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GOVAN INITIATIVE LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 MARCH 2004
Company number: SC108565
Scottish Charity number: SC023930



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COMPANIES HOUSE 28/09/04

GOVAN INITIATIVE LIMITED

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

MEMBERS OF THE COMPANY

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

REGISTERED OFFICE

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

BANKERS

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

SOLICITORS

Biggart Baillie
Dalmore House
310 St Vincent Street
Glasgow
G2 5QR

AUDITORS

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

DIRECTOR OF THE ORGANISATION

Damien Yeates

COMPANY SECRETARY

Damien Yeates

GOVAN INITIATIVE LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 MARCH 2004

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GOVAN INITIATIVE LIMITED

MANAGEMENT COMMITTEE REPORT

The Management Committee submit their sixteenth Report and Accounts covering the year from 1 April 2003 to 31 March 2004.

Activities of the Company

Govan Initiative Limited is engaged in developing and managing projects in the fields of business development, training and education, physical development and community and health development which are designed to regenerate the local economy of the Greater Govan Area.

The company is recognised by the Inland Revenue as a charity.

Results and dividends

The surplus for the year was £12,842 (2003: £296). In accordance with Article IV of the Memorandum of Association, no income or property of the company shall be distributed to the Members, Officers and Servants of the Company and the entire surplus after taxation is carried to the Profit and Loss Account.

Management Committee and their interests

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

Members:		Nominating Body
John McLaughlin	(Chairman)	Business (GSBC)
Euphemia McClymont	(Vice Chairwoman)	Govan Community Liaison Forum
Councillor D Gaughan		Glasgow City Council
Baillie S Dornan		Glasgow City Council
Councillor S Butt		Glasgow City Council
Baillie John Flanagan		Glasgow City Council
Alistair McManus		Independent
Daniel Whitelaw		Business (GSBC)
Stewart McIlwraith		Business (GSBC)
Jim Tait	(Vice Chairman)	Independent
Richard Carabine		Govan Community Liaison Forum
Alan Davidson		Glasgow City Council
Richard Leonard		STUC
John Crawford		Scottish Enterprise Glasgow
Ken McGuire		Business (GSBC)
Derek Neilson		Govan Community Liaison Forum

GOVAN INITIATIVE LIMITED**MANAGEMENT COMMITTEE REPORT (cont'd)****Management Committee and their interests (cont'd)**

Under the terms of Clause 33 of the Articles of Association the Nominated Members shall remain as Members of the Management Committee for a period of three years provided they are nominated representatives of their nominating bodies. Clause 34 specifies the numerical limitation of the various nominating bodies. Thereafter under Clause 33 such persons as are co-opted by the Nominated Members of the Management Committee may be appointed until the date of the Annual General Meeting following the end of the Financial Year of the Company following the date of co-option but shall remain eligible for further annual periods of co-option without limit.

Events since the end of the year

Since 31 March 2004 there have been no events which require to be reported or which necessitate any adjustment to the accounts.

Responsibility of the Management Committee in respect of the accounts

Company Law requires the Management Committee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing their accounts the Management Committee are required to:

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the accounts comply with the Companies Act 1985. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and irregularities.

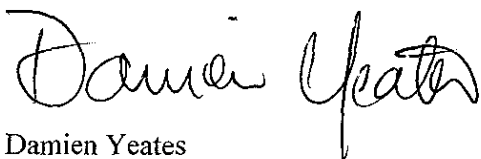
Auditors

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

General

The Management Committee wishes to express thanks to all those who provided support and assistance during the period under review, over and above the financial contributions recorded in the Accounts.

On behalf of the Management Committee



Damien Yeates
Secretary

GOVAN INITIATIVE LIMITED

CHAIRMAN'S STATEMENT

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

Internationally, there were signs of recovery in the Japanese and European economies, while the US economy also appears to have recovered from the downturn of the last few years. Despite some concerns over the housing market, personal debt and the public finances, the position of the UK economy has been described as 'enviable' by the International Monetary Fund. In Scotland, manufacturing output recovered in 2003, while the retail sector expanded at twice the rate of the whole economy. The latest Glasgow Economic Monitor (for Spring 2004) talks of '*renewed vigour*,' with the rate of improvement in the city economy '*both solid and persistent*'.

