

PROJECT ABILITY LIMITED

{A company limited by guarantee and not having a share capital}

REPORT and FINANCIAL STATEMENTS

For the Year ended 31 March 2010

Company number: SC87782

Charity number: SC005226



PROJECT ABILITY LIMITED
FINANCIAL STATEMENTS
For the year ended 31 March 2010

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PROJECT ABILITY LIMITED

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management presents its report and audited financial statements for the year ended 31st March 2010.

Reference and administrative information

Charity Name: Project Ability

Charity registration number: SC005226

Company registration number: SC87782

Registered Office and Operational Address:
103 Trongate
Glasgow
G1 5HD

Management Committee

The directors serving during the year and since the year end were as follows:

Chairperson	Stewart Coulter
Vice Chair	Robin McGilp

Marion Davis
Robin Downie
Bevis Evans-Teush – appointed September 2009
Steve Niblock
Jim Reilly
Irene Tweedie

Company Secretary Murray Wilson

Senior Management Ms E Gibson Executive Artistic Director

Auditors

Cheetham & Co., Homelea House, Faith Avenue, Quarrier's Village, Bridge of Weir PA11 3SX

Bankers

Bank of Scotland, 258/262 Dumbarton Road, Glasgow G11 6TU

Solicitors

Brechin Tindal Oatts, 48 St Vincent Street, Glasgow G2 5TS

PROJECT ABILITY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 25 April 1984 and registered as a charity with HM Revenue and Customs and OSCR (Office of the Scottish Charity Regulator). 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 each member is required to contribute an amount not exceeding £1.

Recruitment and Appointment of Management Committee

The directors of the company are also charity trustees for the purposes of charity law. Under the terms of the Memorandum and Articles of Association, one third of the directors must retire each year, but can be re-elected, provided that they have not served as a director for nine continuous years.

Stewart Coulter is retiring from the Board of Management and does not seek re-election. Robin Downie and Jim Reilly retire by rotation and are not eligible for re-election.

Fiona Thomson, having served on the Board in earlier years, and having attended Board meetings on an advisory basis during 2009-10, seeks re-election.

All new directors are selected with a view to ensuring that the board has an appropriate balance of experience and skills relevant to Project Ability's strategic and operational requirements.

Directors' Induction and Training

Directors are fully briefed on the organisation by the Chair and the Executive Artistic Director and meet with the senior staff as part of their induction. A comprehensive information pack is given to all new directors. Directors are encouraged to attend events and meet participants in the different programmes.

Risk Management

In the opinion of the directors, the major risk to the Company would be the withdrawal of any of its major grant funders, Glasgow City Council, Scottish Arts Council or NHS Greater Glasgow & Clyde without adequate notice. The limited amount of reserves is a concern, providing little in the way of a contingency fund against any unforeseen expenditure or any unforeseen reduction in grant income. During the year, the Board updated its risk assessment, which covers both financial and non-financial risks, and it believes it has taken reasonable and appropriate steps to mitigate key risks. The risk assessment will continue to be updated on an annual basis in the future.

Organisational Structure

The chief officer of the Company is the Executive Artistic Director who is responsible to a voluntary Board of Directors for the overall management and artistic direction of the Company. Operations and finance is the responsibility of the Operations Manager who also deputises for the Executive Artistic Director. These are the two management staff who report to the Board at a bi-monthly meeting.

PROJECT ABILITY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

The directors meet six times per year and where necessary the Board will establish a working group to deal with particular issues and report back to the full meeting. Directors are encouraged to attend events and meet participants in the different programmes.

Related Parties

One of the current directors, Mr R McGilp is an employee of a Grant Provider, NHS Greater Glasgow & Clyde.

Objectives and Activities

The company's objects and principal activities are to:

- promote the practice and appreciation of the arts by people with disabilities.

To achieve this:-

We deliver an inclusive and empowering arts development and exhibition programme which inspires people with disabilities to achieve their artistic potential.

We manage three programmes supporting people with learning disabilities, people with mental health issues and children and young people with disabilities.

