

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Financial Statements**

**For the year ended 31 March 2016**

**Company registration number: SC335662**

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Financial Statements**

*For the year ended 31 March 2016*

**Officers and Advisers:**

Directors

David Bankier  
John Gallacher  
Stuart Heslop  
Ian Manson  
Derek McCrindle  
Allan McQuade  
George Redmond  
Christopher Thompson (Chairman)

Secretary

Burness Paul LLP  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

Registered office

The Olympia 2<sup>nd</sup> Floor  
2-16 Orr Street  
Glasgow  
G40 2QH

Bankers

Royal Bank of Scotland  
Parkhead Branch  
1304 Duke Street  
Glasgow  
G31 5PZ

Auditor

Scott-Moncrieff  
Statutory Auditor  
25 Bothwell Street  
Glasgow  
G2 6NL

Solicitors

Burness Paul LLP  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Financial Statements**  
*For the year ended 31 March 2016*

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## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Directors' Report

For the year ended 31 March 2016

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2016.

#### Principal activities and strategic goals

Clyde Gateway Developments Limited is a company limited by shares with the shares being 100% owned by Clyde Gateway URC. The company follows the same strategic objectives as its parent body and was established as the main delivery vehicle for commercial property projects within the Clyde Gateway operating area particularly the acquisition and subsequent development of land and buildings for these purposes. The three strategic objectives which provide a more detailed framework for Clyde Gateway Developments Limited's activities are:

Sustainable Place Transformation is focused on the overall infrastructure and environment of the area, increasing the attractiveness of Clyde Gateway as a place to live and work.

Increased Economic Activity is targeted at attracting major employers into the area and working with existing businesses to maximise growth, generating employment opportunities for local people.

Develop Community Capacity ensures there is long-term investment in the community which leads to increased levels of both community participation and private sector investment.

#### Board of directors

The directors who served the company during the year were as follows:

David Bankier	Derek McCrindle
John Gallacher	Allan McQuade
Stuart Heslop (appointed 26 October 2015)	George Redmond
Ian Manson	Christopher Thompson (Chairman)

The company maintains directors' and officers' liability insurance which provides cover against liabilities which they may incur personally as a consequence of claims made against them alleging breach of duty or other wrongful act or omission in their capacity as directors or officers.

#### Code of conduct

Clyde Gateway Developments Limited supports the highest standards of corporate governance and has in place a code of conduct for its directors. The company operates strict and comprehensive procedures to deal with potential conflicts of interest. These include holding, and updating annually, a register of directors' interests which is open to public inspection.

#### Directors and their interests

Where a director has an interest in a project under consideration by the board then they are required to declare the interest and thereafter to take no part in the appraisal or approval of the case. Such declarations by directors are recorded in the minutes of the appropriate board meeting. Details of any directors' interests in contracts are given in note 19 to the accounts.

#### Review of the business and future developments

Funding for Clyde Gateway Development Limited's activities is obtained from a number of sources with the main contributors to date being the Scottish Government, European Structural Funds and the three members of Clyde Gateway URC. Glasgow City Council and South Lanarkshire Council also provide land holdings on a phased basis over the anticipated 20 year lifespan of the project. This partnership support provides a platform to leverage significant levels of other public and private sector development funding into the area.

## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Directors' Report

For the year ended 31 March 2016

Clyde Gateway Developments Limited has now moved from a predominately Scottish Government block grant model to a funding environment where support for projects is made on an individual grant application bidding basis primarily to the Regeneration Capital Grant Fund. To date the company has successfully secured support from this fund for four projects - the construction of an office building at Rutherglen Links Business Park, the refurbishment of the Glasgow Women's Library in Bridgeton, a speculative industrial unit at Clyde Gateway East aimed at occupiers from the manufacturing and engineering sectors and, lastly, the proposed Red Tree Business Incubator at the National Business District Shawfield.

In August 2016 Board approval was given to a detailed Funded Operating Plan spanning the three year period from 2016/17 until 2018/19. This plan demonstrates that the company has sufficient resources from accumulated reserves, known grant awards and anticipated development returns to allow the directors to have a reasonable expectation that existing regeneration commitments can be funded during this period. Accordingly, the financial statements have been prepared on a going concern basis.

Clyde Gateway Developments Limited will continue to seek new funding sources, including those available from European Structural and Investment Fund programmes, to supplement the amounts available from the Scottish Government, its three members and accumulated reserves. The aim is to maximise the investment which the company makes into the communities it serves.

