

THE ADULT LEARNING PROJECT

**SCOTS MUSIC GROUP
(A company limited by guarantee)**

Report and Financial Statements

Year ended 31 March 2006

**Charity No : SC032702
Company No : SC265190**



**THE ADULT LEARNING PROJECT
SCOTS MUSIC GROUP**

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**THE ADULT LEARNING PROJECT
SCOTS MUSIC GROUP**

LEGAL AND ADMINISTRATIVE INFORMATION

Directors

holding office on 1 April 2005 or subsequently appointed :

A I Cameron	(appointed 6 June 2005)
F Campbell	(resigned 6 June 2005)
L S Campbell	(appointed 5 June 2006)
F Dalgetty	(appointed 28 September 2005, resigned 5 June 2006)
D J Francis	(resigned 6 June 2005)
A Geddes	(resigned 21 July 2005, re appointed 3 March 2006, resigned 22 January 2007)
F F Harrison	(resigned 5 June 2006)
J D Hoy	
M E Jones	(appointed 6 June 2005)
M A Kinch	(resigned 31 October 2005)
D H Leshe	(throughout, appointed Treasurer 5 June 2006)
E Mackin	(appointed 6 June 2005, resigned 5 June 2006)
A J MacLeod	(appointed 5 June 2006)
R A D Millar	
E Penman	(appointed 2 October 2006)
H Somerville	(appointed 5 June 2006)

Company Secretary

A I Cameron

Senior Management Team

Clare Anderson

Project Leader

Registered Office

The Drill Hall
32 – 36 Dalmeny Street
Edinburgh
EH6 8RG

Independent Reporting Accountant

Whitelaw Wells
9 Ainslie Place
Edinburgh
EH3 6AT

Bankers

Bank of Scotland
1 Ardmillan Terrace
Edinburgh
EH11 2JN

THE ADULT LEARNING PROJECT SCOTS MUSIC GROUP

REPORT OF THE DIRECTORS

for the year ended 31 March 2006

The directors, who are also Trustees of the charity for the purposes of charitable law, present their report and the financial statements for the year ended 31 March 2006

Structure, governance and management

Governing document

ALP Scots Music Group (SMG) is a charitable company limited by guarantee, incorporated on 19th March 2004 for the advancement of education for the public benefit by providing an adult education programme of Scots traditional music, song and dance. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Recruitment and appointment of directors

Board members are primarily recruited from amongst our members via the AGM. The board considers what vacancies are likely to arise, what skills and backgrounds are needed, and publicises in its newsletter beforehand. The Board also has co-opted members to fill vacancies and identified skills gaps where the need has arisen. SMG's membership of the Scottish Arts Development Forum (through Arts & Business) may offer opportunities to recruit additional expertise to the Board.

Director's induction and training

New Board members are formally welcomed and introduced to others at their first Board meeting. It is ensured that they understand the role of the Board and its members, and that they have access to articles of association, accounts, business plans and minutes of previous Board meetings, and they are given the opportunity to arrange to visit the office for short induction sessions with staff. In the past couple of years we have used a mix of special Board events and specific agenda items to brief new Board members and to keep existing Board members up to date. Directors are also encouraged to and have indeed attended various courses as appropriate.

Risk management

In the course of 2005/2006 the major risks identified by the Board were low level of resources, continuity of funding, and absence of key staff. Steps were taken to manage this risk, and they continue to be kept under review.

Organisational structure

The trustees are responsible for strategic decision making of the charity. They delegate the day to day management to the project leader, who supervises the other staff. She attends Board meetings, and is supported by a nominated Board member, as well as a sub group of the Board (called the Business Team), which meets on an as needed basis to cover the more short term operational issues that require some Board input. Business Team decisions and actions are fed back to the full Board.

THE ADULT LEARNING PROJECT SCOTS MUSIC GROUP

REPORT OF THE DIRECTORS

for the year ended 31 March 2006

Objects and activities

The objectives of the charitable company are to

- Use traditional music, song and dance to bring people together to gain new skills, build confidence, raise self esteem and promote identity
- Give participants the skills and opportunities to perform together and take music back to the heart of their community
- Use a participatory style of learning and ensure that the participants are involved in all the aspects of the organisation's development through feedback groups, committees and voluntary activities
- Develop a structured programme of workshops and social activities that will support participants to progress through the programme and move onto further activities or join mainstream classes

SMG teaches, promotes, and performs Scottish traditional music song and dance. It offers a comprehensive programme of music, song and dance including weekly classes, monthly events, specific community projects and weekend workshops. The organisation also provides music sessions and performance opportunities such as 'The Big Seat by the Fire'. SMG raises funding for the programme through securing grants and charging fees to those who can afford it.

