

REGISTERED COMPANY NUMBER: 130071 (SCOTLAND)
REGISTERED CHARITY NUMBER: SC002040

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007
FOR
FÈISEAN NAN GÀIDHEAL**

Nicolson
Registered Auditors &
Chartered Accountants
49/50 Bayhead
Stornoway
Isle of Lewis
Western Isles
HS1 2DZ

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for the Year Ended 31 March 2007**

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**CHAIR'S REPORT
for the Year Ended 31 March 2007**

I am delighted to commend to you this year's Fèisean nan Gàidheal Annual Report. It has been a pleasure to have chaired the Board during a year which has seen a great deal of activity. New Fèisean have been established, numbers at Fèisean and year-round classes across the country were on the up, there was fantastic news from Highlands & Islands Enterprise that they are investing £632,000 in Fèisean over the next 3 years and the publication of the book celebrating the first quarter century of the movement was a highlight.

One of the highlights of last year was Fèisean nan Gàidheal picking up the *Best Community Project* award at the annual Scots Traditional Music Awards in Fort William. The award was recognition of the achievements of the whole Fèis movement, and in particular of the volunteer effort. The time, effort and resources contributed so willingly by hundreds of people across Scotland is the lifeblood of the Fèisean. Many of the volunteers are parents and grandparents of participants past and present and we are very mindful, and proud, of their continued support and immense contribution to the success of the Fèisean. This, alongside the financial support given by our key funders the Scottish Arts Council, Highland Council, Highlands & Islands Enterprise and Bòrd na Gàidhlig, plus a wide array of local and project funders, has been the critical combination in the success of the Fèis movement since its origins in 1981.

The Gaelic language is at the heart of all Fèisean activities, and over the last 12 months, the Fèisean and Fèisean nan Gàidheal have been working hard to develop the use, and quality of use, of Gaelic. I would like to congratulate all Fèisean on their efforts in implementing the organisation's Gaelic Policy and I have seen real progress in this regard over the last year.

The Board and staff have been working hard too, with our AGM and all Board and staff meetings now held in Gaelic, with simultaneous English translation provided if necessary, and all Board papers and staff reports produced in Gaelic and English.

Over and above this Fèisean nan Gàidheal, with support from Bòrd na Gàidhlig, have been working hard on a range of other Gaelic language projects, including a new play and tour called *Le Meas* through our Meanbh-Chuileag Theatre-in-Education company, and a series of Gaelic youth drama festivals across Scotland.

Fèisean nan Gàidheal has also successfully delivered a number of contracted strategic projects in 2006-07 that have been of great help to Fèisean including the Blas Festival, Highland Council and East Lothian Council Youth Music Initiative projects, the professional development element of the Gaelic Arts Strategic Development (GASD) group's programme, and administration of the Traditional Music Tutor Training Network (TMTTN).

The official launch of Highland 2007 took place in Inverness on 12 January, and many Fèisean have taken on new projects as part of this year-long celebration of Highland culture. The Fèisean are one the greatest success stories of Highland culture and I would like to say a heartfelt thank you to my colleagues on the Board of Fèisean nan Gàidheal, plus the staff, for their hard work and dedication in 2006-07.

The last word, as ever, has to be for the tremendous effort and unstinting support that so many volunteers have committed to their local Fèis over the last 12 months, and I hope that the coming year will be as rewarding and successful as this one has been.

.....
Katie Adam

Chair of the Board of Trustees of Fèisean nan Gàidheal

**OPERATING AND FINANCIAL REVIEW
for the Year Ended 31 March 2007**

The results for the period and financial position of the company are as shown in the annexed financial statements. Fèisean nan Gàidheal has continued to fulfil its remit of supporting local Gaelic arts tuition Fèisean through the provision of a range of support services for the volunteers which include funding, training, insurance, Disclosure checking, the provision of musical instruments, tuition resources, dissemination of news and information, the running of an annual conference and hands-on assistance from our development staff.

