

Comar

(A Scottish Charitable Incorporated Organisation)

Trustees' report and financial statements

Charity Number SC042883

for the year ended 31 March 2018

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Legal and administrative information

Charity number	SC042883	
Business address	Druimfin Tobermory Isle of Mull	
Trustees	Dawn Reade Jan Sutch Pickard Will Thorne Alasdair McCrone Gordon Dougall Raymond MacDonald Cheryl Callow Ian Jones Barry Laurie	Chair
Director	Alasdair McCrone	
General Manager	Karen Ray	
Director of Music	Gordon MacLean	
Independent Auditors	Henderson Loggie 11-15 Thistle Street Edinburgh EH2 1DF	
Solicitors	Maclay, Murray & Spens LLP 1 George Square Glasgow G2 1AL	

Trustees' report *for the year ended 31 March 2018*

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity for the year ending 31 March 2018.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Chair's report

Early during this financial year Comar submitted its 3 year business plan to our major funder, Creative Scotland, for funding from April 2018 as one of their portfolio of Regularly Funded Organisations (RFOs). There followed a period of uncertainty throughout the arts sector in Scotland as it was unclear until December 2017 what the budget available for RFOs would be, and swingeing cuts were being predicted. This climate contributed to a cautious approach to developing future plans for new creative work for many arts organizations, including Comar. Funding decisions were communicated in January 2018, and we were delighted to be awarded 3 years continued funding on a standstill basis.

This funding award buoyed the staff and trustees to look forward with renewed confidence in our organization. Despite the uncertainty looming over us during 2017/18 our creative staff were not deterred from presenting a full programme of creative work. Highlights included:

Our visual arts programme launched with a showing of Graham Fagen's *The Slave's Lament*, and *The Rope Tree*, and continued to host a variety of visual art and craft exhibitions and creative workshops including Karen Suzuki, Pamela & Erlend Tait, Sam Ainsley, and Tina Scopa, and a group show of printed textile pieces inspired by India and curated by Kay West.

In Music, we presented a wide range of performances including *The Secret North*, *The Scottish Ensemble*, Alice Marra & band, the Mae Trio, Tommy Smith, Aidan O'Rourke & Kit Downes, *Me for Queen*, Roddy Woomble and Newton Faulkner to name just a few. Gigs were held at An Tobar, the Aros Hall, Iona Village Hall, and Bunessan. Gordon was also busy in the recording studio with Iain Morrison, Andrew Wasylyk and others.

Mull Theatre produced Jim Cartwright's *TWO* with a small tour to other Mull venues; *FACE* by Peter Arnott which toured in the highlands, several Bite-size performances, and a co-production of *Damned Rebel Bitches* with Poor Boy Theatre.

Our Youth theatre were chosen to take part in an exchange programme with the National Theatre of Scotland to take place in summer 2018. Their selection bears testament to the solid work that Andi Stevens has been doing over the years to get our young people working at such a high level. Mull Youth Theatre continues to attract and retain excellent engagement amongst our young people.

Our board is relatively new to Comar, with the longest serving trustees having joined at end of 2015. This year has seen further consolidation of the board's understanding of the organization and its governance of it. Our three newest trustees, Cheryl Callow, Ian Jones and Barry Laurie have been making significant contributions. We have been operating sub committees in Finance and HR, and this is proving to be an effective way of sharing the load and ensuring more in depth working.

Our general manager Karen Ray has been with us for 18 months at the end of the financial year 2017-18, and she has become a vital asset to the company. In particular her work, together with the finance staff Lorraine Jones and Brian Jones, and our finance committee chair, Barry Laurie, has been instrumental in us developing much more effective financial reporting systems, which is of tremendous benefit to creative staff, other budget holders, and to the trustees.

Trustees' report *(continued)* **for the year ended 31 March 2018**

Chair's report *(continued)*

The board has confidence in its financial health going forward, but we are keenly aware of the need to diversify our income streams. Without Creative Scotland finding it would be difficult to imagine Comar being able to continue, however for us to truly flourish we need to seek further sources of income and this will be a priority for the coming financial year and for all future years. Our organization is now on a stable footing to enable us to approach this with renewed energy.

Funding is, however, only one part of what makes Comar a success. True success is better measured in healthy audiences for our work, and in a supportive community behind us. Comar is proud to have that support and in having engaged stakeholders who can tell us what they think and know that they will be listened to. The trustees and staff are always happy to have a conversation with you. Don't forget to keep informed about what's on by visiting our website www.comar.co.uk; or subscribe to our mailing list for updates.