The 6th State of the City Conference, held in October 2003, again illustrated the dual nature of Glasgow's economy. Output per head in Glasgow is around £18,000 a head, above most UK cities, and growth rates recovered after a slow-down in 2002: the city also escaped problems because of its low exposure to the electronic manufacturing sector. Growth rates are projected to rise to over 3% in 2004, above the Scottish and UK averages. Total employment also grew in 2003 for the seventh consecutive year, though at a slower rate than average; but although unemployment continues to fall, and the number of residents in work has increased, Glasgow has one of the lowest activity rates in Scotland. According to the Office of National Statistics around 77,000 of Glasgow residents (a fifth of the working age population) describe themselves as unemployed or inactive and wanting work. As the local labour market in Glasgow continues to tighten there is now even greater pressure to connect those residents who are deemed economically active with new employment opportunities.

The long-term future of the Greater Govan economy is now assured with major office, retail and housing investments planned over the next five years. These investments include a £300m redevelopment plan for the Tradeston area, a £40m investment proposal to connect Tradeston to the Broomielaw with a new footbridge 'Neptune's Way', the new £12m four lane, Finneston bridge, the £300m investment proposals for Pacific Quay including the relocation of BBC Scotland, SMG and Channel 4 Regions HQ, the proposed £120m redevelopment of the graving docks by City Canal Ltd, some £350m investment in the Glasgow South Hospital Trust at Shieldhall and a guaranteed investment of some £20m in local housing over the coming three years by Clydeview Local Housing Organisation.

Govan Initiative Ltd is working tirelessly to ensure that the benefits of economic growth do translate into measurable benefits for the people of Greater Govan. During the last 12 months, Govan Initiative Ltd supported 680 people into employment and delivered 742 vocational or pre-vocational training places. We also delivered over 1214 community-learning places and helped 272 people achieve qualifications, with nearly half (47%) at SVQ 2 level or above. Through the highly innovative Hills Trust Technology Academy and the proposed Digital Media Academy, Govan Initiative Ltd will continue to support local residents to access higher skilled, higher waged employment opportunities.

Notwithstanding the major achievements described above there is still much to be achieved in the Greater Govan area, where nearly a third of residents receive Income Support (the official poverty line) and almost half (45%) of children live in workless households. We will place increasing resources on targeting those residents most distant from the labour market and the launch of the 'Equal Access' Strategy, which is being piloted in the area this year, represents an important milestone.

GOVAN INITIATIVE LIMITED

CHAIRMAN'S STATEMENT (cont'd)

During 2003/2004 the company invested significant time, energy and resources in building new and more productive relationships with the local community. The Social Economy Team helped 175 local organisations and levered in £800,000 over the year, while Guidance Services and Community Learning operated from 15 community-managed locations throughout the neighbourhood. The number of community learners progressing to vocational outcomes increased by almost three times, compared to last year.

Over the past year Govan Initiative Ltd secured an unprecedented £13m to invest in direct and indirect physical improvements across the area. Together with our partners we can now realise our ambitions to deliver a number of highly innovative and ambitious projects including Ibrox Business Park Phase II, the Digital Media Centre, Craigton Business Park and Moorpark Phase II representing almost 14,000 sq meters of new business space.

We have and will continue to work hard to ensure that future employment and sub-supply opportunities within the construction industry come to Greater Govan. We have seconded a member of staff on a full-time basis to Construction Glasgow to maximise the opportunities for local people in accessing jobs on sites such as City Docks (Glasgow) and Pacific Quay. We are also working closely with the staff seconded by the Local Economic Development Network to the Glasgow Harbour site, and have already started working with Scottish Enterprise and others to replicate this model for future investments on the south bank. During 2004 we will commission a comprehensive study of the local employment opportunities arising from these planned investments along the waterfront.

