

REGISTERED COMPANY NUMBER: SC123773
REGISTERED CHARITY NUMBER: SC002848

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
FOR
FIREFLY ARTS LIMITED**

THURSDAY



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SCT

23/12/2010

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COMPANIES HOUSE

Martin Aitken & Co
Statutory Auditor
Chartered Accountants
Caledonia House
89 Seaward Street
Glasgow
G41 1HJ



INCORPORATING
MILLER COLQUHOUN

CHARTERED
ACCOUNTANTS
&
BUSINESS
ADVISERS

FIREFLY ARTS LIMITED

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FOR THE YEAR ENDED 31 MARCH 2010

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FIREFLY ARTS LIMITED

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2010. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC123773

Registered Charity number

SC002848

Registered office

Howden Park Centre

Howden

Livingston

EH54 6AE

Trustees

M Mackenzie

- resigned 28.9.09

Mrs L Kelly

Dr M Richardson

- resigned 31.7.09

A Miller

M Bruce

Mrs G Ferguson

- resigned 30.9.09

Mrs J Harris

Ms C di Corpo

Ms G L Calder

F Henderson

- appointed 13.10.09

Company Secretary

Mrs J Harris

Senior Statutory Auditor

Adrienne Airlie BAcc CA FCIE

Auditors

Martin Aitken & Co

Statutory Auditor

Chartered Accountants

Caledonia House

89 Seaward Street

Glasgow

G41 1HJ

Bankers

The Royal Bank of Scotland

4 Almondvale South

Livingston

EH54 6NB

Solicitors

Tods Murray LLP Solicitors

Edinburgh Quay

133 Fountainbridge

Edinburgh

EH3 9AG

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010

REFERENCE AND ADMINISTRATIVE DETAILS

Youth Forum representatives

P King
W Mitchell

West Lothian Council representatives

Cllr W Boyle
S Thores
C Hutcheon

Patron

J Mackenzie

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Firefly Arts Limited is a charitable company limited by guarantee. Formerly known as West Lothian Youth Theatre it was incorporated on 15 March 1990. The Company was established under a Memorandum of Association which established the objects and the powers of the charitable company and is governed under its articles of association. These documents were updated in line with legislation and best practice with the change of company name.

Recruitment and appointment of new trustees

Members are elected to serve for a period of four years and may under exceptional circumstances be re-elected for a second final term. There is an array of skills amongst the board of trustees to ensure the aims and objectives of Firefly are fulfilled. One new appointment was made in 2009/2010 and further recruitment took place with a view to increasing board membership in the coming year.

Induction and training of new trustees

All trustees are already familiar with the practical work of the charity having been encouraged to attend workshops and performances. In 2009/10 this was formalised through a series of presentations by young participants for all attending the AGM. Trustees are also invited to attend board development training sessions offered by external providers.

Potential new trustees are invited to a meeting with the chair / vice chairperson and members of senior management to discuss the work of Firefly Arts Limited. This covers the following areas:

- The governance structure of the organisation.
- The Firefly Arts Limited 3 year Business Plan and related operational plans and strategies.
- Resourcing and the current financial position.
- Future plans and objectives.

Organisational structure

Firefly Arts is a company limited by guarantee and is a charity registered with the office of the Scottish Charity Regulator (OSCR). The company is governed by a voluntary board of trustees with seven members plus a number of observers from the organisation's Youth Forum and major funder West Lothian Council, who meet 6 times a year. Operational management is devolved to the Chief Executive Officer and Senior Management Team. 2009/10 saw a change in personnel with the previous Chief Executive Office, Dr Michael Richardson leaving in July 2009 and a replacement, Mairi Kidd taking up the post in January 2010. (Since the year end Mairi Kidd has been replaced by Joanna Van den Berg who was appointed on 27 September 2010).

During 2009/10 there were 10 full time staff, 3 full time volunteers and 6 part-time volunteers employed at Firefly. Workshops and holiday projects were delivered by a team of drama workshop leaders under the supervision of the Artistic Director, Education Manager and Film Producer. The Business Manager was supported by the Marketing & Administration Officer.

