

SCOTS MUSIC GROUP
(A company limited by guarantee)

Report and Financial Statements

Year ended 31 March 2009

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 2009

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 2009.

Structure, governance and management

Governing document

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 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.

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 2008/2009 the major risks identified by the Board remained: low level of reserves, continuity of funding, absence of key staff and continuity of accommodation provision by CEC. Steps were taken to manage these risks and some progress has been made, but they continue to be kept under review. Continuity of funding is now the most significant issue for the organisation.

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.

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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 55 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 (8,000 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.

Achievements and performance

Core programme Development

SMG provided a high quality diverse class programme that promoted music and well-being. Classes respond to the requests of the participants and cover a wide range of traditional music. In summary SMG offered 51 core weekly classes, 12 workshops, 7 Ceilidhs, 1 Campaign Ceilidh concert and 1 end of year concert annually.

Power of Song – November 2008

The Power of Song was a great success with 80 participants. This event provided 8 half day song workshops and attracted several new artists to the organisation. The programme resulted in a performance by all classes and their tutors as part of a traditional 'Ceilidh'.

Ceilidh Culture April 2009 – Edinburgh's festival of the traditional arts

A mix of events was offered including a concert, 'SMG Big Seat by the Fire' and a performance by the Guitar and Mandolin Orchestra. This programme was reduced from previous years due to uncertainty in SMG future funding.

Performance Opportunities / Community Involvement

During 2008-2009 SMG anticipated outcomes were achieved and in a significant number of instances exceeded. In line with the organisation's core ethos to take music out to the wider communities SMG outreach development continued to expand. The performance group established last year grew in strength with a much large number of performances out in the community. With more and more SMG students becoming active in the community SMG is continuing to increase its impact on the traditional and wider community across Edinburgh.

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for the year ended 31 March 2009

Achievements and performance cont.

Community and social inclusion projects

SMG researched and secured partners for a music and homeless project including the Rock Trust, Bethany Trust, Stafford Centre and Stepping Stones. It went on to secure a development grant from the SAC Inspire Fund to run a pilot programme with a larger grant ring fenced for the next stage of the project on receipt of a successful 2nd stage application.

Merchandise development

This year we developed the new CD 3 (recorded by SMG students with support from their tutors). This CD is at the demo stage and needs further work before it goes to final production. This CD builds on SMG's existing merchandise providing a range of learning material to support SMG students develop their creative skills. To raise income and promote SMG T-towels were produced with an award winning song written by one of our participants printed on it.

Tutor development

During this year tutors were offered annual induction and training and ongoing support throughout the year from the SMG Development worker.

Members

In 2008-2009 SMG researched and secured additional benefits for members and ensure members are involved in all aspects of our work. We secured an additional five discounts on shops and business and these benefits are now posted on our website.

Volunteers

Relevant in-house training was offered to some volunteers enabling them to take a strong role in running events such as the 'Big Seat by the Fire and the Café Ceilidh. The SMG Board attracted new Directors (volunteers) strengthening the governance of the organisation. The IT volunteer team continued to refine the office systems and website development to ensure a much more effective and efficient payment process, information sharing

Staffing

Staff were able to build their skills through relevant training including IT training, e-marketing, presentation and voice projection skills.

Financial Information

Principal funding sources

The Scottish Arts Council and the City of Edinburgh Council have been our major funding sources in the year 2008-2009. 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. The fairly stringent cost management that has been in place during the past several years has continued to pay off, and reserves have now been built up to cover approximately 3 months operations, half way towards the level considered appropriate for organisations like ours.

SCOTS MUSIC GROUP
REPORT OF THE DIRECTORS
for the year ended 31 March 2009

Plans for future periods

Following the loss of funding from the Scottish Arts Council for core activities, SMG has had to devote much time and effort to reviewing its business model and strategy. At the time of writing (July 2009), we are part way through an organisational review, which will lead to a new business plan being prepared by the end of calendar year 2009.

In the meantime, SMG will look to continue to improve the quality of its core class programme, regular events and workshops. It will build on the existing performance programme which embraces a huge range of formal and informal opportunity for people to share what they have learnt with others in the community. However, depending on the outcome of on-going attempts to gain some short term funding, we may have to curtail support for classes and other activities with smaller attendances.