Staffing remained stable throughout the year, and the complement was augmented by the employment of a full-time Gaelic Officer to help implement the organisation's Gaelic Policy. A review of staff salaries was carried out during the year by an external HR consultant, to ensure that job descriptions in employees' contracts matched the reality of their day-to-day jobs and also made recommendations with regard to salary levels, which was acted upon.

**REPORT OF THE TRUSTEES
for the Year Ended 31 March 2007**

The trustees who are also directors of the charity for the purposes of the Companies Act 1985, present their report with the financial statements of the charity for the year ended 31 March 2007. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

130071 (Scotland)

Registered Charity number

SC002040

Registered office

Meall House
Portree
Isle of Skye
IV51 9BZ

Trustees

Ken Houston	- resigned 7.12.06
Ken Mackenzie	- resigned 7.12.06
Kate Kerr	- resigned 7.12.06
Joan Robertson	- resigned 7.12.06
Katie Adam	
Peggy Nicolson	
Jane MacNeil	
George Stoddart	
Jessie Newton	
Alasdair MacDonald	
Laura Green	- appointed 7.12.06
Elizabeth Bain	- appointed 7.12.06
Michael Sweeney	- appointed 7.12.06
Peigi MacLennan	- appointed 7.12.06

Company Secretary

George Stoddart

Auditors

Nicolson
Registered Auditors &
Chartered Accountants
49/50 Bayhead
Stornoway
Isle of Lewis
Western Isles
HS1 2DZ

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 1985.

Recruitment and appointment of new trustees

New trustees are recruited through an open election process approved by the membership whereby there a number of new trustees, representative of local Fèisean are elected annually by the membership after an open advertising process. Trustees are nominated by their local Fèis, and then elected by the membership so that the Board of Trustees has a range of trustees from around the country, reflecting the geographical spread of the organisation's members.

**REPORT OF THE TRUSTEES
for the Year Ended 31 March 2007**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Induction and training of new trustees

All new trustees took part in an induction process in December 2006 that involved the outlining of the aims and objectives of the organisation, the work in which it was involved and the sources of funding. The induction also outlined the responsibilities of trustees, and their responsibilities as directors of a company limited by guarantee.

All trustees, new and existing, were given a CD with copies of key documents such as the company's Memorandum & Articles of Association, Child Protection Policy, Equal Opportunities Policy, Gaelic Policy, Staff Handbook, current Development Plan and all past Annual Reports. The CD also contained a wide range of briefing documents from the Voluntary Arts Network which cover a wide range of subjects relevant to the work of the organisation and the role of the trustees.