The following strategic projects, which are taking forward the physical, economic and social transformation of the Clyde Gateway area, were progressed by Clyde Gateway during 2015/16:

#### National Business District, Shawfield

Successful delivery of the National Business District at Shawfield is central to achieving the ambitious target of 20,000 new jobs coming to the area over Clyde Gateway's anticipated twenty year lifespan. With the assistance of South Lanarkshire Council, a Phase 1 site has been established on the banks of the River Clyde. Existing occupier businesses were successfully relocated thereby allowing an extensive demolition and clearance programme to proceed. The essential remediation works necessary to bring this heavily contaminated site back into economic use began during 2013/14 and were completed by June 2015. A development partner has been procured for Phase 1 and the site will be officially launched later in the year. Clyde Gateway Developments Limited is also considering constructing two office developments on the Phase 1 site.

The scale and complexity of the decontamination and infrastructure challenges at the wider Shawfield site are such that they are not capable of being addressed without continued significant levels of public sector investment. The Phase 1 works received £6.0m of European Regional Development Fund support from the 2007-13 structural funds programme. However, the revised eligibility criteria and delivery arrangements for the current 2014-2020 programme mean future phases are unlikely to attract any funding from Europe. Alternative replacement funding sources are being sought and, in the meantime, the group has initiated the Phase 2 remediation works with further significant investment planned, particularly on chromium decontamination, in order to release the land eventually for private sector industrial development.

#### Rutherglen Links Business Park and One Rutherglen Links

The site of the former Monogram factory at Farme Cross was brought back into use in 2015. Now branded as Rutherglen Links, this area will be built out in stages with a proposed mix of offices and commercial space. The first plot was sold in July 2016 to a private developer who proposes to build up to 4,900 square metres of speculative industrial units. One Rutherglen Links, a 3,900 square metre four-storey office, was completed in January 2015 and is now 50% let bringing 140 jobs to Rutherglen Town Centre.

#### Albus, Mile End

Works commenced during 2013/14 on the Albus Building, a 1,914 square metre office adjacent to the Eastgate building on London Road at Mile End. The £4.7m building was completed in October 2014 and welcomed its first tenant in April 2015. A second tenant leased space in February 2016 and further strong enquiries from potential occupiers are being progressed.

## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Directors' Report

For the year ended 31 March 2016

#### Review of the business and future developments (continued)

##### Glasgow Women's Library, Bridgeton

The conversion of the former Bridgeton Library into the new home of the Glasgow Women's Library was completed in October 2015. The First Minister of Scotland officially opened this facility the following month. The funding package included support from the Scottish Government, the Scottish Futures Trust and Glasgow City Council.

##### Key Routes and Spaces - Dalmarnock

The Key Routes and Spaces project has delivered a series of high quality walking and cycling routes connecting Dalmarnock with the National Business District in Shawfield, the Cuningar Loop Forest Park and the Emirates Arena. A £1.1m project to enhance Carstairs Street will deliver a sustainable urban drainage swale reducing the flow of surface water to the combined sewerage system and establishing a safe and attractive pedestrian route that will directly connect the National Business District at Shawfield to the refurbished Dalmarnock railway station via the SMART Bridge. These works started in November 2015 and are scheduled for completion by late 2016.

##### Remediation and Infrastructure Works – Dalmarnock

To stimulate private sector investment Clyde Gateway is spending £4.3m on remediation and infrastructure works across Central Dalmarnock over the three years from 2014/15 to 2016/17.

##### Impairment review

The value of assets held for regeneration purposes are reviewed internally on an annual basis by Royal Institution of Chartered Surveyors valuation accredited staff. Assets are held at cost until their intention of use is decided and the project has advanced sufficiently to allow a reliable valuation to be obtained. A comprehensive review of valuations was performed at the year end covering assets acquired for development, assets under construction and completed investment assets. An impairment provision of £1,558,579 has been recorded within these financial statements for the current year. This impairment provision reflects the cost of bringing long-standing vacant, derelict and contaminated land and buildings back into productive commercial use.

##### Stock and Work-in-Progress

The cost of land and properties purchased with a view to resale is shown as stock and work-in-progress and is valued at the lower of cost and net realisable value. Again, all such valuations were performed internally by Royal Institution of Chartered Surveyors valuation accredited staff. At the year end stock was written down by £1,959,951 in these financial statements.

Assets under construction with a view to resale are transferred from tangible fixed assets to work-in-progress when they are at least 80% completed at the year-end. No such assets reached this threshold of completion by 31 March 2016.

