

GRASSMARKET PROJECT LIMITED
(a company limited by guarantee)

REPORT and FINANCIAL STATEMENTS

For the year ended 31 December 2006



GRASSMARKET PROJECT LIMITED
REPORT and FINANCIAL STATEMENTS
For the year ended 31 December 2006

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GRASSMARKET PROJECT LIMITED
BOARD of DIRECTORS and ADVISERS

Directors

L Hayward
Rev N Chamberlain
J D Weller
J P Dukes (resigned 18 June 2007)
N Crane (appointed 3 April 2007)
J Lee (appointed 3 April 2007)
R Wynberg (appointed 3 April 2007)

Secretary

Chiene + Tait

Registered Office

7/1 Bellevue Terrace
Edinburgh
EH7 4DT

Accountants

Chiene + Tait
Chartered Accountants
61 Dublin Street
Edinburgh
EH3 6NL

GRASSMARKET PROJECT LIMITED

CHAIRMAN'S REPORT

This last year has been a momentous one for the GMP, all those involved in the Grassmarket Project and all those that directly and indirectly benefit from it

In important respects it has been a 'breakthrough' year. After almost a decade working from his base in Edinburgh and where his work has been recognised numerous times at the Edinburgh Festival and indeed internationally, Jeremy Weller worked with his team and the Board to transfer the GMP's base to London. The move, at considerable personal inconvenience for the team involved, was occasioned by the need to be seen to apply the GMP's methodology to the severe mix of problems daily evident on and around the streets of the largest urban population in Europe.

The GMP team got stuck into the planning, preparation and organisation of a series of performances of the seminal work *The Foolish Young Man*, which played at the newly opened Roundhouse in London's Kentish Town. The performances brought together some of the most distinguished talent in the form of David Harewood (now a Director of the GMP) and newly discovered talent including Jamal Downey (also now a main board Director of the GMP). The remarkable work of this team directed by Jeremy Weller is encapsulated in the BBC's 'Imagine' documentary (BBC 1, "A PLAY FOR TODAY", which was Broadcast October 31st, to much acclaim). We owe our great thanks to Janet Lee and Alan Yentob and particularly Clare Lockhart whose chance attendance at one of Jeremy Weller's rehearsals with the newly discovered talent brought the creative work to Alan Yentob's attention. Janet Lee has also been appointed to the GMP Board.

The Board has now focused on progressing the scaled up challenge brought on by the opportunities which now arise. Jeremy Weller and Linda Blomqvist have both done exceptionally well in managing to secure major donations from established trusts such as The Tudor Trust and Paul Hamlyn Foundation. I would like to thank Jeremy Weller and Linda Blomqvist for their hard work in achieving this.

The Grassmarket Project now presents itself as a potentially powerful contributor addressing endemic social issues on an altogether larger scale. Responding to that challenge, important management resources are required and that in return requires realistic funding. The stronger Board has identified adequate core funding as the principal target in the year ahead, noting that funding from revenue earned can reasonably be expected to then sustain the GMP's financial requirements in the longer term. Impressively we now enjoy the cumulative support of –

- 1 The Tudor Trust
- 2 The Paul Hamlyn Foundation
- 3 Arts Council England
- 4 TSB Lloyds Foundation
- 5 Calouste Gulbenkian Foundation
- 6 The Craighish Foundation

and are now positioned to make the first General Manager appointment to work alongside Jeremy Weller as CEO and Artistic Director and Linda Blomqvist as Creative Producer.

All of this brings your present Chairman to conclude that the changes envisaged in a 3 year term of office have been achieved – that we have had some good fortune in addition to excellence at the highest level in terms of the discoverable talent resting uncomfortably in our urban society. A further Chairman should now follow on from the end of September 2007.

GRASSMARKET PROJECT LIMITED

REPORT of the DIRECTORS

The directors present their report and financial statements of the company for the year ended 31 December 2006

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Grassmarket Project Limited was established on 30 November 1990 as a company limited by guarantee. The company is governed by its Memorandum and Articles of Association.