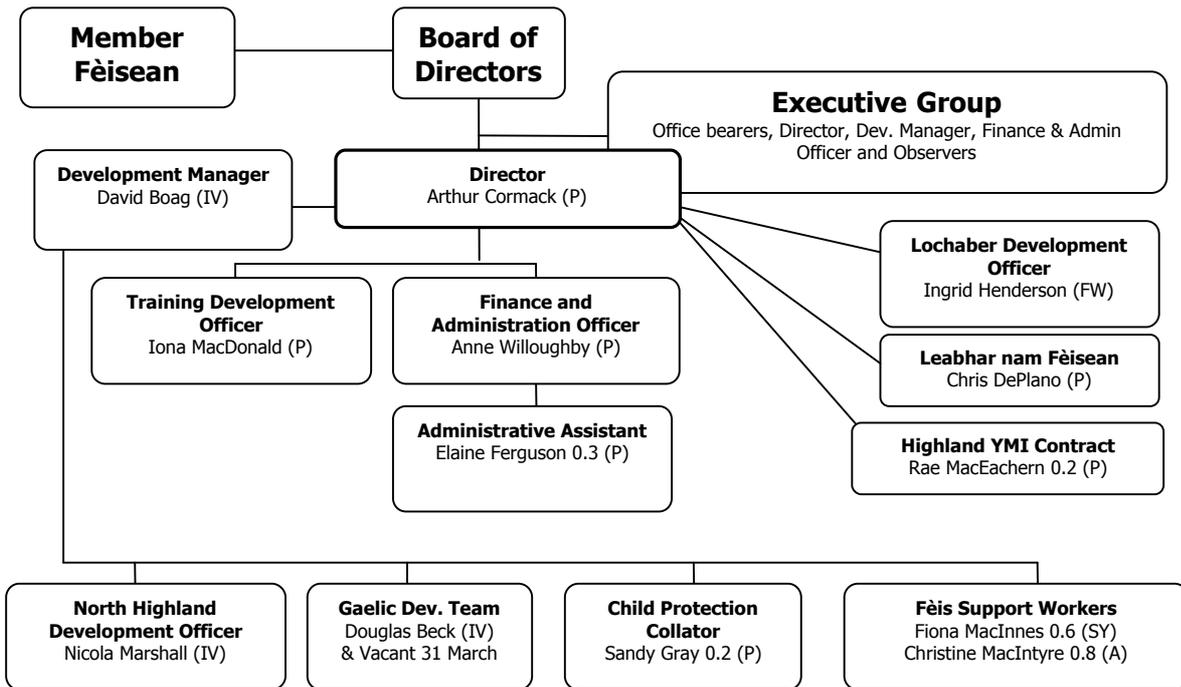
**REPORT OF THE TRUSTEES
for the Year Ended 31 March 2007**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Fèisean nan Gaidheal is governed by a Board of Trustees made up of 10 Fèis representatives elected by the membership, along with 5 observers from the main funding bodies that support the organisation. The Board met 4 times during the year.

The office bearers, along with senior staff and three of the observers also constitute an Executive Group that meets at least a fortnight before each full Board meeting to go over financial and other matters in detail, The minutes and all the papers from these meetings are then included in the papers for the next Board meeting for all trustees.



The organisation is managed by a team of staff headed by a Chief Executive Officer known as the Director.

A Development Manager heads up a team of three Development Officers and a Fèis Support Worker, plus two Gaelic Officers, one of whom specialises in Drama development.

The organisation has a full-time Training Development Officer who deals with training for staff, Fèis organisers and tutors, as well as managing a Scotland-wide traditional music tutor training network.

Finance & Administration is looked after by a full-time officer with a part-time assistant. A trainee Communications & Marketing Officer was employed in 2006.

Child Protection is organised by a part-time contractor who ensures that all Disclosure checks are carried out and renewed, as appropriate. He also handles all related data securely so that it is kept confidential and released only on a need-to-know basis.

Other contractors are engaged to oversee YMI work in Highland schools and to run the day-to-day operation of the annual Blas Festival.

The above diagram illustrates the staffing structure in 2006-07.

**REPORT OF THE TRUSTEES
for the Year Ended 31 March 2007**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Wider network

Fèisean nan Gàidheal staff are involved in several networks nationally, most notably the Traditional Music Tutor Training Network, the Traditional Music Forum and the Gaelic Arts Strategic Development Group. In addition, staff attend meetings of officers and chairs of Gaelic organisations facilitated by Bòrd na Gàidhlig twice yearly, and are involved in a working group looking at the development of Gaelic Drama.

In a personal capacity, during 2006-07 staff of Fèisean nan Gàidheal were involved as members of Bòrd na Gàidhlig, the Scottish Arts Council, the North Highland LEADER+ Programme, the Whelk LEADER+ Programme and the Lochaber Northern Periphery Programme.

