheme at beginning of year	(148)	(67)
Current service cost	(34)	(40)
Employer contributions	31	38
Net interest cost	(3)	(2)
Actuarial gain/(loss)	35	(77)
Deficit at end of year	(119)	(148)

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Changes in assumptions at 31 March 2018:	Approx. % increase to employer liability	Approx. Monetary Amount £'000
0.5% decrease in real discount rates	12%	100
0.5% increase in the salary increase rate	0%	3
0.5% increase in the pension increase rate	11%	97

RIVERSIDE INVERCLYDE

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FOR THE YEAR ENDED 31 MARCH 2018

24. Funds	As at 31 March 2017 £	Income and endowments £	Expenditure £	Other recognised gains/losses £	Transfers £	As at 31 March 2018 £
Group						
Unrestricted funds						
General funds	2,271,461	1,479,554	(1,246,558)	-	(1,058,603)	1,445,854
Pension reserve	(148,000)	-	(6,000)	35,000	-	(119,000)
Land and property reserve	7,888,919	-	-	(231,749)	938,113	8,595,283
	<u>10,012,380</u>	<u>1,479,554</u>	<u>(1,252,558)</u>	<u>(196,749)</u>	<u>(120,490)</u>	<u>9,922,137</u>
Restricted funds						
Riverside Business Park	-	3,684	(353)	-	(3,331)	-
Pottery Street Road adoption	6,854	(6,854)	-	-	-	-
Greenock and Port Glasgow town centre	-	779,939	(855,269)	-	75,330	-
The Harbours/Cathcart Street	1,360	117,581	(117,581)	-	-	1,360
Gourock masterplan	-	4,651	(4,651)	-	-	-
Commercial Property Upgrade	-	-	(39,892)	-	39,892	-
Kelburn	18,628	9,317	-	-	(27,945)	-
Kilmarnock self build	3,903	209,991	(213,894)	-	-	-
Local business support	-	31,134	(31,134)	-	-	-
Infrastructure and placemaking	3,608	32,160	(58,860)	-	23,092	-
Broomhill Regeneration	-	209,251	(299,150)	-	95,880	5,981
Town and village environmental improvements	-	85,388	(91,410)	-	6,022	-
Communications and marketing	-	67,805	(104,659)	-	36,854	-
Custom House	-	115,102	-	-	(115,102)	-
Gourock municipal buildings	-	10,202	-	-	(10,202)	-
	<u>34,353</u>	<u>1,669,351</u>	<u>(1,816,853)</u>	<u>-</u>	<u>120,490</u>	<u>7,341</u>
Total funds	<u>10,046,733</u>	<u>3,148,905</u>	<u>(3,069,411)</u>	<u>(196,749)</u>	<u>-</u>	<u>9,929,478</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

24. Funds (cont'd) 2017	As at 31 March 2016 £	Income and endowments £	Expenditure £	Other recognised losses £	Transfer £	As at 31 March 2017 £
Group						
Unrestricted funds						
General funds	3,208,394	1,453,442	(1,122,324)	-	(1,268,051)	2,271,461
Pension reserve	(67,000)	-	(4,000)	(77,000)	-	(148,000)
Land and property reserve	7,399,222	-	-	(1,286,964)	1,776,661	7,888,919
	<u>10,540,616</u>	<u>1,453,442</u>	<u>(1,126,324)</u>	<u>(1,363,964)</u>	<u>508,610</u>	<u>10,012,380</u>
Restricted funds						
Pottery Street Road Adoption	-	37,764	(30,910)	-	-	6,854
Greenock and Port Glasgow Town Centre	-	412,506	(399,235)	-	(13,271)	-
The Harbours/Cathcart Street	-	131,352	(129,992)	-	-	1,360
Gourock Masterplan	-	35,176	(35,176)	-	-	-
Commercial Property Upgrade	-	-	(63,393)	-	63,393	-
Kelburn	-	20,544	-	-	(1,916)	18,628
Kilmarnock self build	-	406,312	(402,409)	-	-	3,903
Local Business Support	50,000	-	(50,000)	-	-	-
Infrastructure and Placemaking	-	156,576	(152,968)	-	-	3,608
Broomhill Regeneration	-	121,709	(125,805)	-	4,096	-
Energy and Renewables Development	-	-	-	-	-	-
Communications and Marketing	-	10,770	(20,946)	-	10,176	-
Custom House	-	1,279	-	-	(1,279)	-
Gourock Municipal Buildings	-	569,809	-	-	(569,809)	-
	<u>50,000</u>	<u>1,903,797</u>	<u>(1,410,834)</u>	<u>-</u>	<u>(508,610)</u>	<u>34,353</u>
Total funds	<u>10,590,616</u>	<u>3,357,239</u>	<u>(2,537,158)</u>	<u>(1,363,964)</u>	<u>-</u>	<u>10,046,733</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