Structure, governance and management

Comar was registered as a Scottish Charitable Incorporated Organisation in January 2012. The Board is the principal decision making forum for the organisation, it has overall responsibility for leading the strategic direction and monitoring financial and operational performance. The Board has adopted a formal schedule of Authorities of matters specifically reserved for its direction and of limits of delegated powers.

The constitution of Comar allows for 4 supporter members to be elected to the board annually from the group of supporter members with another 4 to be appointed by the board. As allowed under the constitution the CEO Alasdair McCrone is also a board member. New trustees meet with the Chair and the General Manager and are given an induction with further training if required. All board members are encouraged to attend an annual bespoke full training day, run by Arts & Business and the chair (or nominated representative) attends their regular "Chair Matters" networking and information sessions.

Our purposes and activities

The purposes of the charity are:

The objectives of the SCIO are to establish and develop a sustainable organisation on the Isle of Mull to maintain, promote and advance the provision, appreciation and public understanding of the arts.

Our Vision

To be an inspirational arts organisation which resonates on and beyond our island home.

Our mission

To show cultural leadership by drawing art forms, artists and audiences together in meaningful, inventive and stimulating ways.

Our Values

Comar values artists and artistic experiences and their potential to influence lives and communities

Our Aims

To enable the creation and development of new, innovative and exciting work and to encourage everyone to experience and participate in the arts.

The strategies employed to achieve the charity's aims and objectives are:

Artists

- to develop and support a programme of commissioning new work from artists across all art forms, to attract local, national, and international interest and focus
- to engage with and support a wide range of emerging and established artists to help them develop their potential
- to use our venues in Tobermory, and the spaces throughout our island and region, as starting points for creative freedom
- to offer significant levels of support to artists including fair pay

Trustees' report *(continued)* **for the year ended 31 March 2018**

Our Aims

Strategic and Leadership

- to establish a programme of partnerships, co-productions and joint creative initiatives with organisations and individuals across all art forms
- to act as a creative management and producing hub to support independent artists and companies to develop their work
- to encourage a range of creative residencies involving national and international cultural exchanges across differing art forms
- to secure longer term and higher level investment from a range of sources

Audiences and Communities

- to create and deliver a significant body of work to serve the local, regional and national audience
- to produce, present and develop cultural experiences for artists and audiences
- to develop an inclusive programme of involvement for the population on Mull and Iona
- to promote and market local creative industries
- to support stronger, safer communities by working with local support groups to contribute to the development of improved physical and mental health
- to break down barriers and allow people to engage with their creative potential

Quality of Life

- to help promote Argyll & Bute as an aspirational place to live, work and visit
- to offer real, sustainable job opportunities and training to people, across the range of our output
- to engage people with the arts by exposure and creating opportunity
- to provide a context for confident cultural expression through the arts and...
- to leave space for surprise, fun and enjoyment

Our Artistic Values

The islands of Mull and Iona have from ancient times been at the centre of the cultural life of Scotland through music, oral and art tradition – Comar aims to maintain and deepen that creative cultural continuum. We wish, through our programme and how we deliver it, to both create and nourish an appetite for the arts and cultural activities. We seek to create a chain of connectedness with other creative ideas, people and communities.

We want to celebrate what we share and our differences in the context of the complexities of our island lives. We encourage artistic experimentation, supporting and connecting creative artists to use all that Mull has to offer to grow new ideas, to seek meaningful ways to inspire, inform and shape our communities through culture and creativity.

Comar focus on commissioning, producing and touring the highest quality new work in its core artforms – theatre, music and visual arts, in which it has a powerful track record of accomplishment – whilst expressing clearly the extraordinary creative ambition and vision which lies at the heart of the organisation and which we will realise through its sectoral and regional leadership role, touring residencies, partnerships, support for other companies and a series of creative collaborations.

Achievements and performance

Measured against our artistic goals and milestones for 2017/18, we believe this was an excellent year. In the context of the uncertainty over future RFO and other funding which was having a profound effect on the entire arts sector, we managed to create, support and deliver a wide-ranging, ambitious and engaging programme of work across three artforms. In addition, our Creative Learning portfolio has expanded to cover high quality engagement in dance, visual arts, drama, storytelling and music.