As a number of projects with restricted funding were coming to an end the organisational structure was reviewed in March 2010 to reflect the reduced income going forward, staff numbers have been reduced accordingly.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The major risks affecting Firefly Arts Limited are:

- a) Reduction in funding - Firefly Arts is likely to receive reduced funding from West Lothian Council in future years as Local Authority budgets are reduced. A number of significant funding streams ended in 2009/10 or are scheduled to end in 2010/11 and competition for other streams is likely to increase. Firefly has previously generated a proportion of its income through contract delivery for clients including Local Authorities and again this is likely to reduce in coming years.

Firefly's new CEO, with the support of the Trustees, was required to introduce strict controls on expenditure and undertaken remedial action as detailed under Organisational Structure above. The structure of the organisation will be kept under review as the funding situation becomes clearer.

Fundraising activity has been assigned high priority and the organisation is activity seeking additional contract work.

Firefly continues to utilise strong advocacy in order to maintain its position as a major player among West Lothian's voluntary funded arts bodies.

- b) Legislation compliance - Firefly Arts Limited has a staff handbook containing its policies and procedures. It covers areas which may put Firefly Arts Limited at risk such as health & safety, equal opportunities and child protection. These are reviewed and updated annually.

OBJECTIVES AND ACTIVITIES

Objectives and aims

To deliver youth theatre workshops, projects and productions which are accessible and available to children and young people, regardless of level of ability, financial background or geographical location.

Aims

1. To develop the personal and social skills of children and young people, enhancing their confidence and self-esteem.
2. To advance the education and promote the individual growth of children and young people.
3. To develop the expressive, creative and artistic skills of children and young people.
4. To create more opportunities for social and cultural exchange for children and young people.
5. To maintain Firefly as a flagship of innovative youth theatre practice.

Objectives

1. To deliver accessible and inclusive drama and film workshops weekly during term time.
2. To deliver a range of drama and film projects, both in term-time and during holiday periods, including devising projects, an October festival, and exchanges.
3. To create new productions and to commission new work which is relevant to young people.
4. To use the Firefly curriculum as the basis of the model of delivery of workshops and projects.
5. To use the Firefly award to accredit the development of participants and to evaluate the work of the organisation.
6. To apply the youth theatre process within formal education, by delivering continuing professional development for teachers, and working with young people within a school environment.
7. To develop the role of young people within the organisation through a meaningful youth forum structure.
8. To meet the learning and development needs of staff and volunteers.
9. To develop sufficient levels of funding from a range of public, charity and private sources.
10. To widely advocate and promote the work of Firefly.

Notes: By children and young people we mean all people aged 25 or under.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010**

OBJECTIVES AND ACTIVITIES

Significant activities

In August 2009 Firefly moved into new premises in the newly-refurbished Howden Park Centre. Firefly occupies an office space in the building and also has preferential use of a purpose-built theatre studio with a full light rig and get-in access for set and equipment. This replaces previous premises at the Playshed in Craigshill, Livingston, for which Firefly was charged a peppercorn rent of £25 per annum. West Lothian Council has undertaken to ensure that the move is cost-neutral to Firefly by providing an uplift in grant against rental costs and to maintain service charging at similar levels to the Playshed. After delays in formalising these matters the rent was written off for 2009/10. Service charging was not confirmed at the end of the financial year but was later confirmed at £6,000. Due to the increase in costs of cleaning in the new space, the move has not been entirely cost-neutral to Firefly; however the Company investigated ways to reduce other costs such as free use of spaces at HPC.

This development places the company at the heart of arts activity in West Lothian, as the only performing arts organisation permanently based within the area's flagship arts Centre. The Centre's auditorium and other spaces offer an ideal opportunity for the company to develop its performance programme. Charges are payable for other spaces.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Firefly's vision continues to be for the enrichment of the lives of children and young people through the application of its youth theatre process, by delivering youth theatre workshops, projects and productions which are accessible and available to children and young people, regardless of level of ability, financial background or geographical location.