Related parties

The trustees are members of local Fèisean which receive grants from the charity from time to time. In 2006-07, the sums were as follows:

Name of Trustee	Fèis	Grant aid	Capacity of trustee
Ken Mackenzie	Fèis Latharna	£5,961	committee member
Kate Kerr	Fèis Dhùn Breatuinn an Iar	£4,159	committee member
Joan Robertson	Fèis Tìr a' Mhurain	£8,204	committee member
Katie Adam	Fèis a' Bhaile	£5,168	committee member
Peggy Nicolson	Fèis an Earraich	£16,053	committee member
Jane MacNeil	Fèis Bharraigh	£9,694	committee member
George Stoddart	Fèis sa Mheadhan	£4,552	committee member
Jessie Newton	Fèis Dhùn Èideann	£13,486	committee member
Alasdair MacDonald	Fèis Lochabair	£9,855	committee member
Laura Green	Fèis Rois Ltd	£28,058	employee
Elizabeth Bain	Fèis Cheann Loch Goibhle	£2,615	committee member
Michael Sweeney	Fèis Dhùn Breatuinn an Iar	£4,159	committee member
Peigi MacLennan	Fèis Eilean an Fhraoich	£9,106	committee member

It should be noted that the grants scheme operated allocates funding on the basis of a formula and Board members, therefore, do not make decisions on the level of grant aid, although they approve the sums involved.

Risk management

The trustees acknowledge their duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. This is managed by the Executive Group which takes a very close interest in the financial aspects of the running of Fèisean nan Gàidheal. In addition risk assessments are carried out for each of the organisation's offices, as well as for events run by Fèisean nan Gàidheal

OBJECTIVES AND ACTIVITIES

Objectives and aims

The aim of Fèisean nan Gàidheal is to make the Gaelic Arts, Language and Culture more accessible and more widely appreciated through the promotion, support and development of local, community-based tuition Fèisean.

The objectives are to:

- 1.1 Provide support for the development of individual Fèisean and the Fèis movement as a whole
- 1.2 Develop the tuition at individual Fèisean
- 1.3 Develop Fèisean nan Gàidheal as a service-providing organisation
- 1.4 Promote excellence within the Fèis movement
- 1.5 Create closer links between Fèisean, other organisations and other countries

REPORT OF THE TRUSTEES for the Year Ended 31 March 2007

OBJECTIVES AND ACTIVITIES

Significant activities

The year 2006-07 saw a great deal of activity, with new Fèisean being established, numbers at Fèisean and year-round classes across the country on the up, welcome news from Highlands & Islands Enterprise that they were to invest £632,000 in Fèisean over a 3-year period and the publication of the book celebrating the first quarter century of the Fèis movement.

One of the highlights of the year was Fèisean nan Gàidheal being given the award for Best Community Project at the annual Scots Traditional Music Awards. This was recognition of the achievements of the whole Fèis movement, and in particular of the volunteer effort. The time, effort and resources contributed so willingly by hundreds of people across Scotland is the lifeblood of the Fèisean alongside the financial support given by our key funders of many years, the Scottish Arts Council, The Highland Council and Highlands & Islands Enterprise.

The Gaelic language is at the heart of all Fèisean activities, and over the last 12 months, Fèisean and Fèisean nan Gàidheal have been working hard to develop the use, and quality of use, of Gaelic. The Board took the decision that all board meetings should be held in Gaelic with simultaneous English translation provided, and all board papers and staff reports are now produced in Gaelic and English. With support from Bòrd na Gàidhlig, we have been working on a range of other Gaelic language projects, including a new play and tour Le Meas through our Meanbh-Chuileag Theatre-in-Education company, and a series of youth Gaelic drama festivals across Scotland.

The organisation was involved in several other projects including the publication of a book commemorating 25 years of the Fèis movement and the redesigning of its website to make it fully bilingual in keeping with the Gaelic Policy of Fèisean nan Gàidheal.

Fèisean nan Gàidheal was also responsible for running the second Blas Festival in September 2006 and continued to deliver traditional music tuition in Highland Council and East Lothian primary schools through the Youth Music Initiative.

Grantmaking

During the year to 31 March 2007, Fèisean nan Gàidheal continued to operate and expand schemes to fund Fèis activities and pledged a total of £219,971 in grant aid.

Volunteers

The Fèis movement is heavily reliant on volunteers and it is estimated that upwards of 500 volunteers are involved in running the 43 Fèisean throughout Scotland. An additional 200+ are involved in the Blas Festival.