We have continued to show cultural leadership by drawing art forms, artists and audiences together in meaningful, inventive and stimulating ways. We continue to operate two successful venues and have delivered on commissions, productions and touring, reinforced our role as a creative and production hub in both theatre and music, and have continued to work with established and emerging artists.

Trustees' report *(continued)* **for the year ended 31 March 2018**

Theatre

We have produced and toured three significant pieces of work (TWO, BITE-SIZE and FACE) and co-produced a fourth (DAMNED REBEL BITCHES).

BITE-SIZE was an idea we trailed in 2016 with four lunchtime performances at An Tobar. A new-writing project, with rehearsed readings of excerpts from new plays. After the readings, audience members are encouraged to engage in a critical review process... and they do. BITE-SIZE was a great success in every way, with really useful developments being made to the work through the process and truly meaningful engagement with our audiences who got to know us and our work.

Our co-production with Poorboy of Damn Rebel Bitches, written and directed by Sandy Thomson, was the culmination of a long period of development (much of which was carried out during a residency at Mull Theatre 2 years ago) and of a longstanding commitment from Comar to support the company and the new work. They carried out several community workshops with groups and organisations. The show had one closed-doors preview and two public performances at Mull Theatre before going on the road around Scotland.

Visual Arts

All of the artists and in one case a curator, have all worked directly with Comar to make the exhibitions site specific to An Tobar gallery. All have either held a workshop, given a talk or undertaken a commissioned work. In An Tobar this year each exhibition explores a different use for the space of the gallery and how the artists activate that space, each has a theme which bring its component parts together. The underlying emphasis in the programme in terms of curation, has been placed on addressing notions of identity:

- Of the gallery and its function within the building, the community and the wider audience.
- The nature and quality of the gallery and its space, the exhibitions are an exploration of this.
- Each exhibition has a high level of craft in its execution of the work which broadens its accessibility to a diverse audience demographic.
- Aspects of national and personal identity are explored throughout the programme: Who are we, how are we linked in terms of history, heritage and how do we differ? How does visual art have a role in our understanding?

Music

The concert series this year has been varied and well-received with good audience figures and has included a lot of new compositions including James Lindsay and his band, Aillie Robertson's Secret North show, Aidan O'Rourke playing some of the music from his 365 project, Andrew Wasyluk performing some of his highly acclaimed new album Themes For Buildings and Spaces and Rachel Simpson with new songs in her first solo concert.

The Scottish Ensemble completed their second Mull residency with a major concert in Mull Theatre, a collaborative performance with 5 Mull poets in Bunessan, a workshop with young local musicians and a concert in Glen Iosal sheltered housing complex.

The Iona Village Hall Music Festival was a big success. Sold out in a few hours, this was the 4th year of this wonderful weekend of incredible music.

We hosted a night as part of Blas Festival which we have supported for a number of years now.

- The Light Comes Back, commissioned by An Tobar, was performed by Liz Lochhead and The Hazey Janes with Steve Kettle in The Queen's Hall during the Edinburgh Festival.
- An Tobar supported 2 concerts in Oban's Corran Halls - The outstanding Oban High School Pipe Band led by one of the world's greatest pipers Angus MacColl and a night with Oban Gaelic Choir and a number of guest musicians. An Tobar provided a sound engineer, PA and recorded both evenings for possible future release on CD.

Trustees' report *(continued)* **for the year ended 31 March 2018**

Music *(continued)*

- An Tobar has invited a number of outstanding musicians to write and record new work in our studio with producer Gordon Maclean. These sessions included work for new albums by Iain Morrison, Siobhan Wilson, Miss Irenie Rose, Joy Dunlop, Andrew Wasylyk, Kirsty Fisher and The Ross of Mull Poets. The studio was also used by other local musicians and poets as well as Argyll ladies choir Atomaic Piseag. Roddy Woomble's latest solo album *The Deluder* has just been released and this was partly recorded in An Tobar. *Zero To One* by Hamish Hawk, recorded in An Tobar, is to be released early next year on Middle of Nowhere Records.

Financial review

Following a period of restructure and consolidation, Comar is moving forward artistically, and the financial plan is designed to support this by:

- Refining processes, recording, and reporting to support robust management of financial administration
- Implementing a structured approach to fundraising with clear responsibilities and targets and ensuring they are clearly aligned to projects
- Developing existing earned income streams and identifying and building new streams

Our financial procedures are fully documented, and subject to annual review to ensure they remain fit for purpose. Any recommendations from our auditors are considered and incorporated into the financial procedures as appropriate.