24. Funds (cont'd)	As at 31 March 2017 £	Income and endowments £	Expenditure £	Other recognised gains £	Transfers £	As at 31 March 2018 £
2018						
Company						
Unrestricted funds						
General funds	2,240,017	604,911	(1,275,240)	-	(177,862)	1,391,826
Pension reserve	(148,000)	-	(6,000)	35,000	-	(119,000)
	<u>2,092,017</u>	<u>604,911</u>	<u>(1,281,240)</u>	<u>35,000</u>	<u>(177,862)</u>	<u>1,272,826</u>
Restricted funds						
The Harbours/Cathcart Street	1,360	117,581	(117,581)	-	-	1,360
Greenock and Port Glasgow	-	779,939	(802,699)	-	22,760	-
Broomhill	-	203,270	(292,404)	-	89,134	-
Towns and villages environmental improvements	-	85,388	(91,410)	-	6,022	-
Infrastructure and placemaking	3,608	32,160	(58,860)	-	23,092	-
Communications and marketing	-	67,805	(104,659)	-	36,854	-
Local business support	-	31,134	(31,134)	-	-	-
	<u>4,968</u>	<u>1,317,277</u>	<u>(1,498,747)</u>	<u>-</u>	<u>177,862</u>	<u>1,360</u>
Total funds	<u>2,096,985</u>	<u>1,922,188</u>	<u>(2,779,987)</u>	<u>35,000</u>	<u>-</u>	<u>1,274,186</u>

The balances included within the restricted funds as at 31 March 2018 represent income received for the named projects that was unspent at the year end.

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

24. Funds (cont'd)						
	As at 31 March 2016 £	Income and endowments £	Expenditure £	Other recognised gains/(losses) £	Transfer £	As at 31 March 2017 £
2017						
Company						
Unrestricted funds						
General funds	1,829,067	793,131	(367,569)	-	(14,612)	2,240,017
Pension reserve	(67,000)	-	(4,000)	(77,000)	-	(148,000)
	<u>1,762,067</u>	<u>793,131</u>	<u>(371,569)</u>	<u>(77,000)</u>	<u>(14,612)</u>	<u>2,092,017</u>
Restricted funds						
The Harbours/Cathcart Street	-	131,352	(129,992)	-	-	1,360
Greenock and Port Glasgow	-	398,895	(399,235)	-	340	-
Broomhill	-	121,709	(125,805)	-	4,096	-
Infrastructure and Placemaking	-	156,576	(152,968)	-	-	3,608
Communications and Marketing	-	10,770	(20,946)	-	10,176	-
Local Business Support	50,000	-	(50,000)	-	-	-
	<u>50,000</u>	<u>819,302</u>	<u>(878,946)</u>	<u>-</u>	<u>14,612</u>	<u>4,968</u>
Total funds	<u>1,812,067</u>	<u>1,612,433</u>	<u>(1,250,515)</u>	<u>(77,000)</u>	<u>-</u>	<u>2,096,985</u>

The balances included within the restricted funds as at 31 March 2017 represent income received for the named projects that was unspent at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

25. Analysis of net assets between funds

2018	Fixed assets	Net current assets	Pension liability	Provisions for liabilities	Total 2018
Group	£	£	£	£	£
Unrestricted funds	50,920	1,394,934	-	-	1,445,854
Pension reserve	-	-	(119,000)	-	(119,000)
Land and property reserve	10,363,554	-	-	(1,768,271)	8,595,283
Restricted funds	-	7,341	-	-	7,341
	<u>10,414,474</u>	<u>1,402,275</u>	<u>(119,000)</u>	<u>(1,768,271)</u>	<u>9,929,478</u>
Company					
Unrestricted funds	3,676	1,388,150	-	-	1,391,826
Pension reserve	-	-	(119,000)	-	(119,000)
Restricted funds	-	1,360	-	-	1,360
	<u>3,676</u>	<u>1,389,510</u>	<u>(119,000)</u>	<u>-</u>	<u>1,274,186</u>
Group					
Unrestricted funds	52,917	2,218,544	-	-	2,271,461
Pension reserve	-	-	(148,000)	-	(148,000)
Land and property reserve	9,512,500	-	-	(1,623,581)	7,888,919
Restricted funds	-	34,353	-	-	34,353
	<u>9,565,417</u>	<u>2,252,897</u>	<u>(148,000)</u>	<u>(1,623,581)</u>	<u>10,046,733</u>
Company					
Unrestricted funds	2,237	2,237,780	-	-	2,240,017
Pension reserve	-	-	(148,000)	-	(148,000)
Restricted funds	-	4,968	-	-	4,968
	<u>2,237</u>	<u>2,242,748</u>	<u>(148,000)</u>	<u>-</u>	<u>2,096,985</u>