As mentioned in the achievements section above, SMG has successfully completed a pilot for a music and homeless project, and depending on successful evaluation, will continue with the next stage of the project later this year. SMG still has in progress a second initiative targeting older people and focusing on preserving the traditions and the songs/music, which may be lost if not recorded at present. Several potential partners have expressed an interest in this project, and possible funders have been identified.

SCOTS MUSIC GROUP

REPORT OF THE DIRECTORS

for the year ended 31 March 2009

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 31st AUGUST 2009 and signed on its behalf by :



C Anderson
Company Secretary

SCOTS MUSIC GROUP

Independent Examiners' Report to the Members of Scots Music Group

for the year ended 31 March 2009

I report on the accounts for the year ended 31 March 2009 as set out on pages 8 to 15.

Respective responsibilities of the Trustees and the Independent Examiner

The charity's Trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's Trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Charities Accounts (Scotland) Regulations 2006 does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

- 1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44 (1)(a) of the 2005 Act, Regulation 4 of the 2006 Accounts Regulations and section 221 and 249C (6) of the Companies Act 1985 ; and
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulationshave not been met; or
- 2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



David Main
Chartered Accountant
Whitelaw Wells
Chartered Accountants
9 Ainslie Place
Edinburgh, EH3 6AT

31 August 2009

SCOTS MUSIC GROUP

Income and Expenditure Account (incorporating Statement of Financial Activities)

for the year ended 31 March 2009

	Notes	Unrestricted Funds 2009	Restricted Funds 2009	Total Funds 2009 £	Total Funds 2008 £
Incoming resources					
Incoming resources from generated funds:					
<i>Voluntary income</i>					
Donations and Grants	3	7,013	-	7,013	5,463
Subscriptions		6,738	-	6,738	4,931
<i>Activities for generating funds:</i>					
Investment income		1,300	-	1,300	1,919
Merchandise sales and other income		2,983	-	2,983	2,817
Incoming resources from charitable activities:-					
Grants	3	-	90,557	90,557	58,607
Classes, Events & Workshops		72,728	-	72,728	62,790
		-----	-----	-----	-----
Total incoming resources		90,762	90,557	181,319	136,527
		-----	-----	-----	-----
Resources expended					
Cost of generating funds					
Merchandise purchases		1,061	-	1,061	1,603
Charitable activities		65,730	61,417	127,147	132,191
Governance costs		1,380	-	1,380	1,763
		-----	-----	-----	-----
Total resources expended	4	68,171	61,417	129,588	135,557
		-----	-----	-----	-----
Net movements in funds		22,591	29,140	51,731	970
Net transfers between funds		-	-	-	-
Total funds at 1 April 2008		6,491	2,810	9,301	8,331
		-----	-----	-----	-----
Total funds at 31 March 2009		29,082	31,950	61,032	9,301
		-----	-----	-----	-----

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 2009**

	Notes	£	2009 £	2008 £
Fixed Assets				
Tangible assets	7		654	-
Current assets				
Stock		2,289		1,856
Debtors	8	6,207		8,586
Cash at bank and in hand		58,423		17,112
		66,919		27,554
Creditors : amounts falling due within one year	9	(6,541)		(18,253)
		60,378		9,301
Net current assets			60,378	9,301
Net Assets			61,032	9,301
Funds:-				
Unrestricted funds	11		29,082	6,491
Restricted funds	11		31,950	2,810
			61,032	9,301
Total funds			61,032	9,301

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 31st AUGUST 2009 and signed on its behalf by :



D H Leslie
Director

SCOTS MUSIC GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2009

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 2007), 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.