Budgets are prepared on a continuing 3-year cycle, reviewed by the trustees and senior management team. These reflect the strategic direction of the company and identified external factors, and are updated annually. The pay of Key Management is benchmarked by the board annually.

The Finance Committee, which reports to the full board, is provided with Management Accounts monthly, and in addition has contextual information and forecasting for quarterly board meetings. The General Manager attends and can expand on any points raised.

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the SCIO faces
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review
- the implementation of procedures designed to minimise or manage any potential impact on the SCIO should those risks materialise

This work has identified that the biggest risk to the SCIO would be the inability to raise sufficient additional funds to support the programme in each year. This has been mitigated in 2018/19 by engaging the services of a fundraising agency and exploring additional options to raise income. This will be built upon in future years.

An additional risk is the possibility of the loss of funding from Creative Scotland. This funding is secured until March 2021 and the arrangements outlined should help to reduce any risk of the loss of this funding. We maintain a close relationship with our Lead Officer and are closely monitoring our delivery against plan that secured the current funding.

Attention has also been focussed on non-financial risks arising from organisational structure, succession planning at a senior level and updating of policies. These risks are managed by annual review or if a senior member of the team were to leave. We have engaged professional support to update and review all our policies.

Trustees' report *(continued)* **for the year ended 31 March 2018**

Reserves policy and going concern

Comar had negative unrestricted funds of £19,541 at the end of 2016/17. With careful management, this has been built up to positive unrestricted funds of £11,001 this year. The reserves policy to be developed in the year 2018/19.

The trustees are aware that the lack of free reserves, together with the economic backdrop, will provide a challenging environment in the year to come. The trustees have plans in hand to address this situation and further build reserves. Our balance sheet remains strong with net assets of £952,357 and consider that adequate resources continue to be available to fund the activities of Comar for the foreseeable future. The trustees are of the view that the SCIO is a going concern.

Investment powers and policy

Comar's funds are managed entirely through our local bank, and there was insufficient cash flow this year to consider moving funds in and out of interest paying accounts. Now that our financial situation is more stable and we are beginning to rebuild our reserves, this policy is to be developed in the year 2018/19.

Plans for future periods

Fundraising

Senior staff, with support from the trustees, have specific fundraising targets identified to ensure the sustainability of Comar. Consideration will be given to employing a fundraiser to support these efforts and to access additional skills and contacts. Training and support will be available to access new streams and to build upon the existing skills of managers and trustees in this area.

Trusts and Foundations

A planned and targeted approach was developed for applications to Trusts and Foundations, using the experience and contacts for those who have supported us in the past, while developing new sources.

Public funding

We will renew and build relationships with: Highlands & Islands Enterprise, Argyll & Bute Council, Bord na Gaidhlig and Visit Scotland in order to access funds or work in partnership.

Businesses and sponsorship

Our fundraising plans will identify specific targets for sponsorship, for each of our venues and for specific projects and events. Staff will have responsibility for gaining sponsorship in their own areas, and match funding from Arts & Business should be available. We will further target advertising revenue. Staff training from Arts in Business Scotland has already been undertaken and is ongoing.

Earned income

We set realistic targets for increasing our earned income over the period of the plan. Areas of focus for earned income will be:

- The café at An Tobar
- Hire of our venues and equipment
- The shop at An Tobar, commission on art sales
- Druimfin Lodge as accommodation
- Sales of Mull Theatre and An Tobar branded goods and music

Trustees' report *(continued)*
for the year ended 31 March 2018

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of Comar for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence 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.

This report was approved by the Board and signed on its behalf by:

Dawn Reade
Trustee

December 2018

Independent auditors' report to the trustees and members of Comar

Opinion

We have audited the financial statements of Comar (the 'charity') for the year ended 31 March 2018 which comprise the Statement of Financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the trustees and members of Comar

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charity Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body for our audit work, for this report, or for the opinions we have formed.