##### Property Disposals

Proceeds generated from land and property disposals totalled £3.2m in 2015/16. These funds will be applied against planned future regeneration activities. A programme of further disposals is also in place.

##### Gift Aid

At its meeting on 29 August 2016 the Board of Clyde Gateway Developments Limited approved a gift aid payment of £1,500,107 to Clyde Gateway URC by 31 December 2016. A gift aid payment of £7,787,841 was made in December 2015 in respect of the 2014/15 financial year.

## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Directors' Report

*For the year ended 31 March 2016*

#### Review of the business and future developments (continued)

##### Continued Focus

During the 2016/17 financial year Clyde Gateway Developments Limited will continue to focus its activities on physical regeneration, identifying and securing commercial development opportunities as well as providing business development and skills and employability initiatives providing a strong platform from which to increase the company's impact across a range of social justice measures.

##### **Financial review**

The financial results are as set out in the attached financial statements. A detailed financial review of the year has been incorporated within the review of business and future developments section of this report.

##### **Risk management**

Clyde Gateway Developments Limited has a risk management policy which is aligned with the recommendations of the Combined Code on Corporate Governance. The directors of the company have assessed risk and where necessary put in place plans to manage and mitigate those risks to an acceptable level in its day to day operations. These procedures are periodically reviewed to ensure they continue to meet the needs of the company.

##### **Payments to customers and suppliers**

The company is committed to paying its customers and suppliers within 30 days of the date of receipt of agreed invoices where no other contractual arrangement applies.

##### **Audit & Evaluation Committee**

These accounts have been reviewed by the group Audit & Evaluation Committee at its meeting on 22 August 2016. At that date, its members were David Bankier (director of Clyde Gateway Developments Limited), Anne Clyde, John Gallacher (Committee Chair and director of Clyde Gateway Developments Limited), Denis McKenna and Jim Watson.

##### **Statement of directors' responsibilities**

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Directors' Report

For the year ended 31 March 2016


#### Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

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

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Directors' report has been approved on behalf of the Board by:



Christopher Thompson  
Chair

Date: 29<sup>th</sup> August 2016



## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Independent Auditor's Report to the Members of Clyde Gateway Developments Limited For the year ended 31 March 2016

We have audited the financial statements of Clyde Gateway Developments Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. 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 United Kingdom and Republic of Ireland'.

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 the auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss 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.

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

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

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Independent Auditor's Report to the Members of Clyde Gateway Developments Limited**  
*For the year ended 31 March 2016*

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime; or
- the directors were not exempt from the requirement to prepare a strategic report.



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

Date: 29<sup>th</sup> August 2016

**CLYDE GATEWAY DEVELOPMENTS LIMITED****Statement of Comprehensive Income**  
*For the year ended 31 March 2016*

	Notes	2016 £	Restated 2015 £
<b>Turnover</b>	5	6,340,351	11,820,182
Cost of sales		(6,583,367)	(12,662,601)
<b>Gross loss</b>		(243,016)	(842,419)
Administrative expenses		(1,765,591)	(1,665,775)
<b>Operating loss excluding capital works</b>		(2,008,607)	(2,508,194)
Grant income – capital		2,988,377	33,433,741
Unrealised impairment loss	8, 9	(3,518,530)	(29,302,196)
<b>Operating (loss)/profit for the year</b>	6	(2,538,760)	1,623,351
Interest received		56,487	57,957
Gift aid		(1,500,107)	(7,787,841)
<b>Loss on ordinary activities before taxation</b>		(3,982,380)	(6,106,533)
Taxation on loss on ordinary activities	7	68,244	(623,000)
<b>Loss for the financial year after taxation and total comprehensive income</b>		(3,914,136)	(6,729,533)

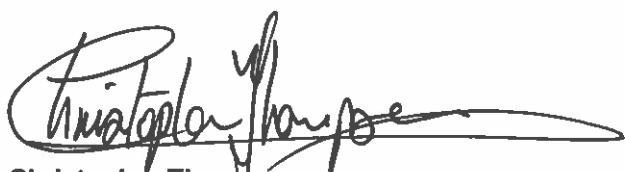
The notes on pages 11 to 22 form part of these financial statements

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Statement of Financial Position**  
As at 31 March 2016