SMG has a team of three part time staff (Administrator, Development Worker and Project Leader) plus over 40 volunteers who work across the organisation. All services are developed in response to the requests of the members/students on an annual basis. The organisation uses some of Scotland's finest traditional artists who work on a freelance basis. SMG promotes the classes through an annual programme brochure (7000 produced) which are distributed across Edinburgh and the Lothians. The programme is managed by a voluntary Board who bring together a wide range of complementary skills.

There was an agreement at the June 2006 AGM to take 'Adult' out of the constitution and replace this with 'Lifelong learning' broadening the range of groups SMG can work with.

Achievements and performance

During the year SMG provided over 38 weekly classes, regular music sessions, monthly 'Big Seat by the Fire' and nine ceilidhs. There was a weekend of successful song workshops called 'The Power of Song' and a Ceilidh Culture programme with a 'come and try sessions', a 'Big Busk' and our first ever 'Tutor Showcase Cabaret'. SMG developed an outreach community programme in South Edinburgh which included family workshops, children's sessions and the first ever early years classes. A traditional music in schools programme was also piloted across Edinburgh working in collaboration with the City of Edinburgh Council.

SMG measure the success of the programme by recording the

- Number of people that attend the classes, ceilidhs, workshops and events
- Number of classes, workshops and events provided
- Feedback collected from our members/students and tutors
- Feedback from other organisation, our external assessor and our core funders
- Number of performances which are provided over the year

THE ADULT LEARNING PROJECT SCOTS MUSIC GROUP

REPORT OF THE DIRECTORS

for the year ended 31 March 2006

Financial Information

Against the backdrop of limited resources and insecurities over funding, it has continued to be difficult to plan and develop new classes and other programmes. At the year end the balance sheet was insolvent by £2,266. The directors are aware of the position and are actively seeking additional sources of funding.

Principal funding sources

The Scottish Arts Council and the City of Edinburgh Council are our major funding sources. Other funding is raised from the provision of classes, events and workshops.

Reserves Policy

The overall financial strategy for SMG is that our programme of classes should cover its own costs, that a mix of income generation and external funding should cover development activities, and that income from special fund raising events should be used to boost reserves. Fairly stringent cost management has been necessary during 2005/06 and has continued into 2006/07 to achieve break even. Thereafter the board aim to build the general fund reserve and set an appropriate level to be held.

Plans for future periods

SMG will seek to strengthen its identity by exploring a change of name and a re branding in 2007/08. It is envisaged this change will help SMG to build audiences and increase participation. If members agree, SMG will go through a re branding process and re launch in September 2007. It is also exploring some new areas for development including weekend workshops, community sessions and workshops in schools. This development will bring new artists into the organisation and build participation. SMG will also explore housing classes in new venues across Edinburgh including local colleges. There are plans to produce a Song Book and CD3. We anticipate that there will be a lot of interest in these new products. During the next year SMG will explore and develop a range of new income streams in addition to maintaining the existing funding. Future plans include setting up an events committee and making a large application to the lottery. In addition SMG will build its relationship with the City of Edinburgh Council to secure a larger revenue grant.

**THE ADULT LEARNING PROJECT
SCOTS MUSIC GROUP**

REPORT OF THE DIRECTORS

for the year ended 31 March 2006

Directors' responsibilities

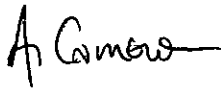
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgments and estimates that are reasonable and prudent,
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

This report has been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of part VII of the Companies Act 1985 relating to small entities.

Approved by the board on 5 March 2007 and signed on its behalf by



A I Cameron
Company Secretary

**THE ADULT LEARNING PROJECT
SCOTS MUSIC GROUP**

Independent Accountants' Report to the Members of ALP Scots Music Group

for the year ended 31 March 2006

We report on the accounts for the year ended 31 March 2006 as set out on pages 7 to 13

Responsibilities of directors

As described on page 6 the charitable company's directors are responsible for the preparation of the accounts, and they consider that the charitable company is exempt from audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of Opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the charitable company, and making such limited enquiries of the officers of the charitable company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion

- (a) the accounts are in agreement with the accounting records kept by the charitable company under section 221 of the Companies Act 1985,
- (b) having regard only to, and on the basis of, the information contained in those accounting records
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C (6) of the Act, and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A (4) of the Act as modified by section 249A (5) and did not, at any time within that year, fall within the categories of companies not entitled to the exemption specified in section 249B (1)

Whitelaw Wells

Whitelaw Wells
Independent Reporting Accountant

05/03/07

9 Ainslie Place
Edinburgh
EH3 6AT

**THE ADULT LEARNING PROJECT
SCOTS MUSIC GROUP**

Income and Expenditure Account (incorporating Statement of Financial Activities)

for the year ended 31 March 2006

	Notes	Unrestricted Funds 2006	Restricted Funds 2006	Total Funds 2006 £	Total Funds 2005 £
Incoming resources					
Incoming resources from generated funds:					
<i>Voluntary income</i>					
Donations and Grants	4	3,891		3,891	27,699
Subscriptions		3,829		3,829	4,408
<i>Activities for generating funds</i>					
Investment income		352		352	306
Advertising		610		610	600
Merchandise sales and other income		3,505		3,505	1,920
Incoming resources from charitable activities:					
Grants	4		58,380	58,380	56,000
Classes, Events & Workshops		53,222		53,222	47,229
		-----	-----	-----	-----
Total incoming resources		65,409	58,380	123,789	138,162
		-----	-----	-----	-----
Resources expended					
Cost of generating funds					
Costs of generating voluntary income		1,647		1,647	1,598
Charitable activities		64,382	58,380	122,762	137,949
Governance costs		1,763		1,763	470
		-----	-----	-----	-----
Total resources expended	5	67,792	58,380	126,172	140,017
		-----	-----	-----	-----
Net movements in funds		(2,383)		(2,383)	(1,855)
Total funds at 1 April 2005		117		117	1,972
		-----	-----	-----	-----
Total funds at 31 March 2006		(2,266)		(2,266)	117
		-----	-----	-----	-----

The company has no recognised gains or losses other than the results for the year as set out above
All of the activities of the charitable company are classed as continuing

**THE ADULT LEARNING PROJECT
SCOTS MUSIC GROUP**

**BALANCE SHEET
As at 31 March 2006**

	Notes	£	2006 £	2005 £
Fixed Assets				
Tangible assets	8		1,113	1,930
Current assets				
Stock		1,400		1,600
Debtors	9	1,767		1,000
Cash at bank and in hand		28,450		14,414
		-----		-----
		31,617		17,014
Creditors : amounts falling due within one year	10	(34,996)		(18,827)
		-----		-----
Net current (liabilities)			(3,379)	(1,813)
			-----	-----
Net Assets/(liabilities)			(2,266)	117
			=====	=====
Unrestricted funds	13		(2,266)	117
			-----	-----
Total funds			(2,266)	117
			=====	=====

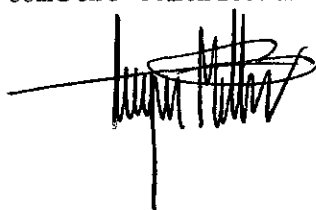
The directors are satisfied that the charitable company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act

The directors acknowledge their responsibility for

- (i) ensuring that the charitable company and the group keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the charitable company and the group as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the charitable company and the group

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Approved by the board on 5th March 2007 and signed on its behalf by



R A D Millar
Director

THE ADULT LEARNING PROJECT SCOTS MUSIC GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

1. Accounting policies

- (a) The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities Statement of Recommended Practice issued in March 2005
- (b) Incoming resources
- Voluntary income is received by way of grants and donations and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant
 - Investment income is included when receivable
 - Incoming resources from charitable activities is included when the charity has earned the right to the income
- (c) Resources expended expenditure is recognised on an accrual basis as a liability is incurred. The company is not registered for VAT and accordingly is shown gross of irrecoverable VAT
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries
 - Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity
- (d) Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds
- (e) Tangible fixed assets originally recorded at cost. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Furniture and Fittings	25%	straight line
Office Equipment	25%	straight line

The charity has the policy not to capitalise items under £250

2. Going Concern

The financial statements have been prepared on the going concern basis which assumes the charitable company will continue to operate for the foreseeable future. In order to do so the charitable company will require the continued support of its funders and creditors. The directors are currently trying to secure additional funding and are confident of the continued support of funders and creditors.