Henderson Loggie

Chartered Accountants & Statutory Auditors

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

11-15 Thistle Street

Edinburgh

EH2 1DF

December 2018

Statement of financial activities (incorporating the income and expenditure account)

for the year ended 31 March 2018

	Notes	Unrestricted funds £	Restricted Funds £	Designated Funds £	2018 Total £	Unrestricted funds £	Restricted Funds £	Designated Funds £	2017 Total £
Income from:									
Donations, grants and legacies	2	438,374	3,016	-	441,390	428,189	111,425	-	539,614
Charitable activities	3	36,877	1,250	-	38,127	33,178	2,167	-	35,345
Trading activities	4	69,599	-	-	69,599	49,360	-	-	49,360
Total income		544,850	4,266	-	549,116	510,727	113,592	-	624,319
Expenditure on:									
Raising funds	5	78,692	-	-	78,692	81,203	-	-	81,203
Charitable activities	6	436,222	30,127	22,900	489,249	445,333	250,038	23,019	718,390
Total expenditure		514,914	30,127	22,900	567,941	526,536	250,038	23,019	799,593
Net income/(expenditure)		29,936	(25,861)	(22,900)	(18,825)	(15,809)	(136,446)	(23,019)	(175,274)
Transfers between funds		606	(606)	-	-	-	-	-	-
Net movement in funds		30,542	(26,467)	(22,900)	(18,825)	(15,809)	(136,446)	(23,019)	(175,274)
Reconciliation of funds									
Total funds brought forward		(19,541)	798,946	191,777	971,182	(3,732)	935,392	214,796	1,146,456
Total funds carried forward		11,001	772,479	168,877	952,357	(19,541)	798,946	191,777	971,182

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 14 to 22 form an integral part of these financial statements.

Balance sheet
as at 31 March 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	10		954,394		997,087
Current assets					
Stocks	11	2,234		3,001	
Debtors	12	19,272		9,098	
Cash at bank and in hand		53,904		51,229	
		<hr/>		<hr/>	
		75,410		63,328	
Creditors: amounts falling due within one year	13	(77,447)		(89,233)	
		<hr/>		<hr/>	
Net current (liabilities)			(2,037)		(25,905)
			<hr/>		<hr/>
Net assets			952,357		971,182
			<hr/> <hr/>		<hr/> <hr/>
Funds					
Unrestricted general funds	16		11,001		(19,541)
Unrestricted designated funds	17		168,877		191,777
Restricted funds	18		772,479		798,946
			<hr/>		<hr/>
Total funds			952,357		971,182
			<hr/> <hr/>		<hr/> <hr/>

Approved by the Board for issue on December 2018.

Dawn Reade
Trustee

Charity No. SC042883

Cash flow statement
for the year ended 31 March 2018

	<i>Notes</i>	2018 £	2017 £
Net outgoing resources for the year		(18,825)	(175,274)
Interest payable		-	2,137
Depreciation	10	43,947	43,729
Decrease/(increase) in stocks		767	3,496
(Increase)/decrease in debtors		(10,174)	48,814
(Decrease)/increase in creditors		(11,786)	(4,537)
Gain on disposal of assets		(600)	-
		<hr/>	<hr/>
Net cash provided by /(used in) operating activities		3,329	(81,635)
 Cash flows from investing activities			
Interest receivable/(payable)		-	(2,137)
Capital expenditure	10	(1,254)	-
Proceeds on sale of assets		600	-
		<hr/>	<hr/>
Net cash used in investing activities		(654)	(2,137)
 Change in cash and cash equivalents in the year		2,675	(83,772)
Cash and cash equivalents brought forward		51,229	135,001
		<hr/>	<hr/>
Cash and cash equivalents at end of the year		53,904	51,229
		<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements for the year ended 31 March 2018

1 Accounting policies

The charity is constituted as a Scottish Charitable Incorporated Organisation and was set up on 24 January 2012. The charity is governed in accordance with its Constitution.

1.1 Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) as well as the Statement of Recommended Practice (SORP FRS102) – Accounting and Reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Financial Reporting Standard 102 (FRS102). The charity meets the definition of a public benefit entity as defined by FRS 102. The financial statements are prepared in Sterling, which is the functional currency of the charity. Monetary assets in these financial statements are rounded to the recent Pound.

In common with other charities of a similar size our auditors assist with the preparation of the financial statements.

The trustees consider that there are no material uncertainties about the trust's ability to continue as a going concern,

1.2 Income

Income is recognised in the statement of financial activities when the charity is entitled to the income, any performance conditions attached have been met, it is probable that the income will be received and the amount can be quantified with reasonable accuracy.

1.3 Expenditure

Expenditure is recognised when there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be reliably measured.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs, are allocated on an appropriate basis to the various activities of the charity. Where costs cannot be allocated directly, they are apportioned to categories on the basis of a reasonable estimate of the costs.