2009 – 2010

This past year we celebrated our 25th anniversary by moving premises to Trongate 103, a major new arts resource located in Glasgow's historic Merchant City. The building houses eight arts organisations and our inclusion in this creative hub firmly places Project Ability at the centre of the arts community. Project Ability occupies the second largest space in the building and as key tenants we bring around fifty participants into the building each day plus support workers, parents, mental health and social care professionals. This has a considerable impact on the culture of the building and adds considerably to the perception that this is a space, which is inspirational, inclusive and accessible.

I would like to thank all the staff, artists, board of directors and stakeholders who have worked hard to make this move so successful. I am sure that over the next 25 years our new premises at T103 will become an international centre of creative excellence for artists with disabilities.

Stewart Coulter
Chair

Activities and Achievements

2009 – 2010: highlights

At the end of March 2009, we closed the door on our premises in Albion Street. After years of fundraising and preparation the time had come and we were ready to move. We had moved into 18 Albion Street in 1991. The building had been empty for years and was extremely dirty and run down but with a minimum amount of money and a great deal of hard work we cleaned, painted, installed electrics and created the gallery and workshop. In 1996, we took on the lease for the adjacent space and opened the Trongate Studios. Forward to 2009 and there was no time for nostalgia it was time to move.

PROJECT ABILITY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

Activities and Achievements (continued)

Throughout May, June and July we packed and demolished furniture, gallery walls, lighting, equipment and eighteen years worth of STUFF. We got the keys for Trongate 103 and began to fit-out our new premises.

During this time we set up a service users' forum and they helped us to rename our three programme strands. The children and young people's programme is now called Create, the learning disability programme Aspire and the adults with mental health issues Connect.

By August we had finished packing and had moved out of Albion Street. We invited all of our participants to visit the new premises. Over sixty people took up the offer and had an early viewing of Trongate 103 and the new workshop.

Trongate 103 was officially opened on the 10th September. To coincide with the opening we launched a new website. Our new workshop programme was launched on Monday 4th October 2009 and we were immediately up and running with a full programme, six days a week.

In October, we appointed a part-time Exhibitions Co-ordinator. Since the inaugural show "Ourselves and Others" we have opened eight exhibitions and shown work by UK and International artists and work by young people with disabilities.

- "Pure inspiration"
- "What a fabulous show it's extraordinary and heartening"
- "Some very talented artists, more inspiring than most galleries I've been to this year"

(a selection of feedback from the Gallery visitors' book.)

In November we swept the board at the 2009 Oska Bright Film Festival awards. Hughie McIntyre won Best Animation with "The Story of the Beatles" and Doreen Kay won Best Overall Film with "Young at Heart".

In December we put up comment boards and asked people to tell us their impressions of the workshop, the gallery and Trongate 103. The feedback showed us how much everyone was enjoying working in the new building.

- "Great space! Great atmosphere. Great windows! Great people."
- "I look forward to each day to come here. It's great to mix and meet new people."
- "...love it! The atmosphere of industry and people being engaged in doing what they love."

In December the Co operative Membership Group Scotland became the first sponsors of the Create film programme.

January to March saw the final fit-out of the workshop with the media suite, ceramics, glass and printmaking areas now in full use.

This was an extraordinary year and with the board, staff and participants working together, and putting in a tremendous effort, we are able to ensure a smooth transfer and minimised disruption to the programme.

PROJECT ABILITY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

2010 -2011: the year ahead

We are a small, effective and dedicated staff team who are determined to provide the highest level of service to the artists, supporters, families and public who access Project Ability. In 2010 – 2011 our mission is to maintain standards of delivery and expectation in a year where we have received standstill funding agreements from core funders; Culture and Sport Glasgow, the Scottish Arts Council and the NHS Greater Glasgow and Clyde Health Board and the contest for new funds will be extremely competitive. I have no doubt that we will respond to this challenge, as ever, with creativity and determination. We will not compromise the delivery of the programme and we will listen to the artists, support their creative learning and work with our partners to identify routes forward to developing the potential of Trongate 103 as a creative space where the conversation between artists with disabilities and the wider community continues.

Financial Review

The financial figures for the year were heavily influenced by the relocation to our new premises which resulted in items of significant expenditure against a reduced programme of workshops and projects. This was counterbalanced by a full years core funding.

Our total income for the year was closely comparable to the previous year with a downturn of 1.87%. Against this our total expenditure showed an increase of 5.03% resulting in a surplus of income over expenditure of £133.