RIVERSIDE INVERCLYDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

26. Land and property reserve	2018 £	2017 £
Group		
At 1 April	7,888,919	7,399,222
Investment property additions	938,113	1,776,661
Unrealised loss on revaluation	(87,059)	(1,298,661)
Movement in deferred tax	(144,690)	11,697
At 31 March	<u>8,595,283</u>	<u>7,888,919</u>
The value of land and property and other assets is made up of:		
Cartsburn/Cartsdyke site	250,000	250,000
Lynedoch Industrial Estate	1,350,000	1,375,000
Drumfrochar Road Estate	740,000	775,000
Victoria House Offices and Workshops	405,000	405,000
James Watt Dock site	400,000	400,000
Clydeview Building	1,060,000	1,265,000
Ben Lomond Building	2,000,000	1,210,000
Ladyburn Centre	565,000	560,000
Café at Riverside Business Park	95,000	95,000
Custom House, Greenock	1,120,000	1,120,000
Princes Street, Port Glasgow Development	187,500	187,500
Nursery at Riverside Business Park	575,000	505,000
Kelburn Industrial Estate, Port Glasgow	1,190,000	1,025,000
Scarlow Street, Port Glasgow	205,000	220,000
William Street, Port Glasgow	70,000	70,000
Gourock Municipal Buildings	50,000	50,000
Baker Street Enterprise Hub	101,054	-
Deferred tax	(1,768,271)	(1,623,581)
Total held in reserve	<u>8,595,283</u>	<u>7,888,919</u>

27. Capital commitments

Group

Capital expenditure authorised by the directors and contracted for amounted to: £2.696m (2017: £0.030m).

Capital expenditure authorised by the directors but not contracted for amounted to: £0.200m (2017: £nil).

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

Company

Capital expenditure authorised by the directors and contracted for amounted to: £nil (2017: £nil).

Capital expenditure authorised by the directors but not contracted for amounted to: £nil (2017: £nil).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

28. Commitments receivable under leases**Group**

The future minimum lease rentals receivable under non-cancellable operating leases fall due as follows:

	2018 £	2017 £
Not later than one year	898,793	789,916
Later than one year and not later than 5 years	1,725,974	1,295,471
Later than 5 years	988,117	1,195,536
	<u>3,612,884</u>	<u>3,280,923</u>

Total contingent rents recognised as income during the year total £nil (2017: £nil).

The group grants leases of varying lengths based on type of property, tenant requirement and level of security requested taking into account the type of industry and stage of the tenants' business's development. At present one lease has an option for the tenant to purchase the property; that option would be available to the tenant only when the group are satisfied that the cumulative rental paid in respect of the property added to the independently assessed market value meets the Purchase Option Trigger Sum as defined in the Option to Purchase Offer.

29. Commitments payable under leases

The future minimum lease rentals payable under non-cancellable operating leases fall due as follows:

	2018 £	2017 £
Not later than one year	12,500	12,500
Later than one year and not later than 5 years	37,500	37,500
Later than 5 years	182,842	195,342
	<u>232,842</u>	<u>245,342</u>

30. Controlling party

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

31. Members' interest 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.

32. Related party transactions

Company

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.

The company has two member organisations, Inverclyde Council and Scottish Enterprise.

During the year the company received unrestricted income of £75,556 (2017: *£nil*) and restricted income of £788,415 (2017: £819,302) from Inverclyde Council. As at 31 March 2018 there were grants receivable of £133,969 (2017: £38,454), trade debtors of £15,111 (2017: *£nil*) and accrued income amounts of £65,504 (2017: £11,242) due from Inverclyde Council. During the year the company made payments to Inverclyde Council totalling £75,361 (2017: £99,756) in respect of salaries, and £3,000 (2017: £2,000) in respect of the pension deficit. As at 31 March 2018 there were trade creditors of £43,598 (2017: *£nil*) and accrued charges of £65,504 (2017: *£nil*) due to Inverclyde Council. Included within trade creditors is an amount due to Riverside Inverclyde from Inverclyde Council of *£nil* (2017: £1,663). The amounts outstanding are unsecured for cash settlement in accordance with usual business terms.

There were no transactions during the year with Scottish Enterprise.

Group

During the year the group received unrestricted income of £75,556 (2017: *£nil*), restricted income of £1,140,489 (2017: £1,903,798) and rental income of £15,000 (2017: £19,306) from Inverclyde Council. As at 31 March 2018 there were grants receivable of £596,172 (2017: £388,023), trade debtors of £15,111 (2017: *£nil*) and accrued income amounts of £65,504 (2017: £11,242) due from Inverclyde Council. During the year the group made payments to Inverclyde Council totalling £75,361 (2017: £99,756) in respect of salaries, and £3,000 (2017: £2,000) in respect of the pension deficit. As at 31 March 2018 there were trade creditors of £46,689 (2017: £8,593), and accrued charges of £78,915 (2017: £13,411) due to Inverclyde Council. Included within trade creditors is an amount due to the group from Inverclyde Council of *£nil* (2017: £1,663). The amounts outstanding are unsecured for cash settlement in accordance with usual business terms.

Riverside Inverclyde (Property Holdings) Ltd holds a 50% investment in James Watt Dock LLP. Transactions and balances with the LLP are shown in notes 17 and 18 to the financial statements. The amounts outstanding are unsecured for cash settlement in accordance with usual business terms.

33. Contingent Liabilities

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

Riverside Inverclyde (Property Holdings) Ltd is currently in mediation discussions with the contractor which carried out the works to prepare the self-build plots at Kilmacolm. Any additional sums agreed as payable by the company to the contractor in settlement of the contractor's claims for additional costs will be refundable to the company as per the terms of the agreement between Riverside Inverclyde and Inverclyde Council.