Fèisean nan Gàidheal supports those volunteers through a variety of services and also offers training to them.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

2006-07 was a very successful year with 43 Fèisean accounting for 5,200 participants. In addition, the Blas Festival attracted 4,800 audience members and around 1,200 young people saw a performance by our Theatre-in-Education Group, Meanbh-Chuileag. Over 5,600 school pupils in the area covered by the Highland Council received a regular programme of tradition music tuition through the Youth Music Initiative, with around 800 in East Lothian involved in a similar scheme.

Fundraising activities

Fund-raising activities involved staff in raising money for a wide range of projects both towards the core work of Fèisean nan Gàidheal, and also on behalf of local Fèisean. The organisation also ran a National Raffle which raised money for local Fèisean. Earned income came from a variety of sources including membership fees, sales of books and revenue raised as the result of hiring musical instruments.

Internal and external factors

Internal factors affecting the achievement and performance of the organisation included the recruitment of new members to the Board of Trustees and in particular a new Chair.

External factors included delays in achieving a positive outcome to major applications for funding, particularly from the Scottish Arts Council and Highlands & Islands Enterprise. Although both were agreed late in the financial year, both will be extremely helpful in coming years.

**REPORT OF THE TRUSTEES
for the Year Ended 31 March 2007**

FINANCIAL REVIEW

Reserves policy

We aim to retain 25% of management fees received for major contracts such as Blas, the Youth Music Initiative and Training, and we build a 5% 'transfer to reserves' into all budgets when costing projects. Our aim is to have 3 months operating costs in reserve at all times.

Principal funding sources

During the year, Fèisean nan Gàidheal received grant-aid from a wide variety of bodies in support of our work notably the Scottish Arts Council, The Highland Council, Highlands & Islands Enterprise, Bòrd na Gàidhlig, Comhairle nan Eilean Siar, Argyll & Bute Council and the Scottish Arts Council Lottery Fund.

FUTURE DEVELOPMENTS

2007-08 will see Fèisean nan Gàidheal moving into a new phase of development having secured Foundation Funding from the Scottish Arts Council, and a generous 3-year funding package from Highlands & Islands Enterprise. The organisation will continue to deliver its core services to its member Fèisean, but will be able to better support volunteers through a greatly enhanced Development Fund and additional support for Cèilidh Trails and the Blas Festival, as well as the consolidation and reorganisation of staff.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 234ZA of the Companies Act 1985) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Nicolson, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

.....
George Stoddart - Secretary

Date: 14 September 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF FÈISEAN NAN GÀIDHEAL

We have audited the financial statements of Fèisean nan Gàidheal for the year ended 31 March 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the charitable company's trustees, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on in the Statement of director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Trustees is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Trustees, the Chair's Report and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
FÈISEAN NAN GÀIDHEAL**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 March 2007 and of its deficit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Trustees is consistent with the financial statements.

Nicolson
Registered Auditors &
Chartered Accountants
49/50 Bayhead
Stornoway
Isle of Lewis
Western Isles
HS1 2DZ

.....
Date: 14 September 2007

Note:

The maintenance and integrity of the Fèisean nan Gàidheal web site is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 March 2007

	Notes	31.3.07 Unrestricted funds £	31.3.06 Total funds £
INCOMING RESOURCES			
Incoming resources from generated funds			
Voluntary income	2	4,560	4,115
Activities for generating funds	3	79,740	95,820
Investment income	4	3,205	7,434
Incoming resources from charitable activities			
Core activities		433,269	370,402
Training		41,519	54,207
Lochaber development fund		32,995	32,274
Blas Festival		268,526	146,500
Schools project		219,511	181,511
Gaelic Development		95,584	80,717
Total incoming resources		1,178,909	972,980
RESOURCES EXPENDED			
Costs of generating funds			
Fundraising trading: cost of goods sold and other costs	6	2,697	2,530
Charitable activities			
Core activities		490,808	413,044
Training		60,571	65,786
ICT Project		2,319	5,767
Lochaber development fund		31,105	33,080
Blas Festival		250,880	147,028
Schools project		267,006	283,199
Gaelic Development		86,850	72,391
Governance costs	10	20,583	11,784
Total resources expended		1,212,819	1,034,609
NET INCOMING/(OUTGOING) RESOURCES		(33,910)	(61,629)
RECONCILIATION OF FUNDS			
Total funds brought forward		146,779	208,408
TOTAL FUNDS CARRIED FORWARD		112,869	146,779