Our core grant from the Scottish Arts Council remained at the 2009-10 figure of £141400. Funding from Glasgow City Council saw our core grant increased to £98500 and we received additional transitional funding from the council of £11000 to provide support for our relocation. We received a 2% increase from NHS Greater Glasgow and Clyde taking our annual grant to support the Connect Programme to £92192

We received a grant of £54848 from the Scottish Arts Council to purchase equipment for Trongate 103. This grant was dependent on the raising of an equivalent sum through our own fundraising activities.

A grant of £18740 was received from The Scottish Arts Council to fund a one year Arts Development project which commenced in January 2010.

Only 50% of our workshop programme operated in the financial year due to the relocation timetable. Therefore income from class fees was down but only by 31% at £16073. Similarly commission from the sale of artwork was down 38% on the previous year at £2110 and sales of ancillary items including cards and jewellery was down 30%. Fees charged to organisations for provision of workshops services and special events produced further income of £36236. This was only 3% down on the previous year indicating the ongoing outreach activity during the relocation process.

We have continued to actively source funding for the Children and Young People's Programme receiving grants from a wide range of Trusts and Grant Providers including: Children In Need, The Three Guineas Trust, The Equitable Trust, The Eden Charitable Trust, The RTR Foundation, The Hugh Fraser Foundation, and The Swinton Paterson Trust.

PROJECT ABILITY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

Financial Review (continued)

This year saw the end of our sponsorship contract with Ignis Asset Management however we obtained £5000 from the Co-operative Society for sponsorship of our Create Film Education Programme.

Administrative staff costs showed a decrease of 1% against a cost of living increase of 2.5%. Artistic staff costs were 5% up on the previous year however this is accounted for by the appointment of the Exhibitions Co-ordinator in September 2009. Fees paid to artists were down by 10%.

Significant one off expenditure items were included in the costs of relocation and preparation of our new premises. Expenditure related to the move to the new premises was £108713. Of this figure £87905 has been treated as capital expenditure.

Principal Funding Sources

The company's core funding comes from Glasgow City Council, and The Scottish Arts Council. The principal sources of project funding are NHS Greater Glasgow, The Scottish Arts Council Lottery Fund, The Big Lottery Fund, and Glasgow City Council.

Investment Policy

Grants and donations received in advance of programme requirements are lodged in an interest bearing bank deposit account to maximise returns for the Company.

Reserves Policy

The directors are aware that the Company has very limited reserves. As stated last year, their aim is to maintain a reserve fund of around £75,000. They believe that such an amount would provide a contingency fund and be sufficient to cover core overheads for a period of approximately three to six months in the event of any short term interruption of grant income. At the balance sheet date, the company had reserves of £125,020, although £97,349 of these are tied up in fixed assets.

Tax Status

The Company has been given charitable status by the H M Revenue & Customs reference CR43800 and its charity number is SCO 05226.

The results for the year are shown in the Combined Statement of Financial Activity and Summary Income and Expenditure Account on page 11.

Responsibilities of the Management committee

We are required under company law 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.

PROJECT ABILITY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

In preparing these financial statements we are required to:

- select suitable accounting policies and apply them consistently.
- make reasonable and prudent judgements and estimates.
- prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records.
- safeguarding the company's assets.
- taking reasonable steps for the prevention and detection of fraud.

Members of the Management Committee

Members of the Management Committee, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditor

Cheetham & Co. are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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 15 of the Companies Act 2006 relating to small entities.

Approved by the Management Committee on 18th August 2010 and signed on its behalf by:

S Coulter
Director

These accounts can be made available in alternative formats e.g. large print & cd rom

PROJECT ABILITY LIMITED

**GRANTS / DONATIONS WERE RECEIVED DURING THE YEAR TO 31 MARCH 2010
FROM THE UNDERNOTED TRUSTS :**

Children in Need
The Eden Charitable Trust
The Equitable Trust
The Hugh Fraser Foundation
The RTR Foundation
The Three Guineas Trust
The Swinton Paterson Trust

**THE UNDERNOTED TRUSTS & ORGANISATIONS HAVE CONTRIBUTED TO OUR
FUNDRAISING APPEAL FOR TRONGATE 103**

Glasgow City Council
The Ronald Miller Foundation
The Saints and Sinners Club of Scotland