Our sister company, Glasgow Business Services, also performed well throughout the year, establishing 750 companies and providing support to more than 150 portfolio enterprises to grow and develop. Almost 40% of the SME start-ups were in SIP/LEDC areas. We will work closely with Glasgow Business Services to ensure that local businesses benefit from the major investments planned in the area.

Our dedication to partnership working is, once again, the key to our success over the past year. Our existing partnerships have been further strengthened through excellent service delivery and the establishment of new, mutually beneficial projects that will be brought to fruition over the coming years. This was reflected in a 91% satisfaction rating by our customers who were satisfied or very satisfied with the services they received from us.

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



JOHN McLAUGHLIN MBE
CHAIRMAN

12 August 2004

GOVAN INITIATIVE LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF GOVAN INITIATIVE LIMITED

We have audited the financial statements of Govan Initiative Limited for the year ended 31 March 2004 as set out on pages 7 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 11.

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

Respective responsibilities of the directors and auditors

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

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

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

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

Basis of opinion

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

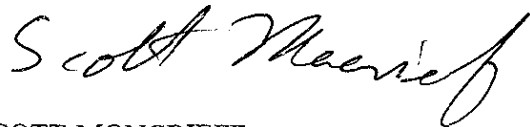
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from misstatement, whether caused by fraud or other irregularity or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

GOVAN INITIATIVE LIMITED

AUDITORS' REPORT

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group as at 31 March 2004 and of the surplus of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SCOTT-MONCRIEFF

Chartered Accountants
Registered Auditor

Allan House
25 Bothwell Street
Glasgow G2 6NL

12 August 2004

GOVAN INITIATIVE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2004

	Note	2004 £	2003 £
Turnover	2	3,293,706	3,626,777
Other operating income	3	878,506	770,563
		<u>4,172,212</u>	<u>4,397,340</u>
Administrative expenses		4,103,121	4,332,728
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST		69,091	64,612
Interest payable	4	<u>56,249</u>	<u>64,316</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		12,842	296
TAX ON ORDINARY ACTIVITIES	7	<u>-</u>	<u>-</u>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	17	<u><u>12,842</u></u>	<u><u>296</u></u>

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

The notes on pages 11 to 22 form part of these accounts.

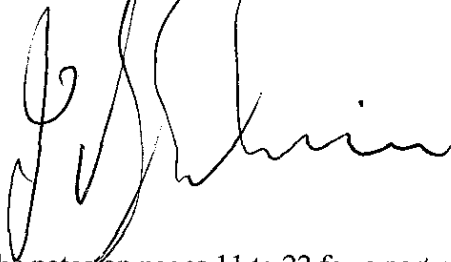
GOVAN INITIATIVE LIMITED

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	8	3,491,534	3,639,519
Investments	9	90,000	-
		<u>3,581,534</u>	<u>3,639,519</u>
CURRENT ASSETS			
Stocks		23,650	28,160
Loans	10	15,772	41,823
Debtors	11	785,132	1,312,228
Cash		712	1,261
		<u>825,266</u>	<u>1,383,472</u>
CREDITORS: Amounts falling due within one year	12	717,485	1,207,357
NET CURRENT ASSETS		<u>107,781</u>	<u>176,115</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,689,315</u>	<u>3,815,634</u>
CREDITORS: Amounts falling due after more than one year	15	819,430	876,227
DEFERRED CAPITAL GRANTS	16	2,580,101	2,649,095
NET ASSETS		<u>289,784</u>	<u>290,312</u>
RESERVES			
Profit and loss account	17	188,891	176,049
Business Development Fund Reserve	17&18	100,893	114,263
		<u>289,784</u>	<u>290,312</u>

JOHN McLAUGHLIN MBE
CHAIRMAN OF MANAGEMENT COMMITTEE



The notes on pages 11 to 22 form part of these accounts.