The notes form part of these financial statements

FÈISEAN NAN GÀIDHEAL

**BALANCE SHEET
At 31 March 2007**

	Notes	31.3.07 Unrestricted funds £	31.3.06 Total funds £
FIXED ASSETS			
Tangible assets	13	-	275
CURRENT ASSETS			
Stocks		-	3,478
Debtors	14	78,200	87,728
Cash at bank		<u>114,003</u>	<u>137,669</u>
		192,203	228,875
CREDITORS			
Amounts falling due within one year	15	(79,334)	(82,371)
		<u> </u>	<u> </u>
NET CURRENT ASSETS		<u>112,869</u>	<u>146,504</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>112,869</u>	<u>146,779</u>
		<u> </u>	<u> </u>
NET ASSETS		<u>112,869</u>	<u>146,779</u>
FUNDS	16		
Unrestricted funds:			
General fund		<u>112,869</u>	<u>146,779</u>
TOTAL FUNDS		<u>112,869</u>	<u>146,779</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board of Trustees on 14 September 2007 and were signed on its behalf by:

.....
Katie Adam - Trustee

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2007**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2005) and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Allocation and apportionment of costs

Costs are directly apportioned to the activity which incurred the expenditure. Where expenditure relates to more than one activity, the costs are allocated in the most appropriate manner for the type of expenditure incurred.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful economic life.

Plant and machinery etc - 25% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

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

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pensions

The charitable company operates a defined contribution pension scheme. Contributions payable for the year are charged in the Statement of Financial Activity.

2. VOLUNTARY INCOME

	31.3.07	31.3.06
	£	£
Memberships	<u>4,560</u>	<u>4,115</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2007

3. ACTIVITIES FOR GENERATING FUNDS

	31.3.07	31.3.06
	£	£
Sales of publications	2,829	3,808
Instrument bank revenue	4,070	6,882
Feis Alba	2,480	3,201
Administration fees	70,312	81,929
Other income	49	-
	<u>79,740</u>	<u>95,820</u>

4. INVESTMENT INCOME

	31.3.07	31.3.06
	£	£
Deposit account interest	<u>3,205</u>	<u>7,434</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2007

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

		31.3.07	31.3.06
	Activity	£	£
Scottish Arts Council	Core activities	179,969	217,198
Highland Council	Core activities	49,579	50,499
Comhairle nan Eilean Siar	Core activities	15,250	16,250
Argyll & Bute Council	Core activities	18,000	8,000
Highland & Islands Enterprise	Core activities	139,698	49,768
Local enterprise companies	Core activities	20,464	-
European Social Fund	Core activities	10,309	-
Box office	Core activities	-	18,505
Other income	Core activities	-	10,182
Scottish Arts Council	Training	15,000	41,040
Comhairle nan Eilean Siar	Training	2,130	-
European Social Fund	Training	22,224	13,167
Registration fees	Training	2,165	-
Highland Council	Lochaber development fund	10,000	13,000
Highland & Islands Enterprise	Lochaber development fund	16,458	-
Local enterprise companies	Lochaber development fund	-	6,139
WHELK/LEADER+	Lochaber development fund	6,537	13,135
Scottish Arts Council	Blas Festival	22,200	-
Highland Council	Blas Festival	188,636	146,500
Bòrd na Gàidhlig	Blas Festival	10,000	-
Box office	Blas Festival	32,690	-
Clydesdale Bank plc	Blas Festival	5,000	-
Other income	Blas Festival	10,000	-
Highland Council	Schools project	219,511	181,511
Highland Council	Meanbh Cuileag	16,250	-
Bòrd na Gàidhlig	Meanbh Cuileag	65,000	47,500
Performance fees	Meanbh Cuileag	6,084	7,967
National Lottery	Meanbh Cuileag	7,000	20,000
Comhairle nan Leabhair	Meanbh Cuileag	1,250	-
Historic Scotland	Meanbh Cuileag	-	2,500
Lloyds TSB	Meanbh Cuileag	-	2,750
		<u>1,091,404</u>	<u>865,611</u>