GRANTS

Acknowledgement is made of grants from East Dunbartonshire Council, Lloyds TSB, North Glasgow Arts and Regeneration Network, Renfrewshire Council

PROJECT ABILITY LIMITED

INDEPENDENT AUDITOR'S REPORT to the Trustees and Members of Project Ability Limited Year ended 31 March 2010

We have audited the financial statements of Project Ability Limited for the year ended 31 March 2010 which comprise the Statement of Financial Activities (including Income and Expenditure Account), the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's 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 Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's 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, its members as a body and its 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 responsibilities of the trustees (who are the directors of the charity for the purposes of company law) 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) and for being satisfied that the financial statements give a true and fair view, are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

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 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

We also report to you if, in our opinion, the information given in the Board of Management's Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed, or if we have not received all the information and explanations we require for our audit.

We read the Board of Management's Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

PROJECT ABILITY LIMITED

INDEPENDENT AUDITOR'S REPORT
to the Trustees and Members of Project Ability Limited (continued)
Year ended 31 March 2010

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.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2010, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006;

In our opinion the information given in the Board of Management's Annual Report is consistent with the financial statements.

DJC Cheetham (Senior Statutory Auditor)
For and on behalf of
Cheetham & Co
Chartered Accountants
& Statutory Auditor

(Eligible to act as auditor in terms of section 1212 of the Companies Act 2006).

Homelea House
Quarrier's Village
Bridge of Weir

27th August 2010

PROJECT ABILITY LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
including **INCOME AND EXPENDITURE ACCOUNT**
Year ended 31 March 2010

	Note	£ Unrestricted Funds	£ Restricted Funds	2010 TOTAL FUNDS £	2009 TOTAL FUNDS £
Incoming Resources					
Incoming resources from generated funds:					
<i>Voluntary income:</i>					
Donations and grants	2	29,890	30,767	60,657	66,107
<i>Activities for generating funds:</i>					
Earned income, fees & charges	3	9,659	55,679	65,338	76,813
Interest receivable		248	-	248	3,853
Incoming resources from charitable activities:					
Grants and contracts	4	223,838	168,407	392,245	381,600
Total incoming resources		<u>263,635</u>	<u>254,853</u>	<u>518,488</u>	<u>528,373</u>
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		26,083	-	26,083	17,679
Fundraising trading		40,143	17,833	57,976	42,203
Charitable activities		-	414,347	414,347	411,242
Governance costs		19,949	-	19,949	22,413
Total resources expended	5	<u>86,175</u>	<u>432,180</u>	<u>518,355</u>	<u>493,537</u>
Net incoming / (outgoing) resources for the year being net movement in funds before transfers					
		177,460	(177,327)	133	34,836
Transfers between funds		<u>(177,327)</u>	<u>177,327</u>	<u>-</u>	<u>-</u>
Net incoming resources for the year being net movement in funds after transfers					
		133	-	133	34,836
Balances brought forward at 1 April 2009		124,887	-	124,887	90,051
Balances carried forward at 31 March 2010		<u>125,020</u>	<u>-</u>	<u>125,020</u>	<u>124,887</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

PROJECT ABILITY LIMITED

BALANCE SHEET

As at 31 March 2010

			2010 TOTAL	2009 TOTAL
	Note	£	£	£
Fixed Assets				
Tangible Assets	8		97,349	7,671
Current Assets				
Debtors	7	33,065		33,619
Cash at Bank		259,267		210,934
Cash in Hand		103		8
		<u>292,435</u>		<u>244,561</u>
Creditors: amounts falling due within one year	10	<u>(264,764)</u>		<u>(127,345)</u>
Net Current Assets			<u>27,671</u>	<u>117,216</u>
Net Assets			<u>125,020</u>	<u>124,887</u>
Funds				
Unrestricted funds			125,020	124,887
Restricted funds			<u>-</u>	<u>-</u>
			<u>125,020</u>	<u>124,887</u>

The Board of Management have taken advantage in the preparation of these financial statements of special exemptions provided by Part 15 of the Companies Act 2006 on the basis that the Company qualifies as a small company.

The financial statements were approved by the Board of Management on 18th August 2010

R McGilp
Director

PROJECT ABILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting convention and in compliance with the Companies Act 2006 and with the Statement of Recommended Practice : Accounting and Reporting by Charities issued in March 2005.