In 2009/2010, over 6,400 young people participated in Firefly's youth theatre process which aims to contribute to the personal, social, educational and creative development of young participants.

Activities are structured by professional drama workshop leaders in such a manner as to ensure that within the informality of a youth theatre session, specific goals for participants are identified and achieved. In this way the youth theatre process remains informal but has the maximum possible impact on participants and their development.

The youth theatre process is defined by Firefly's youth theatre curriculum, which provides a scheme of work for all participants through the years of youth theatre participation from age 5 to 25. The curriculum is supported by an award scheme which allows us to monitor and accredit the progress of individual participants.

Firefly West Lothian Youth Theatre

- 26 weekly workshops across West Lothian during the academic year.
- Over 400 registered workshop participants.
- Publicity workshops in schools across West Lothian.

Firefly Angus Youth Theatre

Four weekly workshops in North Angus during the academic year.

- Production of J. M. Barrie's 'A Kiss for Cinderella' in February 2010 as part of Angus Council's commemoration of 150 years since the writer's birth.
- 36 registered workshop participants.
- Publicity workshops and assemblies in schools to 500 young people.
- 4 holiday projects of differing lengths in 3 communities.
-

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Additional Support Needs

Firefly continued to operate a policy of inclusion. Central to the organisation's practice is the integration of participants with additional support needs, where practical and desirable, into mainstream provision with additional support. The organisation continues to offer specific targeted provision for groups for whom this is perceived to be beneficial (after consultation).

Funding from the Big Lottery Fund (for a drama workshop leader) and The Robertson Trust (for transport) allowed Firefly to provide specially targeted workshops and projects in West Lothian for young people of all levels of ability. This resulted in a number of inclusive performance and film-making projects:

- Workshops at Pinewood Special School working towards performances of 'Abarella' and 'Ronja Robber's Daughter'.
- Howdenoaks' soap opera by mixed ability film-making students.
-
- Holiday workshops at Donaldson's School of the Deaf.
-

Youth Theatre Projects

Blood Wedding.

Firefly's by-audition Production Company reformed in autumn 2009 to work towards a production of Federico Garcia Lorca's Blood Wedding early in the coming financial year. This represents a challenging piece for the young people, who were also be involved in fund-raising to secure sufficient funds to stage the play in a professional theatre space.

October Festival

Supported by NHS Lothian, the week-long October Festival saw participants explore issues relating to mental health and well-being through a range of media including theatre and film.

National and International Festivals and Exchanges

Staff and participants took part and facilitated work in the following:

- European Volunteer Services Scheme placements for three volunteers in Scotland with Firefly. European Volunteer Services Scheme placements for two volunteers sponsored by Firefly in Den Helder, the Netherlands.

Key partners for exchanges continue to be The Richter Foundation in the Netherlands. Successful funding continues to be obtained from the EU Youth in Action Programme managed in the UK by the British Council.

Firefly Film and New Media

Firefly Film and New Media continued to offer young people opportunities to express their ideas and thoughts through moving imagery. They were given the tools and platform to express themselves and acquire different skills through this process. Participants learn about all aspects of film-making, from storyboards, sound and lighting to screen acting and editing. Young people increased their confidence in and understanding of media technologies.

Firefly Film & New Media operated a mixed-economy model, securing charitable funding and contracts to support its work with young people, delivering the following over the past year:

- 3 weekly workshops during term time.
-
- Film-in-a-week summer school.
-
- A film in two days project delivered in Winchburgh.
-
- The production of DVD's for Scottish Centre for Intergenerational Practice and Jump Cuts (West Lothian Council).
- Short films screened at Glasgow Young People's Film Festival.
-

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Major Film Productions

Paperboy

Firefly secured a First Light grant from Scottish Screen which facilitated the making of a 5-minute short film 'Paperboy' with bought-in professional technicians. The film was scripted by the young people with support of Firefly staff and shot on location during summer 2009. Camera operator Ruth Barrie contributed an original soundtrack which contributed greatly to the high quality of the final piece, which was screened at a number of locations including the big screen of The Howden Park Centre.

