

**SCOTS MUSIC GROUP**

Previously known as  
The Adult Learning Project Scots Music Group

**(A company limited by guarantee)**

**Report and Financial Statements**

**Year ended 31 March 2007**

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

## SCOTS MUSIC GROUP

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# SCOTS MUSIC GROUP

## REPORT OF THE DIRECTORS

**for the year ended 31 March 2007**

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 2007.

### **Structure, governance and management**

#### Governing document

Scots Music Group (SMG) is a charitable company limited by guarantee, incorporated on 19<sup>th</sup> March 2004 for the advancement of education for the public benefit by providing an 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.

During the Extraordinary General Meeting on 5<sup>th</sup> March 2007, a special resolution was passed to change the name of the charitable company from The Adult Learning Project Scots Music Group to Scots Music Group, to take effect from 1<sup>st</sup> August 2007.

#### 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.

#### 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 2006/2007 the major risks identified by the Board remained: low level of resources, continuity of funding, and absence of key staff. Steps were taken to manage these risks and some progress has been made, but they continue to be kept under review.

#### Organisational structure

The directors 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.

# SCOTS MUSIC GROUP

## REPORT OF THE DIRECTORS

for the year ended 31 March 2007

### 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 (7,000 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 47 weekly classes, regular music sessions, monthly 'Big Seat by the fire' and seven Ceilidhs. Nearly 600 students enrolled in the years programme and over 40 volunteers helped to deliver it. There was a weekend of successful song workshops, the Power of Song, which also piloted our first ever rhythm workshops. The Ceilidh Culture programme included a successful 'come and try sessions', a well attended programme of workshops and our second 'Tutor Showcase Cabaret'. SMG developed a new Song Book and began to plan CD3. The organisation went through a consultation process with its members which resulted in the change of name. SMG also agreed to relocate its office to a more assessable and central venue.

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

# **SCOTS MUSIC GROUP**

## **REPORT OF THE DIRECTORS**

**for the year ended 31 March 2007**

### **Financial Information**

#### 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 a break even or surplus position and reduce the deficit brought forward on unrestricted funds. Thereafter the board aim to build the general fund reserve and set an appropriate level to be held.

### **Plans for future periods**

SMG will continue to improve the quality of its core programme including streamlining its office systems to ensure that it can provide information and take bookings more effectively plus offering specialised training for its tutors. There are plans to launch the new Song Book and produce CD3 working closely with SMG tutors and students. We anticipate that there will be a lot of interest in these new products.

Relocating the office to a more central venue will bring with it new opportunities for collaborations and development. SMG will change its name in August 2007 and expand its marketing strategy seeking to build audiences and increase participation.

The organisation will continue to look into the possibility of housing classes in new venues across Edinburgh including building partnerships with local colleges.

In line with the Business Plan 2006-2010 the SMG will identify new areas for development raising funds for specific community initiatives and collaborative projects. SMG will research and develop a range of new income streams in addition to maintaining the existing funding. It will continue to build its relationship with the City of Edinburgh Council to explore the possibility of securing a larger revenue grant.

## SCOTS MUSIC GROUP

### REPORT OF THE DIRECTORS

for the year ended 31 March 2007

#### 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 8<sup>th</sup> October 2007 and signed on its behalf by :



A I Cameron  
Company Secretary

## SCOTS MUSIC GROUP

### Independent Accountants' Report to the Members of ALP Scots Music Group for the year ended 31 March 2007

We report on the accounts for the year ended 31 March 2007 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  
Independent Reporting Accountant