	Notes	31 March 2016 £	Restated 31 March 2015 £
<b>Fixed assets</b>			
Tangible assets	8	9,817,506	9,538,750
<b>Current assets</b>			
Stock and work-in-progress	9	6,654,091	10,892,500
Debtors	10	3,499,063	2,230,341
Cash in hand and in bank	11	11,236,204	19,553,889
		<u>21,389,358</u>	<u>32,676,730</u>
<b>Creditors</b>			
Amounts falling due within one year	12	(14,672,064)	(21,698,300)
<b>Net current assets</b>		6,717,294	10,978,430
<b>Provisions for liabilities</b>	14	(1,468,756)	(1,537,000)
<b>Net assets</b>		<u>15,066,044</u>	<u>18,980,180</u>
<b>Equity</b>			
Called up share capital	15	100	100
Profit and loss account		63,103	85,830
Land and property reserve		15,002,841	18,894,250
		<u>15,066,044</u>	<u>18,980,180</u>

These financial statements were authorised for issue by the Board on 29<sup>th</sup> August 2016 and signed on its behalf by:



Christopher Thompson  
Chair

Company number: SC335662

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Statement of Changes in Equity**  
For the year ended 31 March 2016

	Share Capital £	Profit and Loss Account £	Land and Property Reserve £	Revaluation Reserve £	Total Equity £
At 1 April 2015 (restated)	100	96,759	25,557,854	55,000	25,709,713
<b>Comprehensive income</b>					
Loss for year and total comprehensive income (restated)	-	(6,729,533)	-	-	(6,729,533)
Transfer between profit and loss account and land and property reserve (restated)	-	6,663,604	(6,663,604)	-	-
Transfer between profit and loss account and revaluation reserve	-	55,000	-	(55,000)	-
At 31 March 2015 (restated)	100	85,830	18,894,250	-	18,980,180
<b>Comprehensive income</b>					
Loss for year and total comprehensive income	-	(3,914,136)	-	-	(3,914,136)
Transfer between profit and loss account and land and property reserve	-	3,891,409	(3,891,409)	-	-
At 31 March 2016	100	63,103	15,002,841	-	15,066,044

The notes on pages 11 to 22 form part of these financial statements

## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Notes to the Financial Statements

For the year ended 31 March 2016

#### 1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the company's transactions are denominated. They comprise the financial statements of the company.

Clyde Gateway Developments Limited is a company limited by shares incorporated in the United Kingdom and registered in Scotland. The company's registered number is SC335662. Details of the registered office can be found on the officers and advisers page of these financial statements.

#### 2. Statement of compliance

The financial statements of Clyde Gateway Developments Limited have been 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) 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 company's financial statements unless otherwise stated.

##### Basis of preparation

The financial statements are prepared under the historical cost convention (modified to include the revaluation of certain assets) and in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" and the Companies Act 2006. These financial statements for the year ended 31 March 2016 are the company's first financial statements that comply with FRS 102. The company's date of transition to FRS 102 is 1 April 2014.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Before 1 April 2015 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, and referred to as 'previous UK GAAP'. Information on the impact of first-time adoption of FRS 102 is given in note 21 to these financial statements.

The company is a wholly owned subsidiary of Clyde Gateway URC. Exemption has been taken from preparing a Statement of Cash Flows on the grounds that a consolidated Statement of Cash Flows is disclosed within the publicly available consolidated financial statements of Clyde Gateway URC. The consolidated financial statements may be obtained from The Olympia, 2nd Floor, 2-16 Orr Street, Glasgow, G40 2QH.

##### Going concern

As referred to in the Directors' Report, a funded operating plan has been prepared up to 2017/18. Given the strong cash position and net assets held by the company, the going concern assumption is deemed appropriate.

## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Notes to the Financial Statements

For the year ended 31 March 2016

#### 3. Accounting policies (continued)

##### Sale of Land

Revenue from the sale of land is recognised in the Statement of Comprehensive Income when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the consideration due under the transaction.

##### Grant income

Grant income is recognised in the Statement of Comprehensive Income on a straight-line basis over the periods necessary to match them with the relevant costs. Income is not recognised until there is reasonable assurance that it will be received.

##### Rental income - operating leases

In the normal course of business Clyde Gateway Developments Limited may offer rental incentives to tenants. Where this occurs as part of an operating lease, then the income due over the life of the lease is recognised on a straight line basis over the non-cancellable period for which the lessee has contracted to lease the asset, together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

When at the inception of the lease it is not reasonably certain that the lessee will exercise the option, then the income due over the life of the lease is recognised on a straight line basis up until the date of the first break clause in the lease agreement.

Any other tenant incentives, such as contributions to fit out, are recognised in the financial year when the obligation conditions have been met.