Expenditure on raising funds are those incurred in generating income from the café and shop.

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 necessary for the board to fulfil its constitutional and statutory obligations.

The charity contributes to a defined contribution pension scheme on behalf of employees. Contributions are recognised in the period to which employees provide service.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

Leasehold improvements	Straight line over the life of the lease
Plant and machinery	Various rates from 15% to 33%
Fixtures, fittings and equipment	Various rates between 15% and 33%
Motor vehicles	25% straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Notes to the financial statements *(continued)* **for the year ended 31 March 2018**

1 Accounting policies *(continued)*

1.6 Stock

Stock is valued at the lower of cost or net realisable value.

1.7 Financial instruments

The charity has only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and are subsequently measured at their settlement value with the exception of bank loans which are measured at amortised cost using the effective interest rate method.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

1.9 Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after any trade discounts due.

1.11 Taxation

The charity is registered with OSCR and accordingly, the charity's activities fall within the exemptions from taxation in respect of income or capital gains afforded by the provisions of the Corporation Taxes Act 2010 to the extent that such income is applied for charitable purposes.

1.12 Fund accounting

- Unrestricted funds are available for use at the discretion of the Board in furtherance of the general activities of the charity.
- Designated funds are unrestricted funds earmarked by the Board for particular purposes.
- Restricted funds are subject to restrictions on their expenditure imposed by the donor.

1.13 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the charity as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

Notes to the financial statements *(continued)*
for the year ended 31 March 2018

2 Income from donations, grants and legacies

	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Donations	706	1,891	2,597	100
Memberships	1,500	-	1,500	2,530
Creative Scotland – Core funding	416,668	-	416,668	416,666
Creative Scotland – Argyll Youth Arts Hub	-	1,125	1,125	110,125
Highlands & Islands Enterprise	-	-	-	3,893
Gift in Kind – Argyll & Bute Council	18,000	-	18,000	-
Grants	1,500	-	1,500	6,300
	<u>438,374</u>	<u>3,016</u>	<u>441,390</u>	<u>539,614</u>

3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Box Office and theatre tickets	33,064	-	33,064	29,648
Workshop fees	3,813	1,250	5,063	1,607
Other income from charitable activities	-	-	-	4,090
	<u>36,877</u>	<u>1,250</u>	<u>38,127</u>	<u>35,345</u>

4 Income from trading activities

	Unrestricted Funds £	Restricted funds £	2018 Total £	2017 Total £
Art sales, commissions and royalties	1,933	-	1,933	2,801
Recordings, building & equipment hire	8,579	-	8,579	2,297
Café and shop	59,086	-	59,086	44,262
	<u>69,598</u>	<u>-</u>	<u>69,598</u>	<u>49,360</u>

5 Expenditure on raising funds

	2018 Total £	2017 Total £
Café and shop		
Purchases	27,304	23,160
Wages and salaries	39,673	36,437
Commissions	-	541
Other costs	20	1,179
Support costs (note 7)	11,695	19,886
	<u>78,692</u>	<u>81,203</u>

Notes to the financial statements *(continued)*
for the year ended 31 March 2018

6 Expenditure on charitable activities

	Direct £	Support £	2018 Total £	2017 Total £
Core Creative Activity	111,295	162,097	273,392	319,820
Theatre	58,939	29,713	88,652	75,862
Programming and visual arts	42,726	12,971	55,697	39,103
Youth Music Initiative	-	-	-	2,088
Argyll Youth Arts Hub	11,510	-	11,510	230,542
Music & Musicians	38,636	14,906	53,542	34,908
Cross Art Form	-	-	-	6,986
Education and Literature	4,227	2,229	6,456	-
	<u>267,333</u>	<u>221,916</u>	<u>489,249</u>	<u>709,309</u>

7 Support costs

	2018 Total £	2017 Total £
<i>Support costs comprise the following:</i>		
Staff costs	83,623	65,959
Travel costs	2,154	4,205
Motor expenses	921	2,643
Telephone	5,273	4,702
Postage and stationery	4,441	6,540
IT maintenance	3,674	3,810
Bank and credit card charges	2,611	1,966
Insurance	6,675	5,918
Advertising	9,002	9,865
Depreciation	43,947	43,729
Premises costs	56,351	52,094
Other staff costs	2,228	1,786
Other office expenses	2,579	9,184
Governance costs (note 8)	10,132	9,081
	<u>233,611</u>	<u>221,482</u>