SCOTS MUSIC GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2009

2. Net incoming resources for the year

This is stated after charging:-

	2009	2008
	£	£
Directors' remuneration	-	-
Independent Examiner's fees	1,380	1,763
Depreciation	218	309

3. Donations and grants received

	Unrestricted	Restricted	2009	2008
	£	£	£	£
<i>Grants:</i>				
Scottish Arts Council - Core Grant	-	58,607	58,607	58,607
Scottish Arts Council - Organisational Development Grant	-	26,550	26,550	-
Scottish Arts Council – Inspire Grant	-	5,400	5,400	-
City of Edinburgh Council	2,903	-	2,903	3,350
Charities Aid	157	-	157	400
SCAT	-	-	-	120
	3,060	90,557	93,617	62,477
<i>Donations:</i>				
General Donations	3,953	-	3,953	1,593
	7,013	90,557	97,570	64,070

4. Total resources expended

	Promotion of Culture & community	Teaching & Events	2009 Total	2008 Total
	£	£	£	£
Costs directly allocated to activities				
Merchandise purchases	1,061	-	1,061	1,603
Classes, events & workshop costs	13,350	40,048	53,398	57,438
Support costs allocated to activities:				
Staff costs	35,614	23,743	59,357	59,353
Travel and subsistence	1,174	783	1,957	1,546
Marketing and publicity	1,264	842	2,106	2,171
Professional fees	665	443	1,108	2,128
Office costs	4,914	3,276	8,190	10,125
Bank interest & charges	488	325	813	(879)
Depreciation	131	87	218	309
	58,661	69,547	128,208	133,794
Governance costs – independent examiner's fees			1,380	1,763
			129,588	135,557

SCOTS MUSIC GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2009

5. STAFF NUMBERS AND COSTS

	2009	2008
	£	£
Wages & salaries	52,271	51,794
Social security costs	2,459	2,647
Pensions	3,520	3,951
	<u>58,250</u>	<u>58,392</u>

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

	No.	No.
Advancement of education of Scots Music	<u>2</u>	<u>3</u>

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 a quarterly basis for the salary cost. The total cost in the year was £21,362 (2008 £20,824).

6. Taxation

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

SCOTS MUSIC GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2009

7. Tangible Fixed Assets

	Office Equipment	Furniture and Fittings	Total
	£	£	£
Cost			
At 1 April 2008	4,001	860	4,861
Additions	872	-	872
Disposals	(294)	-	(294)
	4,579	860	5,439
Depreciation			
At 1 April 2008	4,001	860	4,861
Charge for year	218	-	218
Eliminated on disposal	(294)	-	(294)
	3,925	860	4,785
Net Book Value			
At 31 March 2009	654	-	654
At 31 March 2008	-	-	-

8. Debtors

	2009		2008
	£		£
Grant debtors	5,860		8,192
Prepayments & other debtors	347		394
	6,207		8,586
	6,207		8,586

9. Creditors : amounts falling due within one year

	2009		2008
	£		£
Class fees received in advance	2,712		4,100
Accruals	3,829		13,367
PAYE/NI	-		786
	6,541		18,253
	6,541		18,253

SCOTS MUSIC GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2009

10. Related Party Transactions

During the year one of the charitable company's directors was paid fees amounting to £945 (2008 £1,776). 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. No amount remained outstanding at the year end (2008 £nil).

11. Movement in Funds

	At 1 April 2008 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2009 £
Restricted Funds					
Advancement of education of Scots Music	2,810	58,607	(61,417)	-	-
Organisational Development Inspire	-	26,550 5,400	- -	- -	26,550 5,400
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,810	90,557	(61,417)	-	31,950
Unrestricted Funds	6,491	90,762	(68,171)	-	29,082
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Funds	9,301	181,319	(129,588)	-	61,032
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

The **Organisational development** restricted fund was created on receipt of income from the Scottish Arts Council. The grant was towards the cost of organisational development to enable Scots Music Group to be more structurally and financially secure.

The **Inspire** restricted fund was created on receipt of income from the Scottish Arts Council. The grant is towards the cost of a new initiative enabling access and participation in the living traditions for homeless and isolated people.

SCOTS MUSIC GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2009

12. Analysis of net assets between funds

	General Funds	Restricted Funds	Total Funds
	£	£	£
Tangible fixed assets	654	-	654
Current assets	34,969	31,950	66,919
Current liabilities	(6,541)	-	(6,541)
	<hr/>	<hr/>	<hr/>
Net assets at 31 March 2009	29,082	31,950	61,032
	<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 2009 the charitable company had aggregate annual commitments under non-cancellable operating leases as set out below;

	2009	2008
	£	£
Land and Buildings		
Operating leases which expire;		
Within 1 – 2 years	3,000	-
Within 2 – 5 years	-	3,000
	<hr/> <hr/>	<hr/> <hr/>