##### Interest received

Interest received is recognised in the Statement of Comprehensive Income using the effective interest rate method. This methodology uses the interest rate applied to bank deposit accounts.

##### Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except to the extent it relates to items recognised in other comprehensive income or directly in equity.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the countries where the company operates and generate income.

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

## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Notes to the Financial Statements

For the year ended 31 March 2016

#### 3. Accounting policies (continued)

##### Fixed assets

Assets acquired for development includes the cost of all land, buildings, demolition costs, disturbance costs and professional fees incurred on projects where infrastructure or construction works have yet to start. When work starts on site then the costs associated with the relevant projects are transferred into assets under construction.

Assets under construction include all expenditure including infrastructure and building costs for development projects that have started on site. On practical completion of each project the corresponding costs are transferred either to investment properties, for those assets being held for long-term income receipts and capital gain, or to stock and work-in-progress, for those assets which are intended to be sold.

Investment properties are completed developments held for long term income receipts and capital gain. Investment properties are valued annually either by an employee or external valuer qualified by the Royal Institution of Chartered Surveyors to undertake accredited valuations. Every 5 years all investment properties are subject to an external valuation with the most recent valuation having taken place as at 31 March 2014.

Increases in asset values on revaluation are reflected within the cost or valuation section of the tangible fixed asset note. Decreases in asset values on revaluation are reflected within the cost or valuation section of the tangible fixed assets note up to the extent of any previous revaluation increases of that asset. Thereafter, any further decreases in asset values on revaluation are reflected as an impairment provision through the depreciation and impairment section of the tangible fixed assets note.

Assets are held at cost until the intention for the asset is decided and the project has advanced sufficiently to allow a reliable valuation to be obtained. Impairment reviews are performed on an annual basis with independent valuation advice sought where appropriate. Any impairment is recognised as a charge against the Statement of Comprehensive Income.

Expenditure on any development schemes that are subsequently aborted is written off to the Statement of Comprehensive Income in the year in which it is recognised that the scheme will not be designed to practical completion.

##### Depreciation

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

Assets acquired for development and assets under construction are carried at cost less impairment, and no depreciation is charged during the construction period. Investment property assets are not depreciated in accordance with accounting standards.

##### Stock

Stock represents the cost of land and properties purchased with a view to resale. Where it is intended that an asset under construction will be sold then it is transferred from tangible fixed assets to work-in-progress when it is at least 80% completed. Stock and work-in-progress are valued at the lower of cost and net realisable value and any impairment is recognised as a charge against the Statement of Comprehensive Income.



## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Notes to the Financial Statements For the year ended 31 March 2016

#### 3. Accounting policies (continued)

##### Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and balances with related parties. Financial instruments that are payable or receivable within one year, typically trade debtors or 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 debtor or creditor deferred beyond normal business terms or financed at a rate of interest that is not a 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.

Amortised cost is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method, and minus any deduction for impairment or uncollectability.

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 Comprehensive Income.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Statement of Financial Position date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

##### Debtors

Short term debtors are measured at transaction price, less any impairment.

##### Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

##### Creditors

Short term creditors are measured at the transaction price.

## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Notes to the Financial Statements

For the year ended 31 March 2016

#### 3. Accounting policies (continued)

##### Retention payments

Clyde Gateway Developments Limited recognises a retention payment as a liability in the Statement of Financial Position when there is an obligation at the end of the financial year as a result of a past event, it is probable that payment will be required, and the settlement amount can be measured reliably.

##### Share capital

Ordinary shares are classified as equity. Called up and paid share capital represents the nominal value of shares that have been issued.

##### Land and property reserve

The land and property reserve represents a non-distributable element of the profit and loss reserve. The company obtains 100% grant funding to fund its capital development works which are recognised as income in the Statement of Comprehensive Income. The cost of the works performed are capitalised within tangible fixed assets and stock. Unrealised gains or losses on revaluation of assets are reflected in the Statement of Comprehensive Income. The reserve will be released to the Profit and Loss account in the event of any of the assets being sold.

#### 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 principles underlying the valuation of tangible fixed assets and stock. The impairment has been deemed reasonable.

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Notes to the Financial Statements**  
For the year ended 31 March 2016

5. Turnover	2016 £	2015 £
Turnover for the year is analysed as follows:		
Income from sale of land and property	3,199,615	10,794,414
Grant funding	2,246,653	320,456
Rental income	496,405	469,771
Service charges	155,734	114,129
Other income	241,944	121,412
	<u>6,340,351</u>	<u>11,820,182</u>

All turnover arose within the United Kingdom.