**THE ADULT LEARNING PROJECT
SCOTS MUSIC GROUP**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2006

3. Net incoming/(outgoing) resources for the year

This is stated after charging

	2006 £	2005 £
Directors' remuneration		
Auditors' remuneration		
Audit fees	1,763	470
Depreciation	818	1,299
	1,763	1,769

4. Donations and grants received

	Unrestricted £	Restricted £	2006 £	2005 £
<i>Grants</i>				
Scottish Arts Council – Core Grant		48,380	48,380	46,000
Scottish Arts Council – Music Dept Grant		10,000	10,000	10,000
City of Edinburgh Council	3,000		3,000	26,680
	3,000	58,380	61,380	82,680
<i>Donations</i>				
General Donations	891		891	1,019
	891		891	1,019
Total grants and donations	3,891	58,380	62,271	83,699

5. Total resources expended

	Advice & Governance Information £	Costs £	2006 Total £	2005 Total £
Costs directly allocated to activities				
Merchandise purchases	669		669	563
Classes, events & workshop costs	40,670		40,670	49,204
Classes, workshops & events	11,809		11,809	8,526
Audit fee		1,763	1,763	1,498
Support costs allocated to activities:				
Staff costs	54,147		54,147	62,238
Travel and subsistence	1,847		1,847	1,911
Marketing and publicity	5,348		5,348	3,837
Professional fees	356		356	4,629
Office costs	8,276		8,276	5,707
Bank interest & charges	469		469	605
Depreciation	818		818	1,299
	124,409	1,763	126,172	140,017
Total resources Expended	124,409	1,763	126,172	140,017

**THE ADULT LEARNING PROJECT
SCOTS MUSIC GROUP**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2006

6. STAFF NUMBERS AND COSTS

	2006	2005
	£	£
Wages & salaries	51,029	59,006
Social Security costs	2,039	2,334
Pensions	513	
	53,581	61,340
	53,581	61,340

The average monthly number of employees, calculated as full time equivalents, during the year was

	No.	No.
Advancement of education of Scots Music	3	3
	3	3
	3	3

No employee received remuneration of more than £50,000

Included in staff costs and numbers above is one individual not directly employed by the charity The City of Edinburgh Council seconds one person to the charity, raising invoices on an annual basis for the salary cost. The total cost in the year was £24,527 (2005 £23,584)

7. Taxation

The charitable company is exempt from corporation tax on its charitable activities

8. Tangible Fixed Assets

	Office Equipment £	Furniture and Fittings £	Total £
Cost			
At 1 April 2005 and 31 March 2006	4,001	860	4,861
	4,001	860	4,861
Depreciation			
At 1 April 2005	2,486	445	2,931
Charge for year	603	215	818
	3,089	660	3,749
At 31 March 2006	3,089	660	3,749
	3,089	660	3,749
Net Book Value			
At 31 March 2006	912	201	1,113
	912	201	1,113
At 31 March 2005	1,515	415	1,930
	1,515	415	1,930

**THE ADULT LEARNING PROJECT
SCOTS MUSIC GROUP**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2006

9. Debtors	2006	2005
	£	£
Grant debtors	1,000	1,000
Prepayments & other debtors	767	
	1,767	1,000
	1,767	1,000

10. Creditors : amounts falling due within one year

	2006	2005
	£	£
Accruals	34,232	17,964
PAYE/NI	764	863
	34,996	18,827
	34,996	18,827

11. Related Party Transactions

During the year four of the charitable company's directors were paid fees amounting to £1,743 (2005 four directors amounting to £2,761) The fees were incurred when the director tutored a music class, workshop or similar event and were not incurred as payment for services as a director £647 remained outstanding at the year end

12. Movement in Funds

	At 1 April 2005	Incoming Resources	Outgoing Resources	Transfers	At 31 March 2006
	£	£	£	£	£
Restricted Funds					
Advancement of education of Scots Music		58,380	(58,380)		
Unrestricted Funds	117	65,409	(67,792)		(2,266)
	117	123,789	(126,172)		(2,266)
	117	123,789	(126,172)		(2,266)

The **Advancement of education of Scots Music** restricted fund was created on receipt of income from the Scottish Arts Council The grant was provided to assist funding core costs of the charity to allow it to meet its objects as stated on page 3. An additional grant was received during the year to fund salary costs

**THE ADULT LEARNING PROJECT
SCOTS MUSIC GROUP**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2006

13. Company limited by guarantee

The company is limited by the guarantee of each member to contribute not more than £1 each in the event of winding up the charitable company. At the balance sheet date there were in the region of 460 members.