Recruitment and appointment, induction and training of directors

Fulltime Staff

Artistic Director – Jeremy Weller

Creative Producer – Linda Blomqvist

Note: We believe an essential element in the training is to work directly with the subject matter and the young people it involves to fully comprehend our methods. That is why our training programme takes place during the time of a specific project.

“THE FOOLISH YOUNG MAN” (TFYM) Production at Roundhouse Theatre, London

Under GMP's Bus Stops Youth Programme

30 Jan – 4 Jun, 2006

Freelance work & Training of Associate Directors

Creative Collaborator – Jenle Hallund

Acting Coach – David Harewood

Transcriber – Christie O'Carroll

Other Freelance work

Workshop Assistant – Shauna O'Brian

Production Manager – Jo Catell

Set Designer – Signe Krogh

Lx Designer – Lizzy Powell

Workshop Actor – Matthew Betteridge

Stage Manager – Jenny Smith

2 Set builders

“BANANA BOAT TO JAMAICA” – 3RD PHASE WORKSHOPS, GLASGOW

Under GMP's Bus Stops Youth Programme

26 Oct – 14 Dec, 2006

Trainee Associate Director – Christie O'Carroll

Organisational structure and how decisions are made

GMP Board of Directors supervises GMP staff and projects, through regular meetings with GMP Chief Executive.

GMP has a fulltime staff of two. During a production we employ a team of freelance workers of approximately 10 people.

GMP Fulltime staff responsibilities

Artistic Director and C E O Responsibilities

- Directing of GMP productions,
- Creation of scenic material,
- Training of GMP teams,
- Research areas of future projects,
- Formulate GMP Artistic strategy and policy,
- Direct the vision and fulfil the GMP constitution,

GRASSMARKET PROJECT LIMITED

REPORT of the DIRECTORS (continued)

Artistic Director and C E O Responsibilities (continued)

- Building of partnerships with funders, theatres and organisations for production and post production pastoral care, and
- Employment of GMP staff,

Creative Producer Responsibilities

- Fundraise all core and project costs,
- Responsible for all budgets, book keeping, financial control system and administration,
- Help strategy and delivery of company expansion,
- Helping to formulate GMP Artistic strategy and policy,
- Assistant Director during GMP productions,
- Development of scenic material,
- Building of partnerships with funders, theatres and organisations for production and post production pastoral care, and
- Employment of GMP staff

GMP always plan ahead based on its existing resources, where a budget is constantly re evaluated and adapted to ensure that it covers the period it is planned to cover GMP recognises that not all non confirmed income will necessarily be obtained at the indicated levels, and accordingly has a board approved schedule of postponed or otherwise amended expenditure to ensure, if necessary that key projects are taken forward within the limits of the assured funding

Related parties

TFYM Production, London

GMP collaborated with 12 organisations including 2 PRUs (Haringey and Essex PRUs), 7 youth centres, the Roundhouse Theatre, BBC and Kids Company

“Banana boat to Jamaica” workshops, Glasgow

RSMDA and Terminal1 Youth Centre

Risk management

The Directors have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems are in place to mitigate exposure to the major risks

OBJECTIVES AND ACTIVITIES

Principal activity, aims and objectives

The principal activity of the company in the year under review was that of the promotion, maintenance, improvement and advancement of education in the community, particularly by encouragement of the arts

Objectives for the year

TFYM – GMP first London based production

- To start a new generation GMP projects in London each year,
- To showcase GMP's enhanced profile,
- “Seeing is believing”, invite funders to the performances, to seek to enhance our funding opportunities for future GMP Youth Programme replica projects

Training of GMP Associate Directors

- To enable the GMP team to expand, which will free up the artistic director and allow him more time for the creative development of new work,
- To expand the artistic direction beyond the Artistic Director, offer opportunities for other artists and spread our skills and methods knowledge,
- To eventually have our Associate Directors, with overview control by Jeremy Weller, to create their own GMP projects which will enable several GMP projects to run simultaneously in a year I e “Banana boat to Jamaica” workshops, Glasgow

GRASSMARKET PROJECT LIMITED

REPORT of the DIRECTORS (continued)