The future minimum lease rentals receivable under operating leases falls due as follows:

	2016 £	2015 £
Not later than one year	365,531	69,404
Later than one year and not later than 5 years	1,197,202	147,560
Later than 5 years	37,551	24
	<u>1,600,284</u>	<u>216,988</u>

6. Operating (loss)/profit	2016 £	2015 £
The operating (loss)/profit is stated after charging:		
Auditor's remuneration		
- as auditor	6,750	5,340
- other services – accountancy	-	350
- other services – corporation tax	1,700	910
- other services – advisory	1,000	-
	<u>1,000</u>	<u>-</u>

In addition, a total of £6,100 (2014/15: £16,700) was invoiced in the year in respect of VAT advice provided by the auditor, with these costs having been capitalised by the company and subsequently impaired where appropriate.

The average number of employees (including directors) during the year was nil (2015: nil).

No director received any emoluments during the year (2015: £nil).

**7. Taxation**

Due to the losses suffered in 2015 and 2016, no corporation tax is due.

	2016 £	Restated 2015 £
The tax charge for the year was as follows:-		
Deferred tax	<u>(68,244)</u>	<u>623,000</u>

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Notes to the Financial Statements**  
For the year ended 31 March 2016

**7. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £	Restated 2015 £
Loss on ordinary activities before tax	(3,982,380)	(6,106,533)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	(796,476)	(1,282,372)
Effects of:		
Expenses not deductible for tax purposes	1,394,151	8,303,458
Income not taxable for tax purposes	(597,675)	(7,021,086)
Movement in deferred tax on potential chargeable gains	94,952	654,150
Adjustment to deferred tax rate	(163,196)	(31,150)
Total tax charge for the year	(68,244)	623,000

8. Tangible fixed assets	Assets acquired for development £	Assets under construction £	Investment properties £	Total £
<u>Cost or valuation</u>				
At 1 April 2015	10,354,756	427,471	25,111,831	35,894,058
Additions during the year	15,512	1,945,909	324,667	2,286,088
Transfer to stock and work-in-progress	(470,261)	-	(143,870)	(614,131)
Transfer to assets under construction	(7,828,295)	7,828,295	-	-
At 31 March 2016	2,071,712	10,201,675	25,292,628	37,566,015
<u>Impairment and Depreciation</u>				
At 1 April 2015	8,501,006	427,471	17,426,831	26,355,308
Impairment provision for year	(36,488)	1,950,158	(355,091)	1,558,579
Transfer to stock and work-in-progress	(226,508)	-	61,130	(165,378)
Transfer to assets under construction	(6,928,295)	6,928,295	-	-
At 31 March 2016	1,309,715	9,305,924	17,132,870	27,748,509
<u>Net book value</u>				
At 31 March 2016	761,997	895,751	8,159,758	9,817,506
At 31 March 2015	1,853,750	-	7,685,000	9,538,750

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Notes to the Financial Statements**

*For the year ended 31 March 2016*

**8. Tangible fixed assets (continued)**

Investment properties were revalued at 31 March 2016 by employees of Clyde Gateway Developments Limited. The employees who undertook the valuation are fully qualified members of the Royal Institute of Chartered Surveyors (RICS) and hold RICS accredited valuer status.

**9. Stock and work-in-progress**

	£
At 1 April 2015	10,892,500
Additions during the year	702,289
Transfer from tangible fixed assets – cost	614,131
Transfer from tangible fixed assets – impairment	(165,378)
Disposal	(3,429,500)
Amounts written down	(1,959,951)
	<u>6,654,091</u>
At 31 March 2016	<u>6,654,091</u>

During the year £3,429,500 (2015: £10,227,149) of stock was recognised within cost of sales. Developments for sale are transferred into work-in-progress once 80% complete and where there is an expectation of selling the site.