8<sup>th</sup> October 2007

9 Ainslie Place  
Edinburgh  
EH3 6AT

## SCOTS MUSIC GROUP

### Income and Expenditure Account (incorporating Statement of Financial Activities)

for the year ended 31 March 2007

	Notes	Unrestricted Funds 2007	Restricted Funds 2007	Total Funds 2007 £	Total Funds 2006 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
<i>Voluntary income</i>					
Donations and Grants	3	5,079	-	5,079	3,891
Subscriptions		4,448	-	4,448	3,829
<i>Activities for generating funds:</i>					
Investment income		625	-	625	352
Advertising		160	-	160	610
Merchandise sales and other income		4,630	-	4,630	3,505
<b>Incoming resources from charitable activities:-</b>					
Grants	3	-	73,707	73,707	58,380
Classes, Events & Workshops		62,264	-	62,264	53,222
		-----	-----	-----	-----
<b>Total incoming resources</b>		77,206	73,707	150,913	123,789
		-----	-----	-----	-----
<b>Resources expended</b>					
<b>Cost of generating funds</b>					
Costs of generating voluntary income			-		1,647
<b>Charitable activities</b>		73,792	64,507	138,299	122,762
<b>Governance costs</b>		2,017	-	2,017	1,763
		-----	-----	-----	-----
<b>Total resources expended</b>	4	75,809	64,507	140,316	126,172
		-----	-----	-----	-----
<b>Net movements in funds</b>		1,397	9,200	10,597	(2,383)
<b>Total funds at 1 April 2006</b>		(2,266)	-	(2,266)	117
		-----	-----	-----	-----
<b>Total funds at 31 March 2007</b>		(869)	9,200	8,331	(2,266)
		-----	-----	-----	-----

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.

## SCOTS MUSIC GROUP

### BALANCE SHEET As at 31 March 2007

	Notes	£	2007 £	2006 £
<b>Fixed Assets</b>				
Tangible assets	7		309	1,113
<b>Current assets</b>				
Stock		1,400		1,400
Debtors	8	2,701		1,767
Cash at bank and in hand		28,463		28,450
		32,564		31,617
<b>Creditors : amounts falling due within one year</b>	9	(24,542)		(34,996)
		32,564		31,617
<b>Net current assets/(liabilities)</b>			8,022	(3,379)
<b>Net Assets/(liabilities)</b>			8,331	(2,266)
<b>Funds:-</b>				
Unrestricted funds	11		(869)	(2,266)
Restricted funds	11		9,200	-
			8,331	(2,266)
<b>Total funds</b>			8,331	(2,266)

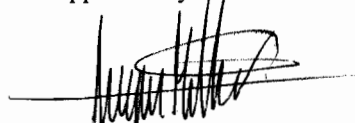
The directors are satisfied that the charitable company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section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

The directors acknowledge their responsibility for:

- (i) ensuring that the charitable company 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 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.

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 8<sup>th</sup> October 2007 and signed on its behalf by :



R A D Millar  
Director

# SCOTS MUSIC GROUP

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

### 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.
  - All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis. Support costs are allocated as follows:
    - Teaching and events 40%
    - Promotion of Culture & Community 60%
- (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. Restricted funds are subject to the restrictions on their expenditure imposed by the donor.
- (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.
- (f) 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.

## SCOTS MUSIC GROUP

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2007

#### 2. Net incoming/(outgoing) resources for the year

This is stated after charging:-

	2007	2006
	£	£
Directors' remuneration	-	-
Independent Reporting Accountant's fees	1,763	1,763
Depreciation	804	818

#### 3. Donations and grants received

	Unrestricted	Restricted	2007	2006
	£	£	£	£
<i>Grants:</i>				
Scottish Arts Council – Core Grant	-	58,607	58,607	48,380
Scottish Arts Council – Music Dept Grant	-	13,320	13,320	10,000
City of Edinburgh Council	3,000	1,780	4,780	3,000
Community cash-back awards	500	-	500	-
	3,500	73,707	77,207	61,380
<i>Donations:</i>				
General Donations	1,579	-	1,579	891
	5,079	73,707	78,786	62,271
<b>Total grants and donations</b>	<b>5,079</b>	<b>73,707</b>	<b>78,786</b>	<b>62,271</b>