Fund Accounting

Unrestricted funds comprise donations and other incoming resources received or generated for charitable purposes. They are available for use at the discretion of the Board of Management in furtherance of the charity's general charitable objectives.

Restricted funds are created when donations, etc. are made either for a particular area or purpose, the use of which is restricted to that area or purpose. Expenditure is charged to the Income and Expenditure Account when incurred.

Incoming Resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated goods and services are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Bank interest is included when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

PROJECT ABILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

Year ended 31 March 2010

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities 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 e.g. floor areas, per capita or estimated usage as set out in Note 5

Fixed Assets and Depreciation

Fixed assets are stated at cost. Minor additions or those below £500 are not capitalised.

Depreciation is provided on an annual basis on all tangible fixed assets in use at rates calculated to write off the cost of each asset over its expected useful life as follows:

Equipment	25% reducing balance
Fixtures and fittings	25% reducing balance
Website development	33 1/3% straight line

Taxation

No corporation tax is provided by virtue of the charitable status of Project Ability Limited.

Pensions

The Company operates a final salary scheme which closed to future accrual on 31 March 2010. Premiums are charged in the Summary Income and Expenditure Account at the time of payment.

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Statement No 1 from producing a cash flow statement on the grounds that it is entitled to the exemption available in the Companies Act 2006 for small companies.

PROJECT ABILITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(continued)
Year ended 31 March 2010

2. Donations & Grants

	Unrestricted	Restricted	2010 TOTAL	2009 TOTAL
	£	£	£	£
Sundry donations	29,890	305	30,195	24,669
Sundry grant income	-	-	-	1,500
Trusts & Foundations	-	30,462	30,462	39,938
	<u>29,890</u>	<u>30,767</u>	<u>60,657</u>	<u>66,107</u>

3. Activities for generating funds

	Unrestricted	Restricted	2010 TOTAL	2009 TOTAL
	£	£	£	£
Commission on artists' sales	-	2,110	2,110	3,360
Workshops, classes	6,073	52,297	58,370	65,645
Artwork & card sales	3,586	1,272	4,858	7,808
	<u>9,659</u>	<u>55,679</u>	<u>65,338</u>	<u>76,813</u>

4. Incoming resources from charitable activities

	Unrestricted Total £	Restricted Total £	Restricted incoming resources					2010 TOTAL £	2009 TOTAL £
			£	£	£	£	£		
Providers:									
<i>Scottish Arts Council</i>	150,255	5,406	1,393	-	-	4,013	-	155,661	150,821
<i>Scottish Arts Council - Lottery</i>	-	-	-	-	-	-	-	-	12,733
<i>Glasgow City Council</i>	73,583	36,417	20,000	-	-	16,417	-	110,000	85,000
<i>Big Lottery Fund</i>	-	3,089	-	-	3,089	-	-	3,089	28,494
<i>Local Authorities</i>	-	6,150	1,651	-	4,499	-	-	6,150	6,550
<i>NHS Greater Glasgow</i>	-	92,192	-	92,192	-	-	-	92,192	45,192
<i>Other Health Boards</i>	-	-	-	-	-	-	-	-	46,310
<i>First Light - Film Lottery</i>	-	1,503	-	-	1,503	-	-	1,503	-
<i>Children in Need</i>	-	9,954	-	-	9,954	-	-	9,954	-
<i>Sponsorship</i>	-	13,696	-	-	5,000	-	8,696	13,696	6,500
	<u>223,838</u>	<u>168,407</u>	<u>23,044</u>	<u>92,192</u>	<u>24,045</u>	<u>20,430</u>	<u>8,696</u>	<u>392,245</u>	<u>381,600</u>

PROJECT ABILITY LTD
NOTES TO THE FINANCIAL STATEMENTS
(continued)
Year ended 31 March 2010