Building of partnerships

- Create partnerships from which we source the young people for our creative projects and help our partners reconnect them to mainstream society, which can contribute to raising educational attainment and standards, reduce first time and repeat offending, assist PRUs and youth organisations to reach youth at risk and improve their abilities in ensuring that young people receive appropriate support, adapted to their unique needs,
- To influence policy and practice at the PRUs and youth at risk organisations we are partnering with,
- Building of partnerships for post production pastoral care to offer progression beyond the artistic process, where our partners provide the full circle therapeutic elements i.e. counselling, treatment for substance abuse, practical help i.e. applying for jobs and help setting up flats etc

Crucially these are vital elements to deliver ourselves from a "hand to mouth" existence to a long overdue financial sustainability that will allow us to thrive, not just survive, as a company

Review of the year

During the year, the company undertook various workshops at various locations as part of the Bus Stops programme

ACHIEVEMENTS AND PERFORMANCE

During the year, the company undertook various workshops at various locations as part of the Bus Stops programme.

"THE FOOLISH YOUNG MAN" (TFYM) Production at Roundhouse Theatre, London

30 Jan – 4 Jun, 2006

"BANANA BOAT TO JAMAICA" – 3RD PHASE WORKSHOPS, GLASGOW

26 Oct – 14 Dec, 2006

FINANCIAL REVIEW

Results

The deficit for the year amounted to £9,403 (2005 surplus £3,844) This is mainly attributable to increased expenditure during the year on projects being undertaken including The Foolish Young Man which was a new production during the year

Reserves policy

The unrestricted fund represents the free reserves of the company. It is the policy of the charity to maintain unrestricted funds at a level, which equates to approximately three months of unrestricted expenditure. During the year the unrestricted funds showed an increase of £14,541 to a surplus of £13,957

The restricted fund represents funds which have been given for a particular purpose or project. Restricted fund balances are £nil at the year end as a result of all funds being spent during the year

PLANS FOR FUTURE PERIODS

LONDON PROJECTS

Grassmarket Project (GMP) is to continue its continuity in London with following planned projects

"Radical", London

Next GMP main drama production, focusing on radicalised, second generation Muslim males, in which some are involved in Muslim fundamentalist groups. An inter generational project, exploring the high suicide rate amongst young men, specifically those at time of transition. The project will involve up to 100 men (aged 16 to 50) in collaboration with Ram Ally, a student from Sussex University, who is making a PHD on the radicalisation of Muslim youth in the UK

GRASSMARKET PROJECT LIMITED

REPORT of the DIRECTORS (continued)

"Radical", London (continued)

As part of his PHD, Rami has taken upon the project research, including interviews in mosques and Muslim community centres across London. He will also act as a central role in the play.

Actors Company, London

GMP keeps a link with the project participants through personal meetings with the cast for as long as there is interest through our designated person, Jenle Hallund, who acts as a bridge to our post production partners. Our aim is to evolve these meetings into "Actors Company", with main purpose to develop the talent from GMP productions so that former participants can become future GMP mentors in new GMP productions, as well as providing them with a set of skills needed to audition for acting Schools. Since Aug 2006 GMP staff are having weekly meetings with the cast from "The Foolish Young Man" (TFYM) to

- Keep up the momentum with the young people,
- Keep up the link between the young people and Kids Company, who in their turn provide further links to art, work opportunities and education,
- Further the young people's acting, writing, directing and producing skills to prepare them to work as workshop assistants,
- The meetings have also included theatre visits with follow on discussions about the acting, theme, directing and dramaturgy of the work seen.

Lost Property

A film project by GMP Associate Directors, Naomi Seekings (trained filmmaker, formally with SkyTV) and Katie Middleton, assisted by workshops assistant Jamal Downey of TFYM cast in collaboration with London PRUs. The workshops will train GMP Associate Directors and Workshop Assistants in the GMP methods. Themes of conflict and resolution will be explored by drawing on participants' life experiences. These short stories will be filmed and performed for an invited audience, and by the end of the period edited onto DVD. The participants will be trained in all aspects of filmmaking.