	2016 £	2015 £
<b>10. Debtors</b>		
Trade debtors	411,008	199,880
Scottish Government	1,958,686	217,994
South Lanarkshire Council	-	211,000
Glasgow City Council	625,016	283,260
Prepayments	93,630	52,733
VAT	167,166	-
Accrued income	243,557	1,215,474
Other debtors	-	50,000
	<u>3,499,063</u>	<u>2,230,341</u>

	2016 £	2015 £
<b>11. Cash</b>		
Cash at bank and in hand	<u>11,236,204</u>	<u>19,553,889</u>

	2016 £	2015 £
<b>12. Creditors: amounts falling due within one year</b>		
Trade creditors	453,795	1,804,573
South Lanarkshire Council	29,428	117,000
Glasgow City Council	107,964	16,328
Accruals	748,559	161,991
Deferred income	8,070,652	8,943,404
Deposits and rent received in advance	34,806	37,734
VAT	-	704,931
Amounts owed to parent company	5,226,860	9,912,339
	<u>14,672,064</u>	<u>21,698,300</u>

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Notes to the Financial Statements**  
For the year ended 31 March 2016

<b>13. Financial Instruments</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
<b>Financial assets</b>		
Financial assets measured at amortised cost	3,238,267	2,177,608
	<u>                    </u>	<u>                    </u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(6,566,606)	(12,012,231)
	<u>                    </u>	<u>                    </u>

Financial assets measured at amortised cost comprise trade debtors, amounts due from Scottish Government, South Lanarkshire Council and Glasgow City Council, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts due to South Lanarkshire Council and Glasgow City Council, accruals and amounts due to the parent company.

<b>14. Provisions for liabilities</b>	<b>2016</b> <b>£</b>	<b>Restated</b> <b>2015</b> <b>£</b>
Deferred taxation – capital gains	1,468,756	1,537,000
	<u>                    </u>	<u>                    </u>

<b>15. Called up share capital</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Authorised, allotted, issued and fully paid:		
<u>Number</u>		
100	100	100
<u>Class</u>		
Ordinary shares		
<u>Nominal value</u>		
£1		
	<u>                    </u>	<u>                    </u>

Ordinary shares are non-redeemable and one vote can be cast per share. Dividends may be declared in general meetings.

**16. Ultimate Holding Company**

Clyde Gateway URC is the holding company and holds 100% of the share capital.

<b>17. Commitments</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Capital expenditure authorised by the directors and contracted for amounted to	916,535	2,398,039
	<u>                    </u>	<u>                    </u>
Capital expenditure authorised by the directors but not contracted for amounted to	1,642,300	356,428
	<u>                    </u>	<u>                    </u>
Other expenditure authorised by the directors and contracted for amounted to	50,000	383,641
	<u>                    </u>	<u>                    </u>
Other expenditure authorised by the directors but not contracted for amounted to	269,089	-
	<u>                    </u>	<u>                    </u>

## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Notes to the Financial Statements

For the year ended 31 March 2016

#### 18. Contingent liabilities

On some occasions the company may require to enter into agreements when purchasing land and property, including businesses, where either compensation will require to be paid in the event of disturbance costs being incurred by the seller, or an overage payment may be required, depending on future circumstances. Any such costs are accounted for as and when they arise.

The company has granted a standard security to the vendor of ground at Poplin Street, in respect of an overage payment which may crystallise within a defined timespan under certain circumstances.

The company has granted a standard security to the vendor of ground on the north west side of Swanston Street, Glasgow and north east side of French Street, Glasgow, in respect of an overage payment which may crystallise within a defined timespan under certain circumstances.

The company has granted a standard security in respect of obligations arising from grant income received towards the development of the Olympia Theatre, 2/16 Orr Street, Glasgow.

The company has granted a standard security to the vendor of ground at Yard 3 Mansecroft Place, Glasgow, in respect of an overage payment which may crystallise within a defined timespan under certain circumstances.

The company has granted an environmental indemnity of up to £250,000 to South Lanarkshire Council in respect of de-contamination and remediation works being performed on land formerly in the ownership of the local authority at Shawfield. There are restricted circumstances in which any liability under this environmental indemnity would crystallise. In the event of a liability being incurred the company would seek to recover funds through the contractor warranties in place for these de-contamination and remediation works.

#### 19. Directors' interests in contracts

Due to the nature of the company's activities and the composition of its Board of Directors (being from private and public sector organisations), it is very likely that, in the normal course of business, transactions will take place with companies or organisations in which a director of Clyde Gateway Developments Limited may have an interest. Such transactions may take the form of participation in projects or programmes supported by Clyde Gateway Developments Limited or may relate to the supply of goods or services to Clyde Gateway Developments Limited.

All such contracts are negotiated at arms' length and are subject to Clyde Gateway Developments Limited's normal tendering procedures where appropriate. Where Board approval is required under the company's system of delegated authority then any directors concerned are required to declare an interest and to take no part in the Board decision to proceed with the transaction. During the financial year, Clyde Gateway Developments Limited, in the normal course of business, entered into the following transactions with companies in which directors have an interest.