5. Total Resources Expended

	Basis of allocation	Voluntary Income	Earned Income Unrestricted	Earned Income Restricted	Learning Disability	Mental Health	Children & Young People	Increasing Access	Exhibitions	Governance	2010 Total	2009 Total
Costs directly allocated to activities :												
Artists' salaries and fees	direct	-	-	-	46,881	54,882	57,858	6,593	9,223	-	175,437	195,920
Pension costs	direct	-	-	-	-	2,690	1,285	-	-	-	3,975	4,928
Resource materials	direct	-	-	-	10,237	4,122	4,583	374	2,116	-	21,432	14,027
Travel	direct	-	-	-	1,220	332	241	28	774	-	2,595	2,723
Premises	direct	-	-	-	-	6,953	901	-	-	-	7,854	25,121
Exhibition costs	direct	-	-	-	100	18	-	-	4,863	-	4,981	2,777
Advertising, marketing & website costs	direct	30	30	30	438	170	354	147	623	-	1,822	1,003
Sundry expenses	direct	-	-	-	1,206	2,720	640	301	3,826	-	8,693	5,188
Audit fees	direct	-	-	-	-	-	-	-	-	3,000	3,000	3,000
Professional fees	direct	-	-	-	-	-	-	-	-	2,085	2,085	3,665
Support costs allocated to activities :												
Staff costs	staff time	10,486	11,293	12,300	25,898	10,687	15,883	12,300	34,008	12,771	145,626	145,636
Pension costs	staff time	-	2,450	-	359	240	359	240	1,197	-	4,845	3,287
Artists' fees	activity	-	5,204	-	-	-	-	-	-	-	5,204	5,356
Travel	usage	160	159	177	704	704	742	353	353	176	3,528	5,441
Premises	usage	3,087	3,310	3,087	13,149	5,679	4,033	3,207	10,227	292	46,071	37,624
Equipment repairs & renewals	usage	916	916	916	914	530	643	915	1,012	-	6,762	2,053
Communications	usage	302	412	262	1,467	1,467	793	296	811	158	5,968	6,293
Stationery, printing & bank charges	usage	1,690	6,446	1,061	3,613	3,821	2,729	1,480	12,932	606	34,378	16,548
Training & conferences	usage	-	-	-	-	176	-	-	-	-	176	2,487
Sundry expenses	usage	2,852	1,228	-	5,280	2,433	2,477	1,591	1,700	861	18,422	7,903
Depreciation	usage	6,560	8,695	-	64	64	-	54	64	-	15,501	2,557
Total resources expended		26,083	40,143	17,833	111,530	97,688	93,521	27,879	83,729	19,949	518,355	493,537

6. Taxation

The Company, being a charity, is exempt from tax under Section 505 Income and Corporation Taxes Act 1988.

7. Debtors: amounts falling due within one year

	2010	2009
	£	£
Trade Debtors	7,455	15,045
Amount due from group undertaking	3,042	3,785
Prepayments and other debtors	22,568	14,789
	<u>33,065</u>	<u>33,619</u>

8. Tangible Fixed Assets

	Equipment	Fixtures & Fittings	Total
	£	£	£
Cost			
At 1 April 2009	29,664	56,611	86,275
Additions	61,583	43,596	105,179
31 March 2010	<u>91,247</u>	<u>100,207</u>	<u>191,454</u>
Depreciation			
At 1 April 2009	22,206	56,398	78,604
Charge for year	9,998	5,503	15,501
31 March 2010	<u>32,204</u>	<u>61,901</u>	<u>94,105</u>
Net book amount			
31 March 2010	<u>59,043</u>	<u>38,306</u>	<u>97,349</u>
31 March 2009	<u>7,458</u>	<u>213</u>	<u>7,671</u>

9. Staff Costs

	2010	2009
	£	£
Staff salaries	234,514	258,546
Social security costs	19,233	21,939
Pension contributions	8,820	8,215
	<u>262,567</u>	<u>288,700</u>

Average number employed (Whole Time Equivalent)

	No.	No.
Management and administration	9	9
Sessional Artists	7	7
	<u>16</u>	<u>16</u>

There were no employees with emoluments above £60,000.
There were no directors' emoluments (2009: £nil)

PROJECT ABILITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 (continued)

Year ended 31 March 2010

10. Creditors: amounts falling due within one year	2010	2009
	£	£
Other creditors	71,058	35,587
Deferred grants (note 11)	<u>193,706</u>	<u>91,758</u>
	<u><u>264,764</u></u>	<u><u>127,345</u></u>

11. Deferred Income

Grants :	£
Balance at 1 April 2009	91,758
Amount released to incoming resources	(91,758)
Amount deferred in the year	<u>193,706</u>
Balance at 31 March 2010	<u><u>193,706</u></u>

Deferred income comprises grants which the donor has specified must be used in future accounting periods.