Firefly Education

Education was an important part of Firefly's work, offering learning professionals support in implementing A Curriculum for Excellence.

Paul Hamlyn Foundation

Firefly was in receipt of 18-month funding from the Paul Hamlyn Foundation for the delivery of work in the formal education sector and in the new area of Angus. Formal education work took the form in the main of mentoring projects and continuing professional development work in schools.

Primary Teacher Mentoring

Firefly worked with a number of primary school teachers over several weeks to develop understanding of drama techniques as an active learning tool in the classroom. In total 485 primary pupils were involved in team-teaching sessions with Firefly's Drama Workshop Leaders. Sessions were interdisciplinary, in-line with A Curriculum for Excellence, with themes including:

The Victorians.

-

The Vikings.

-

Shakespeare's Plays.

-

STARS (Secondary Two and Road Safety)

Firefly's Road Safety project for S one and two pupils in which devised pieces were created over two days of workshops for performance to peers was rolled out to further schools in Aberdeenshire and West Lothian.

Training and development

Staff training continued to be an important part of Firefly's staff development, ensuring staff were up-to-date with child protection, youth work and youth theatre best practices. A formal appraisal system was used to create personal learning plans. Training undertaken or delivered included:

In-house sessions on youth theatre practice.

-

In-house sessions on Child Protection and Workshop Discipline.

-

First aid training from Voluntary Sector West Lothian.

-

Promote YT Youth Theatre skills development conference.

-

British Sign Language level one from Coatbridge College.

-

Training for Young People

Firefly Arts offered a number of placements to young people both independently and through the agency Project Scotland. In total five young people were placed with the company for work placements (in addition to three full-time European Volunteer Services volunteers), in positions ranging from 0.1 of a full time equivalent to a temporary full-time post and including both administration and general office roles and roles within the creative team. Additionally twelve young participants joined Firefly weekly workshop groups as Assistant Drama Leaders, developing their youth work and creative skills.

Firefly's Youth Forum met monthly and were involved in planning and consulting on the organisation's strategy and developments such as its website and newsletters. The Youth Forum received training through West Lothian Council's Youth Participation Team.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2010**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

European Voluntary Service (EVS)

Firefly Arts is a host and sending organisation for EVS. This is a long term project funded in the UK by the British Council through the European Union. Young people from across Europe are able to work on placements for up to a year in countries across Europe. 3 volunteers came to Firefly in September 2009 from Norway, Turkey and Germany. These young people were involved in all areas of Firefly activity, took ownership of a project of their choice and learned about citizenship and culture. With the support of their line manager, work mentor and social mentor, each volunteer was on-course for completion of their Youth Pass certificate in the coming financial year.

FINANCIAL REVIEW

Reserves policy

The accounts show total funds of £96,819 (2009 - £80,937), of which £31,773 (2009 - £43,527) are restricted funds. The restricted funds balance represents project income which was sourced during this year and which is already committed to projects that will take place in 2010/11. During the year West Lothian Council advanced Firefly Arts Limited £59,939 to ease cashflow this has been shown as a designated unrestricted reserve at the year end. In view of this the general unrestricted fund at the year end stands at £5,107 (2009 - £ 37,410)

Unrestricted free reserves were depleted in 2008/09 and 2009/10 due to costs associated with relocation to Howden Park Centre, the rebranding of the company as Firefly Arts and the conclusion of specific projects in the year. The Trustees have identified low reserves as a key risk and will ensure that building of reserves is a key objective going forward. Detailed budgets and cash flows have been prepared for the next 3 years and are actively monitored by the trustees.

The results for the year and the charity's financial position at the end of the year are shown in the attached financial statements.