12 August 2004

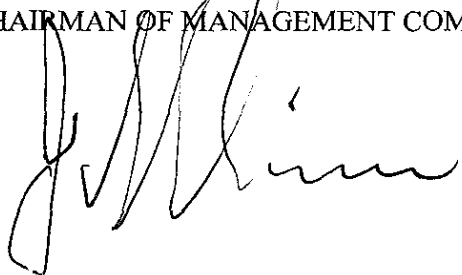
GOVAN INITIATIVE LIMITED

COMPANY BALANCE SHEET

AT 31 MARCH 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	8	3,491,434	3,638,559
Investments	9	90,004	4
		<u>3,581,438</u>	<u>3,638,563</u>
CURRENT ASSETS			
Stocks		23,650	27,860
Debtors	11	785,132	1,277,891
Cash at bank and on hand		712	1,261
		<u>809,494</u>	<u>1,307,012</u>
CREDITORS: Amounts falling due within one year	12	802,510	1,231,615
		<u>6,984</u>	<u>75,397</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		3,588,422	3,713,960
CREDITORS: Amounts falling due after more than one year	15	819,430	876,227
DEFERRED CAPITAL GRANTS	16	2,580,101	2,649,095
NET ASSETS		<u>188,891</u>	<u>188,638</u>
RESERVES			
Profit and loss account	17	<u>188,891</u>	<u>188,638</u>

JOHN McLAUGHLIN MBE
CHAIRMAN OF MANAGEMENT COMMITTEE



The notes on pages 11 to 22 form part of these accounts.

12 August 2004

GOVAN INITIATIVE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2004

	Note	2004 £	2003 £
Net cash inflow from operating activities	19	477,733	244,973
Returns on investments and servicing of finance	20	(56,249)	(64,316)
Capital expenditure	20	(54,671)	(75,211)
Acquisitions and disposals	20	(90,000)	-
Grant received	20	19,211	63,617
Net cash inflow before financing		296,024	169,063
Financing	20	(54,511)	47,313
Net cash flow	21	241,513	216,376
Reconciliation of net cash flow to movement in net debt			
Increase in cash		241,513	216,376
Loan repayment		54,511	47,044
New loan		-	(94,357)
Net debt at 1 April 2003		(1,209,598)	(1,378,661)
Net debt at 31 March 2004		(913,574)	(1,209,598)

The notes on pages 11 to 22 form part of these accounts.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 MARCH 2004

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

The consolidated accounts incorporate the accounts of Govan Initiative Limited and its subsidiary undertakings made up to 31 March 2004. No profit and loss account is presented for Govan Initiative Limited as permitted by s230 of the Companies Act 1985. The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Operating leases

Rentals paid under operating leases are charged to profit and loss account as incurred. The obligation to pay future rentals on operating leases is shown by way of a note to the accounts

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off costs or valuation, less estimated residual value, of each asset evenly over its useful life, as follows:

Office furniture and equipment	- over 4 to 6 years
Motor vehicles	- over 4 years
Project capital purchases	- over term of project
Leasehold improvements	- over 50 years or term of lease
Buildings	- over 50 years

Deferred capital grants

Grants received and receivable are credited to a deferral account and are released to the Profit and Loss Account over the life of the asset.

Pension scheme

The company makes contributions to various personal pension arrangements for employees, up to a maximum of 6% of remuneration.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2004

2. Turnover

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

	2004 £	2003 £
European Commission	715,930	627,510
Glasgow City Council	1,219,986	1,354,700
Scottish Enterprise Glasgow	958,358	1,115,536
Scottish Enterprise National	18,500	104,197
Other partnership funding	188,068	251,764
Social inclusion partnership	192,864	173,070
	<u>3,293,706</u>	<u>3,626,777</u>

3. Other operating income

Interest on loans and current accounts	1,575	1,765
Rental income	558,553	550,948
Fees - Nurseries	105,594	70,613
Sustainable communities	-	51,882
Govan Works	15,333	20,289
Environmental Task Force	12,540	22,152
Hills Trust	4,755	9,347
Other income sources	180,156	43,567
	<u>878,506</u>	<u>770,563</u>

4. Interest payable

Term loan	<u>56,249</u>	<u>64,316</u>
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GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2004