6. FUNDRAISING TRADING: COST OF GOODS SOLD AND OTHER COSTS

	31.3.07	31.3.06
	£	£
Instrument bank costs	<u>2,697</u>	<u>2,530</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2007

7. CHARITABLE ACTIVITIES COSTS

	Direct costs	Grant funding of activities (See note 8)	Support costs (See note 9)	Totals
	£	£	£	£
Core activities	135,677	184,481	170,650	490,808
Training	60,571	-	-	60,571
ICT Project	2,319	-	-	2,319
Lochaber development fund	31,105	-	-	31,105
Blas Festival	250,880	-	-	250,880
Schools project	267,006	-	-	267,006
Meanbh Cuileag	86,850	-	-	86,850
	<u>834,408</u>	<u>184,481</u>	<u>170,650</u>	<u>1,189,539</u>

8. GRANTS PAYABLE

	31.3.07	31.3.06
	£	£
Core activities	<u>184,481</u>	<u>135,341</u>

The total grants paid to institutions during the year was as follows:

	31.3.07	31.3.06
	£	£
Grants to Feisean	<u>184,481</u>	<u>135,341</u>

9. SUPPORT COSTS

	Management	Finance	Totals
	£	£	£
Core activities	<u>170,442</u>	<u>208</u>	<u>170,650</u>

10. GOVERNANCE COSTS

	31.3.07	31.3.06
	£	£
Committee expenses	3,146	3,862
Accountancy	2,072	-
Legal fees	4,662	-
Auditors' remuneration	1,500	1,081
Annual Conference	9,203	6,841
	<u>20,583</u>	<u>11,784</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2007**

11. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.3.07	31.3.06
	£	£
Auditors' remuneration	1,500	1,081
Depreciation - owned assets	<u>275</u>	<u>799</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2007 nor for the year ended 31 March 2006.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 March 2007 nor for the year ended 31 March 2006.

13. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 April 2006 and 31 March 2007	<u>103,408</u>
DEPRECIATION	
At 1 April 2006	103,133
Charge for year	<u>275</u>
At 31 March 2007	<u>103,408</u>
NET BOOK VALUE	
At 31 March 2007	<u><u>-</u></u>
At 31 March 2006	<u><u>275</u></u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.07	31.3.06
	£	£
Amounts falling due within one year:		
Other debtors	<u>78,200</u>	<u>87,728</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.07	31.3.06
	£	£
Bank loans and overdrafts	8,614	18,936
Trade creditors	5,274	9,854
Social security and other taxes	5,883	5,883
Grants awarded but unpaid	57,163	46,798
Accrued expenses	<u>2,400</u>	<u>900</u>
	<u><u>79,334</u></u>	<u><u>82,371</u></u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2007