Firefly's policy is that unrestricted reserves should be maintained to provide for contingency planning. Reserves should be maintained at a level that ensures that Firefly Arts Limited core activities could continue during a period of unforeseen difficulty.

The trustees have estimated that the level of free reserves (that is those funds not tied up in fixed assets, restricted or designated funds) the charity requires to sustain its operations represents three months running costs. They estimate this would be £38,000. As unrestricted free reserves currently stand at £1,685 (2009 - £2,425) the trustees key aim is to build up the reserves in the future, active steps are being taken to achieve this in respect of numerous funding and trust applications submitted by the new Chief Executive Officer.

Principal funding sources

Firefly's principal supporters who provided funding and income during the year were:

West Lothian Council
Aberdeenshire Council
Scottish Centre for Intergenerational Practice
Children in Need
Paul Hamlyn Foundation
The Big Lottery Fund
The Robertson Trust
NHS Lothian
British Council
Firstlight Movies

In addition to these main sources of funding, Firefly Arts Limited has been awarded smaller projects grants to contribute towards the costs of delivering projects.

The Paul Hamlyn Foundation awarded Firefly Arts Limited a total of £76,000 over an 18 month period to support the delivery of Firefly Youth Theatre work in new areas. This project began in January 2009.

FIREFLY ARTS LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010

FUTURE DEVELOPMENTS

Firefly will continue to deliver its core workshop provision in and around West Lothian for 2010/11, and intends to build its performance programme in order to further promote the work of the company to potential participants and to maximise the benefit to the company of its new base within Howden Park Centre.

Fund-seeking activity will concentrate on new areas of development and particularly on pilot projects in areas relating to the exclusion agenda, such as work for groups such as young people excluded from school, young parents and carers and the gypsy/traveller community. Priority will also be given to securing funds for the continuation of Angus activity beyond the scope of the Paul Hamlyn Foundation award.

The trustees will continue to monitor the reserves position within the charity to ensure that the unrestricted reserves position continues to improve in the short to medium term.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Firefly Arts Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

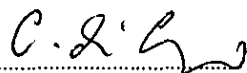
So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Martin Aitken & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


Ms C di Corpo - Trustee

Date: 6/12/2010

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF FIREFLY ARTS LIMITED

We have audited the financial statements of Firefly Arts Limited for the year ended 31 March 2010 on pages eleven to twenty. The financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company'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 charitable company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the charitable company for the purposes of company law) responsibilities for preparing the Report of the Trustees 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 on page eight.

We have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report 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, are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and are 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 whether, in our opinion the information given in the Report of the Trustees is consistent with those financial statements.

We also report to you if, in our opinion, the charitable company has not kept adequate and proper accounting records, if the charitable company's financial statements are not in agreement with these accounting records, or if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of the Trustees 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

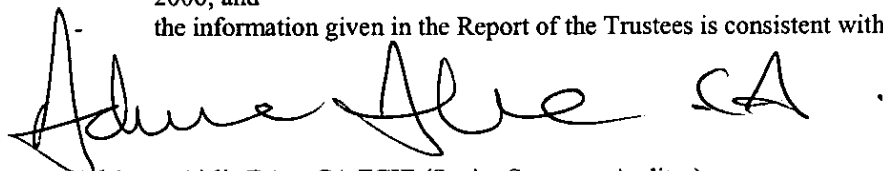
We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available to Small Entities, in the circumstances set out in note 16 to the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF
FIREFLY ARTS LIMITED**

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charitable company'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;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities;
- the financial statements 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; and
- the information given in the Report of the Trustees is consistent with the financial statements.

A handwritten signature in black ink, appearing to read 'Adrienne Airlie', followed by the letters 'CA'.