5. Operating surplus	2004	2003
	£	£
Stated after charging or (crediting):		
Staff costs (note 6)	424,370	388,337
Depreciation	202,655	177,920
Operating lease rentals on:		
Property	85,042	78,273
Equipment	10,998	13,177
Auditors remuneration:		
- for audit services	9,345	8,750
- for non-audit services	5,800	6,610
Capital grants released	(88,205)	(89,041)

6. Staff costs		
Direct wages and salaries	2,326,581	2,205,479
Social security costs	188,775	177,258
Pension costs	40,285	47,613
	<u>2,555,641</u>	<u>2,430,350</u>
Deduct recovered through projects	<u>2,131,271</u>	<u>2,042,013</u>
	<u>424,370</u>	<u>388,337</u>

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

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

	2004	2003
	Number	Number
Administrative	16	17
Projects	<u>133</u>	<u>167</u>

In addition, the salaries of certain members of staff were carried directly on payrolls outwith the company, and either re-charged or provided as a contribution-in-kind.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2004

7. Tax on surplus on ordinary activities

There is no liability to taxation as the company has obtained exemption under Section 505 of the Income and Corporation Taxes Act 1988 with effect from 30 June 1997. The Scottish Charity number for the company is SC023930.

8. Fixed Assets

Group	Buildings £	Leasehold Improvements £	Office Furniture & Equipment £	Vehicles £	Total £
<i>Cost:</i>					
At 1 April 2003	2,889,605	1,030,625	1,471,044	3,730	5,395,004
Additions	4,354	8,264	42,033	-	54,671
Disposals	-	-	(11,797)	-	(11,797)
At 31 March 2004	<u>2,893,959</u>	<u>1,038,889</u>	<u>1,501,300</u>	<u>3,730</u>	<u>5,437,878</u>
<i>Depreciation:</i>					
At 1 April 2003	466,229	108,637	1,178,749	1,870	1,755,485
Charge for year	57,879	38,321	104,595	1,860	202,655
Eliminated on disposal	-	-	(11,797)	-	(11,797)
At 31 March 2004	<u>524,108</u>	<u>146,958</u>	<u>1,271,547</u>	<u>3,730</u>	<u>1,946,343</u>
<i>Net Book Value:</i>					
At 31 March 2004	<u>2,369,851</u>	<u>891,931</u>	<u>229,753</u>	<u>-</u>	<u>3,491,535</u>
At 31 March 2003	<u>2,423,376</u>	<u>921,988</u>	<u>292,295</u>	<u>1,860</u>	<u>3,639,519</u>

Company

All of the fixed assets of the group are also those of the company except for office furniture and equipment with a cost of £31,580 and accumulated depreciation of £31,480 giving a net book value of £100.

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2004

9. Investments

Company	£
At 1 April 2003 and 31 March 2004 - subsidiaries	4
Additions in the year - joint venture	90,000
Total at 31 March 2004	<u>90,004</u>

Shares in subsidiary undertakings

Details of subsidiary undertaking

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

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

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

Shares in Joint Venture

Details of Joint Venture

Name of Company	Nature of Business	Proportion of shares held Ordinary
Modular Developments Limited	Acquisition and development of site at Woodville Street, Glasgow	50%

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (CONT'D)

YEAR ENDED 31 MARCH 2004

10. Loans**Group**

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

	2004 £	2003 £
Outstanding at 1 April 2003	41,823	111,851
Loans granted during year	-	13,000
Repaid during year	(11,293)	(30,009)
Written off	(14,758)	(53,019)
	<u>15,772</u>	<u>41,823</u>
Outstanding at 31 March 2004	<u>15,772</u>	<u>41,823</u>

Of the outstanding balance at 31 March 2004 £1,464 is due to be repaid after more than one year (2003: £17,990).