16. MOVEMENT IN FUNDS

	At 1.4.06 £	Net movement in funds £	At 31.3.07 £
Unrestricted funds			
Unattributed activities		64,225	64,225
Core activities	51,323	(57,539)	(6,216)
Training	25,848	(19,052)	6,796
ICT project	2,319	(2,319)	-
Lochaber development fund	(6,099)	1,890	(4,209)
Blas Festival	(15,638)	17,646	2,008
Schools project	89,026	(47,495)	41,531
Gaelic Development		8,734	8,734
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>146,779</u>	<u>(33,910)</u>	<u>112,869</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
Unattributed activities	87,505	23,280	64,225
Core activities	433,269	490,808	(57,539)
Training	41,519	60,571	(19,052)
ICT project		2,319	(2,319)
Lochaber development fund	32,995	31,105	1,890
Blas Festival	268,526	250,880	17,646
Schools project	219,511	267,006	(47,495)
Gaelic Development	95,584	86,850	8,734
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,178,909</u>	<u>(1,212,819)</u>	<u>(33,910)</u>

17. RELATED PARTY DISCLOSURES

The trustees may also be members of organisations which receive grants from the charity. Details of these grants can be found in the Trustee's Report.

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 March 2007**

	31.3.07	31.3.06
	£	£
INCOMING RESOURCES		
Voluntary income		
Memberships	4,560	4,115
Activities for generating funds		
Sales of publications	2,829	3,808
Instrument bank revenue	4,070	6,882
Feis Alba	2,480	3,201
Administration fees	70,312	81,929
Other income	49	-
	79,740	95,820
Investment income		
Deposit account interest	2,997	7,434
Incoming resources from charitable activities		
Scottish Arts Council	215,169	265,547
Highland Council	483,976	391,510
Comhairle nan Eilean Siar	17,380	16,250
Argyll & Bute Council	18,000	8,000
Highland & Islands Enterprise	156,156	49,768
Local enterprise companies	20,464	6,139
European Social Fund	32,533	2,858
Bòrd na Gàidhlig	75,000	47,500
Registration fees	2,165	-
Performance fees	6,084	7,967
National Lottery	9,000	23,000
Comhairle nan Leabhaireachan	1,250	-
WHELK/LEADER+	6,537	13,135
Box office	32,690	18,505
Historic Scotland	5,000	2,500
Clydesdale Bank plc	5,000	-
Lloyds TSB	-	2,750
Other income	10,000	10,182
	1,091,404	865,611
Total incoming resources	1,178,909	972,979
RESOURCES EXPENDED		
Fundraising trading: cost of goods sold and other costs		
Instrument bank costs	2,697	2,530
Charitable activities		
Wages	117,849	254,396
Rent, rates and water	4,565	12,774
Carried forward	122,414	267,170

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 March 2007**

	31.3.07	31.3.06
	£	£
Charitable activities		
Brought forward	122,414	267,170
Telephone	2,358	6,240
Postage and stationery	8,681	5,899
Advertising & marketing	36,609	35,522
Sundries	12,336	881
Development officers, tutors and support workers	185,165	83,118
Travel expenses etc	112,679	17,357
Child protection costs	9,969	7,487
Training	3,556	3,845
Workshops	26,502	30,431
Materials	25,834	13,832
Steering group	-	7,102
Radio Project	-	2,275
25th anniversary book and celebrations	60,567	30,571
Venue costs	171,871	106,681
Promoters fees	8,222	4,727
Project management	37,280	33,615
Project planning	-	97
Management charge	10,090	48,000
Depreciation of tangible fixed assets	275	799
Grants to institutions	184,481	135,341
	1,018,889	840,990
Governance costs		
Committee expenses	3,146	3,862
Accountancy	2,072	-
Legal fees	4,662	-
Auditors' remuneration	1,500	1,081
Annual Conference	9,203	6,841
	20,583	11,784
Support costs		
Wages	82,598	112,540
Social security	16,308	9,786
Pensions	2,808	1,324
Office rent	12,875	6,000
Insurance	5,671	6,736
Light and heat	1,133	1,340
Telephone	5,221	820
Postage and stationery	18,909	19,025
Sundries	5,616	5,146
Website	1,093	-
Staff travel and expenses	18,210	16,288
Bank charges	208	299
	170,650	179,304
Total resources expended	1,212,819	1,034,608
Net income/(expenditure)	(33,910)	(61,629)

This page does not form part of the statutory financial statements