Adrienne Airlie BAcc CA FCIE (Senior Statutory Auditor)

for and on behalf of Martin Aitken & Co

Statutory Auditor

Chartered Accountants

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

Caledonia House

89 Seaward Street

Glasgow

G41 1HJ

Date: 16.12.10

FIREFLY ARTS LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	Unrestricted funds £	Restricted funds £	2010 Total funds £	2009 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	161,709	-	161,709	121,025
Investment income	3	20	-	20	1,081
Incoming resources from charitable activities					
Charitable activity	4	<u>64,820</u>	<u>116,371</u>	<u>181,191</u>	<u>187,795</u>
Total incoming resources		226,549	116,371	342,920	309,901
RESOURCES EXPENDED					
Charitable activities					
Charitable activity	5	187,208	128,125	315,333	341,678
Governance costs	6	<u>11,705</u>	<u>-</u>	<u>11,705</u>	<u>13,740</u>
Total resources expended		198,913	128,125	327,038	355,418
NET INCOMING/(OUTGOING) RESOURCES					
		27,636	(11,754)	15,882	(45,517)
RECONCILIATION OF FUNDS					
Total funds brought forward		37,410	43,527	80,937	126,454
TOTAL FUNDS CARRIED FORWARD		<u>65,046</u>	<u>31,773</u>	<u>96,819</u>	<u>80,937</u>

The notes form part of these financial statements

FIREFLY ARTS LIMITED

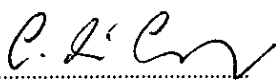
(REGISTERED COMPANY NUMBER sc123773)

**BALANCE SHEET
AT 31 MARCH 2010**

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	10	14,343	34,547
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	27,723	16,824
Cash at bank and in hand		<u>82,661</u>	<u>52,340</u>
		110,384	69,164
CREDITORS			
Amounts falling due within one year	12	<u>(27,908)</u>	<u>(22,774)</u>
NET CURRENT ASSETS		<u>82,476</u>	<u>46,390</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>96,819</u>	<u>80,937</u>
NET ASSETS		<u>96,819</u>	<u>80,937</u>
FUNDS	14		
Unrestricted funds		65,046	37,410
Restricted funds		<u>31,773</u>	<u>43,527</u>
TOTAL FUNDS		<u>96,819</u>	<u>80,937</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 6 December '10 and were signed on its behalf by:


Ms C di Corpo -Trustee

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The going concern of the charity is dependent on the securing of further funding. The trustees are currently trying to secure funding that will enable them to continue operating for the next year and beyond.

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the charitable company qualifies as a small charitable company.

Incoming resources

Voluntary income

Donations and similar income are included in the financial statements when the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it.

Grant income

Income from local authorities and trusts are recognised when it falls due.

Other charitable income

Income in respect of charitable activities is recognised when can be recognised with certainty, is able to be measured accurately and once entitlement to the income is confirmed.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

Includes all expenditure directly incurred in furthering the objectives of the charity.

Governance costs

Consists of the costs of financial services, accounts preparation, mandatory legal and professional fees, and any other expenditure incurred in compliance with legal requirements of the charity.

Tangible fixed assets

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

Short leasehold	-Nil rate depreciation
Plant and machinery	-25% on reducing balance
Fixtures and fittings	-25% on reducing balance

Items under £200 are not capitalised.

Taxation

The company has charitable status and is exempt from taxation. The company is not registered for VAT and accordingly any irrecoverable VAT is included in the expenditure concerned.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES - continued

Fund accounting

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

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

Unrestricted designated funds are funds which have been placed in reserves by the directors to meet future anticipated costs of the relocation of the registered office.

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

Designated funds

The trustees have decided to create an unrestricted designated reserves. This fund is as follows:

Designated income for 2010/11 - to highlight the core funding given in advance during the year to be spent in the coming year.