#### 4. Total resources expended

	Promotion of Culture & community	Teaching & Events	2007 Total	2006 Total
	£	£	£	£
<b>Costs directly allocated to activities</b>				
Merchandise purchases	721	-	721	669
Classes, events & workshop costs	10,666	31,998	42,664	40,670
Classes, workshops & events	13,733	-	13,733	11,809
<b>Support costs allocated to activities:</b>				
Staff costs	25,186	37,779	62,965	54,147
Travel and subsistence	946	1,418	2,364	1,847
Marketing and publicity	1,539	2,309	3,848	5,348
Professional fees	188	281	469	356
Office costs	4,032	6,048	10,080	8,276
Bank interest & charges	260	391	651	469
Depreciation	322	482	804	818
	57,593	80,706	138,299	124,409
<b>Total resources Expended</b>	<b>57,593</b>	<b>80,706</b>	<b>138,299</b>	<b>124,409</b>
Governance costs – accountancy costs			2,017	1,763
			<b>140,316</b>	<b>126,172</b>

## SCOTS MUSIC GROUP

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2007

#### 5. STAFF NUMBERS AND COSTS

	2007	2006
	£	£
Wages & salaries	52,381	51,029
Social security costs	2,387	2,039
Pensions	7,231	513
	61,999	53,581
	61,999	53,581

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 £60,000.

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 £24,482 (2006 £24,527).

#### 6. Taxation

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

#### 7. Tangible Fixed Assets

	Office Equipment £	Furniture and Fittings £	Total £
<b>Cost</b>			
At 1 April 2006 and 31 March 2007	4,001	860	4,861
	4,001	860	4,861
<b>Depreciation</b>			
At 1 April 2006	3,089	660	3,749
Charge for year	603	200	804
	3,692	860	4,553
At 31 March 2007	3,692	860	4,553
	3,692	860	4,553
<b>Net Book Value</b>			
At 31 March 2007	309	-	309
	309	-	309
At 31 March 2006	912	201	1,113
	912	201	1,113
	912	201	1,113

## SCOTS MUSIC GROUP

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2007

8. Debtors	2007 £	2006 £
Grant debtors	2,332	1,000
Prepayments & other debtors	369	767
	2,701	1,767
	2,701	1,767
9. Creditors : amounts falling due within one year	2007 £	2006 £
Pension contributions	6,000	-
Accruals	17,907	34,232
PAYE/NI	635	764
	24,542	34,996
	24,542	34,996

#### 10. Related Party Transactions

During the year three of the charitable company's directors were paid fees amounting to £4,464 (2006 four directors amounting to £1,743). 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. £nil remained outstanding at the year end (2006 £647).

#### 11. Movement in Funds

	At 1 April 2006 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2007 £
<b>Restricted Funds</b>					
Advancement of education of Scots Music	-	73,707	(64,507)	-	9,200
<b>Unrestricted Funds</b>	(2,266)	77,206	(75,809)	-	(869)
	(2,266)	150,913	140,316	-	8,331
<b>Total Funds</b>	(2,266)	150,913	140,316	-	8,331

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 from the City of Edinburgh Council during the year to fund salary costs.

## SCOTS MUSIC GROUP

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2007

#### 12. Analysis of net assets between funds

	General Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	309	-	309
Current assets	23,364	9,200	32,564
Current liabilities	(24,542)	-	(24,542)
	<hr/>	<hr/>	<hr/>
<b>Net assets at 31 March 2007</b>	<b>(869)</b>	<b>9,200</b>	<b>8,331</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### 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.

#### 14. Commitments Under Operating Leases

At 31 March 2007 the charitable company had aggregate annual commitments under non-cancellable operating leases as set out below;

	2007 £	2006 £
Land and Buildings Operating leases which expire; Within 2 – 5 years	3,000	3,000
	<hr/> <hr/>	<hr/> <hr/>