11. Debtors

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Amounts due from subsidiary undertaking	-	-	-	12,589
Trade Debtors	204,903	219,002	204,903	219,002
Prepayments	232,931	313,973	232,931	313,973
Other debtors	347,298	779,253	347,298	732,327
	<u>785,132</u>	<u>1,312,228</u>	<u>785,132</u>	<u>1,277,891</u>

12. Creditors: Amounts falling due within one year

Bank overdraft	12,913	254,975	118,800	344,513
Trade creditors	133,511	128,787	133,511	126,781
Bank term loan (notes 13 and 15)	81,943	79,657	81,943	79,657
Other taxation and social security costs	34,494	55,269	34,494	55,282
Other creditors and accruals	70,193	103,361	49,331	42,450
Funds received in advance (note 14)	384,431	585,308	384,431	582,932
	<u>717,485</u>	<u>1,207,357</u>	<u>802,510</u>	<u>1,231,615</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2004

13. Bank borrowings

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

14. Funds Received in Advance

Where funds have been received for the purposes of core activities or projects and relate either to capital expenditure not expended by the end of the financial year or to revenue expenditure for periods falling outwith the financial year, these funds have been accounted for as funds in advance.

	2004 £	2003 £
Project balances	153,906	297,130

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

2004 £	2003 £
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Group and company

Bank term loan	819,430	876,227
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The loan is repayable in equal monthly instalments over 12 years. Interest on the loan will be charged at 2% per annum over the Bank's Base Rate.

	2004 £	2003 £
The loan is repayable as follows:		
In one year or less	81,943	79,657
Between one and two years	81,943	79,657
Between two and five years	245,829	238,971
In five years or more	491,658	557,599
	901,373	955,884

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2004

16. Deferred Capital Grants**Group**

Where capital grants have been received, or have been claimed, these grants are treated as deferred and are released over the expected life of the assets concerned, or the length of the project if shorter.

	2004 £	2003 £
The movements during the year were:		
Balance at 1 April 2003	2,649,095	2,674,519
Received in the year	19,211	63,617
Released to Profit and Loss Account	(88,205)	(89,041)
	<u>2,580,101</u>	<u>2,649,095</u>
Balance at 31 March 2004	<u>2,580,101</u>	<u>2,649,095</u>
The balance comprises:		
Hills Trust	633,915	665,721
Festival Business Centre	1,044,974	1,067,976
Govan Town Hall	344,058	352,086
Environmental Task Force	3,926	4,711
Moorpark Business Centre	479,764	490,764
Teleworks	242	290
Community Internet Project	8,227	9,088
Nurseries	15,544	7,045
Other projects	49,451	51,414
	<u>2,580,101</u>	<u>2,649,095</u>

17. Statement of reconciliation of reserves

	Group		Company
	Business Development Reserve £	Profit and Loss Account £	Profit and Loss Account £
Balance at 1 April 2003	114,263	176,049	188,638
Surplus in year	-	12,842	253
Bad debts written off	(13,370)	-	-
	<u>100,893</u>	<u>188,891</u>	<u>188,891</u>
Balance at 31 March 2004	<u>100,893</u>	<u>188,891</u>	<u>188,891</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2004

18. Business Development Fund Reserve

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

19. Reconciliation of operating surplus to net cash inflow from operating activities	2004 £	2003 £
Operating surplus	69,091	64,612
Depreciation of tangible fixed assets	202,655	177,920
Decrease/(increase) in stocks	4,510	(4,832)
Decrease in debtors	553,148	109,893
(Decrease)/increase in creditors	(250,096)	39,439
Release of deferred capital grants	(88,205)	(89,041)
Bad debts written off	(14,758)	(53,018)
Credit for debt previously written off	1,388	-
	<u>477,733</u>	<u>244,973</u>
Net cash inflow from operating activities		
20. Gross cash flows		
Interest paid	<u>56,249</u>	<u>64,316</u>
Payment to acquire tangible fixed assets	<u>54,671</u>	<u>75,211</u>
Purchase of interest in a joint venture	<u>90,000</u>	<u>-</u>
Capital grants received (net)	<u>19,211</u>	<u>63,617</u>
Financing		
Loan repayments	(54,511)	(47,044)
Loan finance	-	94,357
	<u>(54,511)</u>	<u>47,313</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2004