2. VOLUNTARY INCOME

	2010	2009
	£	£
Donations	1,682	9,812
Friends scheme	1,000	1,200
East Renfrewshire Council	-	10,680
WLC - core funding	159,027	96,258
Scottish Arts Council	-	3,075
	<u>161,709</u>	<u>121,025</u>

3. INVESTMENT INCOME

	2010	2009
	£	£
Deposit account interest	<u>20</u>	<u>1,081</u>

FIREFLY ARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Activity	2010 £	2009 £
Ticket sales	Charitable activity	1,131	1,218
Workshop	Charitable activity	20,311	24,685
Project fees	Charitable activity	36,703	44,817
Other income	Charitable activity	1,354	1,566
WLC - project grant	Charitable activity	6,520	8,843
Big Lottery Fund	Charitable activity	25,365	24,626
British Council	Charitable activity	20,630	15,859
Angus Council	Charitable activity	5,300	-
Robertson Trust	Charitable activity	4,000	4,000
BBC Children in Need	Charitable activity	2,211	8,846
Paul Hamlyn Foundation	Charitable activity	50,666	25,334
NHS Lothian	Charitable activity	2,000	5,000
First light movies	Charitable activity	5,000	-
Project Scotland	Charitable activity	-	4,261
Livingston Youth Trust	Charitable activity	-	500
Lloyds TSB Foundation	Charitable activity	-	9,900
Youth Forum	Charitable activity	-	3,340
Awards For All	Charitable activity	-	5,000
		<u>181,191</u>	<u>187,795</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Totals £
Charitable activity	<u>315,333</u>	<u>315,333</u>

6. GOVERNANCE COSTS

	2010 £	2009 £
Accountancy	5,723	5,743
Professional fees	3,982	4,997
Auditors' remuneration	<u>2,000</u>	<u>3,000</u>
	<u>11,705</u>	<u>13,740</u>

7. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2010 £	2009 £
Auditors' remuneration	2,000	3,000
Depreciation - owned assets	<u>4,783</u>	<u>5,733</u>

FIREFLY ARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

8. TRUSTEES' REMUNERATION AND BENEFITS

	2010	2009
	£	£
Trustees' salaries	14,089	19,500
Trustees' social security	<u>1,498</u>	<u>2,150</u>
	<u>15,587</u>	<u>21,650</u>

During the year remuneration was paid to Dr M Richardson to the sum of £14,089 (2009 - £19,500). The remuneration paid was for his role as the artistic director and not his role as a trustee. No further trustees were paid remuneration during the year. Such remuneration is approved in the company's Memorandum of Association.

Trustees' Expenses

No trustees were paid expenses during the year or in the previous year.

9. STAFF COSTS

	2010	2009
	£	£
Wages and salaries	190,313	183,689
Social security costs	<u>17,520</u>	<u>16,674</u>
	<u>207,833</u>	<u>200,363</u>

The average monthly number of employees during the year was as follows:

	2010	2009
	<u>10</u>	<u>11</u>
Number of staff		

No employee received emoluments of more than £60,000 during the year (2009 - £nil).

FIREFLY ARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 April 2009	17,353	66,741	4,168	88,262
Additions	-	1,932	-	1,932
Disposals	<u>(17,353)</u>	<u>-</u>	<u>-</u>	<u>(17,353)</u>
At 31 March 2010	<u>-</u>	<u>68,673</u>	<u>4,168</u>	<u>72,841</u>
DEPRECIATION				
At 1 April 2009	-	49,556	4,159	53,715
Charge for year	<u>-</u>	<u>4,780</u>	<u>3</u>	<u>4,783</u>
At 31 March 2010	<u>-</u>	<u>54,336</u>	<u>4,162</u>	<u>58,498</u>
NET BOOK VALUE				
At 31 March 2010	<u>-</u>	<u>14,337</u>	<u>6</u>	<u>14,343</u>
At 31 March 2009	<u>17,353</u>	<u>17,185</u>	<u>9</u>	<u>34,547</u>

Within fixed assets are assets purchased from a capital grant received from Scottish Arts Council. The net book value of these restricted assets at 31 March 2010 is £10,921 (2009 - £14,562).