Support costs are allocated across activities using a mixture of direct and proportionate allocation methods

8 Governance costs

	2018 Total £	2017 Total £
Professional – Audit fee	7,863	5,900
Cost of trustees' meetings	1,048	1,044
Trustee expenses	1,221	2,137
	<u>10,132</u>	<u>9,081</u>

Notes to the financial statements *(continued)*
for the year ended 31 March 2018

9 Wages & salaries

Employment costs	2018	2017
	£	£
Wages and salaries	227,238	228,244
Social security costs	12,820	12,087
Defined benefit pension contributions	1,660	-
	<hr/>	<hr/>
	241,718	240,331
	<hr/> <hr/>	<hr/> <hr/>

No employee received emoluments of more than £60,000 (2017; None).

The average monthly numbers of employees during the year was 17 (2017; 13)

Pension contributions outstanding to be paid over at the year end totalled £254 (2017; £nil)

Pay of key management

Key management are judged to be to executive director, the general manager and the music director. The total employment costs including employers NI of key management in the year was £104,588 (2017; £87,761)

10 Tangible fixed assets

	An Tobar buildings Short Leasehold £	Druimfin Lodge Short Leasehold £	Druimfin Theatre Short Leasehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2017	451,970	42,479	930,833	190,550	33,689	1,649,521
Additions	-	-	-	1,254	-	1,254
Disposals	-	-	-	-	(33,689)	(33,689)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	451,970	42,479	930,833	191,804	-	1,617,086
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 1 April 2017	301,458	16,267	132,193	168,827	33,689	652,434
Charge for the year	18,079	1,699	18,617	5,552	-	43,947
Released on disposal	-	-	-	-	(33,689)	(33,689)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	319,537	17,966	150,810	174,379	-	662,692
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 March 2018	132,433	24,513	780,023	17,425	-	954,394
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2017	150,512	26,212	798,460	21,723	-	997,087
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*
for the year ended 31 March 2018

11 Stocks

	2018 £	2017 £
Finished goods and goods for resale	2,234	3,001

12 Debtors

	2018 £	2017 £
Trade debtors	2,592	472
Other debtors and prepayments	16,680	8,626
	19,272	9,098

13 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	12,551	27,356
Other taxes and social security	3,073	4,330
Other creditors	41,234	43,981
Accruals and deferred income	20,589	13,566
	77,447	89,233

14 Operating lease commitments

The charity was committed to paying the following operating lease payments at the year end

	2018 £	2017 £
Within 1 year	5,005	5,005
Within 2 – 5 years	20,019	20,019
Greater than 5 years	37,548	42,553
	62,572	67,577

Operating lease payments in the year totalled £5,004 (2017: £5,004)

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Designated funds £	Total funds £
<i>Fund balances at 31 March 2018, as represented by:</i>				
Tangible fixed assets	59,679	725,838	168,877	954,394
Current assets	28,769	46,641	-	75,410
Current liabilities	(77,447)	-	-	(77,447)
	11,001	772,479	168,877	952,357

Notes to the financial statements *(continued)*
for the year ended 31 March 2018

15 Analysis of net assets between funds <i>(continued)</i>		Unrestricted funds	Restricted funds	Designated funds	Total funds	
<i>Fund balances at 31 March 2017, as represented by:</i>	£	£	£	£	£	
Tangible fixed assets		21,855	783,455	191,777	997,087	
Current assets		8,837	54,491		63,328	
Current liabilities		(50,233)	(39,000)	-	(89,233)	
		<hr/>	<hr/>	<hr/>	<hr/>	
		(19,541)	798,946	191,777	971,182	
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	
16 Unrestricted funds		At 1 April 2017	Incoming resources	Outgoing Resources	Transfers	At 31 March 2018
		£	£	£	£	£
General funds		(19,541)	544,850	(514,914)	606	11,001
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		At 1 April 2016	Incoming resources	Outgoing Resources	Transfers	At 31 March 2017
		£	£	£	£	£
General funds		(3,732)	510,727	(526,536)	-	(19,541)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
17 Designated funds				At 1 April 2017	Expenditure	At 31 March 2018
				£	£	£
Druimfin Lodge, equipment, theatre seating, etc				37,731	(3,937)	33,794
An Tobar Arts Centre				154,046	(18,963)	135,083
				<hr/>	<hr/>	<hr/>
				191,777	(22,900)	168,877
				<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
				At 1 April 2016	Expenditure	At 31 March 2017
				£	£	£
Druimfin Lodge, equipment, theatre seating, etc				41,787	(4,056)	37,731
An Tobar Arts Centre				173,009	(18,963)	154,046
				<hr/>	<hr/>	<hr/>
				214,796	(23,019)	191,777
				<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

These funds have been set aside by the trustees towards the future depreciation costs of the assets.