21. Analysis of changes in net funds	At 1 April 2004 £	Cash flow £	At 31 March 2004 £
Cash in hand	1,261	(549)	712
Bank overdraft	(254,975)	242,062	(12,913)
	<u>(253,714)</u>	<u>241,513</u>	<u>(12,201)</u>
Bank loan	(955,884)	54,511	(901,373)
Net Debt	<u>(1,209,598)</u>	<u>296,024</u>	<u>(913,574)</u>

22. Statement of financial activities

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

	Unrestricted Funds £	Restricted Funds £	2004 Total Funds £	2003 Total Funds £
Incoming resources				
Scottish Enterprise National		18,500	18,500	104,197
Grants - European		715,930	715,930	627,510
- Local authority	211,285	1,201,565	1,412,850	1,527,770
- Scottish Enterprise				
Glasgow	105,728	852,630	958,358	1,115,536
- Other	-	188,068	188,068	251,764
Rent	558,553	-	558,553	550,948
Other income	181,731	138,222	319,953	219,615
	<u>1,057,297</u>	<u>3,114,915</u>	<u>4,172,212</u>	<u>4,397,340</u>
Total incoming resources				
Resources				
Direct charitable expenditure	-	3,114,915	3,114,915	3,469,070
Management and administration of the charity	1,044,455	-	1,044,455	927,974
	<u>1,044,455</u>	<u>3,114,915</u>	<u>4,159,370</u>	<u>4,397,044</u>
Total resources expended				
Net movement in funds	12,842	-	12,842	296
	<u>12,842</u>	<u>-</u>	<u>12,842</u>	<u>296</u>

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2004

23. Capital commitments	2004	2003
	£	£
Authorised but not contracted for	-	-
Contracted for	-	-
	<u> </u>	<u> </u>

24. Operating lease commitments

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

	2004		2003	
	Property	Other	Property	Other
	£	£	£	£
Operating leases which expire:				
Within one year	54,842	10,998	48,073	13,177
In the second to fifth years inclusive	-	-	-	-
After five years	30,200	-	30,200	-
	<u>85,042</u>	<u>10,998</u>	<u>78,273</u>	<u>13,177</u>

25. Directors' interests

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

The company works in partnership with a number of public and other bodies with whom many joint projects have been undertaken during the year. The following persons who were directors held official positions with such bodies:

GOVAN INITIATIVE LIMITED

NOTES ON THE ACCOUNTS (cont'd)

YEAR ENDED 31 MARCH 2004

25. Directors' interests (cont'd)

<u>Director</u>	<u>Organisation</u>	<u>Position held</u>
Councillor D Gaughan	Glasgow City Council	Councillor
Councillor S Butt	Glasgow City Council	Councillor
Baillie S Dornan	Glasgow City Council	Councillor
John McLaughlin	GI Surveillance	Director
John Crawford	Scottish Enterprise Glasgow	Senior Executive
Richard Carabine	Govan Workspace	Board Member
Baillie John Flanagan	Glasgow City Council	Councillor

In relation to non public bodies the following persons who were directors held the following official positions with such bodies:

<u>Director</u>	<u>Organisation</u>	<u>Position held</u>
John McLaughlin	Skylight International Ltd	Director
Stewart McIlwraith	Modular Holdings Ltd	95% shareholder and director
	Modular Developments Ltd	Director
	Jigsaw Development Ltd	Director
Jim Tait	Harmony Row Youth Club Ltd	Director

26. Controlling party

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

GOVAN INITIATIVE LIMITED

COMPANY PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2004

	Note	2004 £	2003 £
Turnover		3,293,706	3,555,302
Other operating income		864,186	755,069
		<u>4,157,892</u>	<u>4,310,371</u>
Administrative expenses		4,101,390	4,245,759
		<u>4,101,390</u>	<u>4,245,759</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST AND EXCEPTIONAL ITEM		56,502	64,612
Interest payable		56,249	64,316
		<u>56,249</u>	<u>64,316</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		253	296
TAX ON ORDINARY ACTIVITIES	7	-	-
		<u>-</u>	<u>-</u>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	17	<u>253</u>	<u>296</u>

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

This page does not form part of the audited accounts.