<u>Director</u>	<u>Project description</u>	<u>Cost</u>
George Redmond	During the year the company made a contribution to Bridgeton, Calton & Dalmarnock Credit Union in support of their Business Loan Service.	£20,000

The company works in partnership with a number of public bodies and business organisations with whom joint projects have been undertaken during the financial year. The following also held official positions in these organisations, but cannot use this position for personal advantage:

## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Notes to the Financial Statements For the year ended 31 March 2016

#### 19. Directors' interests in contracts (continued)

<u>Director</u>	<u>Public Body</u>	<u>Position held</u>
Derek McCrindle	Scottish Enterprise	Employee
Allan McQuade	Scottish Enterprise	Employee
George Redmond	Glasgow City Council Bridgeton, Calton and Dalmarnock Credit Union	Councillor Employee
Christopher Thompson	South Lanarkshire Council Lanarkshire Business Gateway Steering Group Glasgow & Clyde Valley Cabinet (City Deal) Scottish Enterprise – West Regional Advisory Board Supplier Development Programme	Councillor Chair Substitute Member Board Member Chair (resigned 17 December 2015)

#### 20. Related parties

Exemption has been taken from disclosing transactions with the holding company on the basis that consolidated financial statements are publicly available. These consolidated financial statements can be obtained from The Olympia, 2nd Floor, 2-16 Orr Street, Glasgow, G40 2QH.

The three members of Clyde Gateway URC are Glasgow City Council, Scottish Enterprise and South Lanarkshire Council. These entities are related parties of Clyde Gateway Developments Limited.

During the year Glasgow City Council made grants of £1,445,771 to Clyde Gateway Developments Limited. The total amount due from Glasgow City Council at the year end is £625,016 (2015: £283,260).

Clyde Gateway Developments Limited purchased goods and services in the year totalling £140,312 from Glasgow City Council. The total amount due to Glasgow City Council at the year end is £107,964 (2015: £16,328).

During the year South Lanarkshire Council made grants of £600,735 to Clyde Gateway Developments Limited. The total amount due from South Lanarkshire Council at the year end is £nil (2015: £211,000).

Clyde Gateway Developments Limited purchased goods and services in the year totalling £153,741 from South Lanarkshire Council. The total amount due to South Lanarkshire Council at the year end is £29,428 (2015: £117,000).

#### 21. Transition to Financial Reporting Standard 102

The company has adopted Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) for the year ended 31 March 2016. This has led to changes in accounting policies, judgements and estimates, and necessitates the prior year comparative amounts to be restated using these new policies in order that they give a comparable view of the prior year position.

The following changes to accounting policies and estimates have been applied:

In accordance with FRS 102, the Profit and Loss Account and the Statement of Total Recognised Gains and Losses have been combined into the Statement of Comprehensive Income.



## CLYDE GATEWAY DEVELOPMENTS LIMITED

### Notes to the Financial Statements

For the year ended 31 March 2016

#### 21. Transition to Financial Reporting Standard 102 (continued)

Under FRS 102, taxation that would arise in the event of revalued investment property assets being disposed of at their revalued amount must now be accounted for.

##### Restated Statement of Comprehensive Income for the year ended 31 March 2015

	£
Loss per signed financial statements for the year ended 31 March 2015 (previously reported in the Statement of Total Recognised Gains and Losses)	(6,106,533)
Effect of deferred tax arising on investment property assets	<u>(623,000)</u>
Restated loss for the year ended 31 March 2015	<u><u>(6,729,533)</u></u>

##### Restated Statement of Financial Position

	£
Capital and reserves per signed financial statements as at 31 March 2015	20,517,180
Effect of deferred tax arising on investment property assets	<u>(1,537,000)</u>
Restated capital and reserves as at 31 March 2015	<u><u>18,980,180</u></u>
Capital and reserves per signed financial statements as at 31 March 2014	26,623,713
Effect of deferred tax arising on investment property assets	<u>(914,000)</u>
Restated capital and reserves as at 31 March 2014	<u><u>25,709,713</u></u>

#### Transitional relief

On transition to FRS 102 from previous UK GAAP, the company have taken advantage of transitional relief provisions as follows:

##### Lease incentives

The company have not applied paragraphs 20.15A or 20.25A to lease incentives where the lease commenced before the date of transition to FRS 102. It has continued to recognise any residual benefit or cost associated with these lease incentives on the same basis that applied prior to transition to FRS 102.