Notes to the financial statements *(continued)*
for the year ended 31 March 2018

18 Restricted funds

	At 1 April 2017 £	Income £	Expenditure £	Transfers £	At 31 March 2018 £
Capital funds					
Production Centre	615,716	-	(15,860)	-	599,856
Druimfin Phase 2	128,739	-	(2,757)	-	125,982
Revenue funds					
Argyll Youth Arts Hub	9,673	1,125	(11,510)	712	-
Unspotted Snow & Aon Teanga	44,818	-	-	(1,318)	43,500
Processions	-	1,250	-	-	1,250
Theatre new writing	-	1,891	-	-	1,891
	<u>798,946</u>	<u>4,266</u>	<u>(30,127)</u>	<u>(606)</u>	<u>772,479</u>
	<u><u>798,946</u></u>	<u><u>4,266</u></u>	<u><u>(30,127)</u></u>	<u><u>(606)</u></u>	<u><u>772,479</u></u>
	At 1 April 2016 £	Income £	Expenditure £	Transfers £	At 31 March 2017 £
Capital funds					
Production Centre	631,576	-	(15,860)	-	615,716
Druimfin Phase 2	131,496	-	(2,757)	-	128,739
Revenue funds					
Argyll Youth Arts Hub	128,820	111,395	(230,542)	-	9,673
Unspotted Snow & Aon Teanga	43,500	2,197	(879)	-	44,818
	<u>935,392</u>	<u>113,592</u>	<u>(250,038)</u>	<u>-</u>	<u>798,946</u>
	<u><u>935,392</u></u>	<u><u>113,592</u></u>	<u><u>(250,038)</u></u>	<u><u>-</u></u>	<u><u>798,946</u></u>

Production Centre - This fund represents the costs incurred for Phase 1 of the development of the Production Centre. Depreciation is charged directly to the fund.

Druimfin Phase 2 - Druimfin Phase 2 represents grants received in previous years from Creative Scotland and HIE towards the further development of the Production Centre at Druimfin. Depreciation is charged directly to the fund.

Argyll Youth Arts Hub - Income received towards the Argyll Youth Arts Hub, transfers represent release of deficit on fund.

Unspotted Snow & Aon Teanga - Funding received for specific productions, transfers represent the release of funds spent in previous years on Aon Teanga and not previous charged against the fund.

Theatre new writing - Royalties donated for the development of new writing for theatre.

Notes to the financial statements *(continued)*
for the year ended 31 March 2018

19 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,592	472
Carrying amount of financial liabilities		
Measured at amortised cost	76,265	84,903

Debt instruments measured at amortised cost comprise trade debtors.

Liabilities measured at amortised cost comprises trade creditors, accruals and other creditors

20 Related party transaction

7 (2017: 4) trustees received reimbursement of travel expenses totalling £1,412 (2017: £231).

Alasdair McCrone, executive director, is also a member of the Board and is remunerated under a contract of employment, which is permissible by the charity's Constitution. His employment costs including employers NI totalled £38,010 (2017: £38,080)

One trustee is also director of Mull & Iona Community Trust (MICT). During the year, MICT was invoiced £930 (2017: £Nil) for concert tickets and provided recording services to the value of £4,015. MICT also invoiced the charity £331 (2017: £47) for room hire and recycling charges, £7 (2017: £47) was owing at year end and £4,015 included within accrued income.

One trustee is also a director of Island Bakery Organics Limited who invoiced the charity £98 (2017: £Nil) for the supply of goods in the year.

One trustee is also a partner of Throne Wyness Architects who invoiced the charity £137 (2017: £Nil) for the supply of architectural services in the year.

Design services were supplied by the wife of a trustee for a total of £5,250 (2017: £7,045). These services were contracted for at arm's length and the terms and conditions were approved by independent management.

Artistic services were supplied by the partner of a trustee for a total of £4,198 (2017: £230)

21 Ultimate controlling party

The charity is controlled by its Board.