12. Share Capital

The Company is limited by guarantee and has no Share Capital. The liability of each member is limited to a guarantee of £1 maximum.

13. Analysis of Net Assets between funds at 31 March 2010

	Tangible Assets	Net Current (Liabilities) / Assets	Total
	£	£	£
Restricted funds	737	(737)	-
Unrestricted funds	<u>96,612</u>	<u>28,408</u>	<u>125,020</u>
	<u><u>97,349</u></u>	<u><u>27,671</u></u>	<u><u>125,020</u></u>

14. Related Parties

One of the Trustees, Mr R McGilp, is an employee of a Grant Provider, NHS Greater Glasgow & Clyde

15. Net Incoming Resources for the Year

This is stated after charging :	2010	2009
	£	£
Depreciation	15,501	2,557
Auditors' fees	3,000	3,000

PROJECT ABILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

16. Subsidiary Company

The company owns the entire issued share capital of The Art-Trek Artists Ltd. This company's objects are to advance public education in the arts by promoting through public exhibitions, the art work of people with learning disabilities.

The financial statements of The Art-Trek Artists Ltd have not been consolidated on the grounds of immateriality.

17. Trustee Remuneration

No member of the Management Committee received remuneration or expenses during the year.(2009 £nil)

18. Operating Leases

Included in Stationery & Print costs in Note 5 is £7,379 in respect of the lease of equipment. Annual commitments under this lease are as follows:

Leases which expire within one year	nil
Leases which expire in years 2 – 5	£7,379

19. Pensions

Project Ability Ltd participates in the Scottish Voluntary Sector Pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and was contracted out of the state scheme until 31 March 2010, when the Scheme was closed to future accrual.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 30 September 2007. From October 2007 there were two benefit structures available, final salary with a 1/60th accrual rate and final salary with a 1/80th accrual rate, until the date of Scheme closure on 31 March 2010.

The Scheme closed to future accrual on 31 March 2010. There is currently no intention to wind-up the Scottish Voluntary Sector Pension Scheme and it continues in paid-up form.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the scheme assets are co-mingled for investment purposes and benefits are paid from total scheme assets. Accordingly, due to the nature of

PROJECT ABILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

19. Pensions (continued)

the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2008, by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the 30 September 2008 was £45.1 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £20.438 million (equivalent to a past service funding level of 68.8%).

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% pa
- Investment return pre retirement	6.8
- Investment return post retirement	4.6
- Rate of salary increases	4.2 for 5 years and 4.7 p.a. thereafter
- Rate of pension increases for service pre 6 April 2005	3.0
" " " " " " post 5 April 2005	2.3
- Rate of price inflation	3.2

The funding update at 30 September 2009 revealed that the estimated past service funding level has increased to 70.1%, but the shortfall of assets compared with the value of liabilities has also increased to an estimated £23.36m. This is primarily due to a reduction in the estimated returns from bond assets outweighing positive investment returns over the period concerned.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

It was agreed that employers would continue to pay contributions at the rate of 12.0% of pensionable salaries and that member contributions would be 6.0%, both until 31 March 2010.

From 1 April 2010 contributions in respect of future service have ceased.

From 1 April 2010 a new recovery plan came into effect, following the finalisation of the 2008 valuation. Under the recovery plan, Project Ability Ltd is required to make lump sum payments of £8,004 p.a., increasing annually in line with the salary assumption used in the valuation.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the entire past service deficit arising from the 2005 and 2008 valuations, on an on-going funding basis, by 31 March 2022. The required level of deficit contributions will fall from 30 September 2018.

PROJECT ABILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

19. Pensions (continued)

A copy of the recovery plan must be sent to the Pensions Regulator, who has the power to direct that changes be made to the actuarial assumptions, which in turn could amend the terms of the recovery plan.

The recovery plan from the 2008 valuation has been submitted to the Pensions Regulator. The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer becoming insolvent or ceasing to participate in the Scheme, or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities of the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event, and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Project Ability Ltd has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2008. As of this date the estimated employer debt for Project Ability Ltd was £293,000.

20. Capital Commitments

Authorised & Contracted	£ nil
Authorised & Not Contracted	£ nil