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade debtors	25,973	13,678
Prepayments and accrued income	<u>1,750</u>	<u>3,146</u>
	<u>27,723</u>	<u>16,824</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Bank loans and overdrafts	10,224	7,523
Trade creditors	11,184	7,637
Accruals and deferred income	<u>6,500</u>	<u>7,614</u>
	<u>27,908</u>	<u>22,774</u>

FIREFLY ARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010**

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	2010 Total funds £	2009 Total funds £
Fixed assets	3,422	10,921	14,343	34,547
Current assets	89,532	20,852	110,384	69,164
Current liabilities	<u>(27,908)</u>	<u>-</u>	<u>(27,908)</u>	<u>(22,774)</u>
	<u>65,046</u>	<u>31,773</u>	<u>96,819</u>	<u>80,937</u>

14. MOVEMENT IN FUNDS

	At 1.4.09 £	Net movement in funds £	At 31.3.10 £
Unrestricted funds			
General fund	22,410	(17,303)	5,107
Relocation fund	15,000	(15,000)	-
Designated income for 2010/11	<u>-</u>	<u>59,939</u>	<u>59,939</u>
	37,410	27,636	65,046
Restricted funds			
Scottish Arts Council	13,682	(3,640)	10,042
British Council	545	(545)	-
Children in Need	1,843	(1,843)	-
Youth forum Elections	1,431	(1,431)	-
Power of Silence	1,110	(1,110)	-
Paul Hamlyn Foundation	19,773	(3,469)	16,304
Paradigm Conference	183	(183)	-
Stamp out Stigma	4,960	(4,960)	-
WLC - Project grants	-	1,199	1,199
Big Lottery Fund	<u>-</u>	<u>4,228</u>	<u>4,228</u>
	43,527	(11,754)	31,773
TOTAL FUNDS	<u>80,937</u>	<u>15,882</u>	<u>96,819</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2010

14. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	166,610	(183,913)	(17,303)
Designated income for 2010/11	59,939	-	59,939
Relocation fund	-	(15,000)	(15,000)
	<u>226,549</u>	<u>(198,913)</u>	<u>27,636</u>
Restricted funds			
British Council	20,630	(21,175)	(545)
Paul Hamlyn Foundation	50,666	(54,135)	(3,469)
WLC - Project grants	1,199	-	1,199
Angus Council	5,300	(5,300)	-
Robertson Trust	4,000	(4,000)	-
BBC Children in Need	2,211	(2,211)	-
NHS Lothian	2,000	(2,000)	-
First Light Movies	5,000	(5,000)	-
Big Lottery Fund	25,365	(21,137)	4,228
Scottish Arts Council	-	(3,640)	(3,640)
Children in Need	-	(1,843)	(1,843)
Youth forum Elections	-	(1,431)	(1,431)
Power of Silence	-	(1,110)	(1,110)
Paradigm Conference	-	(183)	(183)
Stamp out Stigma	-	(4,960)	(4,960)
	<u>116,371</u>	<u>(128,125)</u>	<u>(11,754)</u>
TOTAL FUNDS	<u>342,920</u>	<u>(327,038)</u>	<u>15,882</u>

The designated income is an advance from West Lothian Council for core funding.

Restricted reserves are held as follows:

Scottish Arts Council and £1,000 of the WLC grant are capital grants.

Paul Hamlyn Foundation, the remaining WLC grant and the Big Lottery Fund are for projects which are on going at the year end.

15. RELATED PARTY DISCLOSURES

There is no ultimate controlling party.

During the year remuneration was paid to Dr Michael Richardson to the sum of £14,089 (2009 - £19,500). The remuneration paid was for his role as the artistic director and not his role as a trustee. No further trustees were paid remuneration during the year.

16. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to assist with the preparation of the financial statements.

17. COMPANY LIMITED BY GUARANTEE

Firefly Arts is a company limited by guarantee in terms of the Companies Act 2006. The liability of each member is limited to the sum of £1. In the event of the winding up or dissolution of the company, in terms of the Memorandum and Articles of Association, any surplus assets shall be transferred to some other charitable body or bodies having objects similar to the company.