OTHER PROJECTS

"Banana Boat to Jamaica" – 4th Phase Workshops, Glasgow

GMP Trainee Associate Director, RSAMD graduating student, Christie O'Carroll have in 2005 and 2006 through a collaboration between the GMP and Terminal1/Yell, organised and run the 2nd and 3rd phase of "Bus Stops" project with the cast from GMP previous production "Bus Stops" in 2005. In 2007 the workshops will continue the training of Christie O'Carroll and for her to teach the young people in performance skills, devising performances, directing their peers, the difference between acting for stage and acting for camera, new technical skills and how to document a piece of theatre.

TFYM production initiated a new, ambitious 'Documentation and Evaluation' phase, in which Dr Richard Ings, (Dr Ings is a freelance writer and researcher in the arts with a particular interest in young people, social exclusion and creativity. He has produced a number of relevant publications, most recently for The Prince's Trust/National Youth Agency, Arts Council England, National Youth Agency, NESTA etc.) is making an ambitious publication on the GMP organisation as a whole, starting with TFYM, going back to previous productions including extensive interviews with GMP's staff, journalists, participants and partners from previous work.

The publication is to be finished in 2007, and will be used as an aid to finding answers to how and why young people become excluded and how arts can be used as a fantastic vehicle in bridging young people from the streets into education and social reintegration. The publication will also demonstrate how GMP projects provide a new art form unlike any other plays of today.

GRASSMARKET PROJECT LIMITED

REPORT of the DIRECTORS (continued)

ORGANISATIONAL DEVELOPMENTS

GMP's board is strengthened with

Nikki Crane – Former Head of Social Inclusion, Arts Council England Jamal Downey Youth Advisor Former excluded young person and participant in GMP production "The Foolish Young Man", 2006, David Harewood Royal Shakespeare Company, National Theatre and TV actor David most recently played the fourth lead in "Blood Diamond", Janet Lee – BBC Executive Producer of the Imagine Series (BBC Creative Producer, Alan Yentob's flagship arts strand) and former Commissioning Editor Arts, Channel 4 Rebecca Wynberg Chairman of Sadek Wynberg Millward Brown, one of the leading qualitative research practices in the world

Statement of directors responsibilities

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations

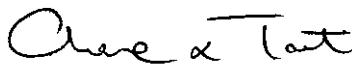
Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The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

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

BY ORDER OF THE BOARD



Chiene + Tait
Secretary

28 September 2007

GRASSMARKET PROJECT LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING the INCOME and EXPENDITURE ACCOUNT**

For the year ended 31 December 2006

	Notes	Restricted Funds £	Unrestricted Funds £	2006 Total £	Restated 2005 Total £
Incoming resources					
<u>Incoming resources from generated funds</u>					
Voluntary income	4	95,199	41,680	136,879	73,120
Bank interest			620	620	317
				-- --	
Total incoming resources		95,199	42,300	137,499	73,437
		-- --	-- --		--
Charitable expenditure					
Charitable activities	5	119,143	24,374	143,517	68,377
Governance costs	7		3,385	3,385	1,216
		--	-- --		
Total charitable expenditure		119,143	27,759	146,902	69,593
		--		-- --	-- --
Net (outgoing)/incoming resources before transfers	2	(23,944)	14,541	(9,403)	3,844
Transfer between funds					
		-- --			
Net movement in funds		(23,944)	14,541	(9,403)	3,844
Total funds at 31 December 2005		23,944	(584)	23,360	19,516
		-- --	--		-- --
Total funds at 31 December 2006			13,957	13,957	23,360
		=====	=====	=====	=====

The company has no recognised gains or losses other than those included in the Statement of Financial Activities

All activities relate to continuing operations

The notes on pages 10 to 13 form part of these financial statements

GRASSMARKET PROJECT LIMITED

BALANCE SHEET

As at 31 December 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible fixed assets	8	1,041	2,299
Current assets			
Cash at bank and in hand	18,009	24,927	
Creditors amounts falling due within one year	9	5,093	3,866
Net current assets		12,916	21,061
Net assets		13,957	23,360
Funds			
Restricted funds	10		23,944
Unrestricted funds	10	13,957	(584)
		13,957	23,360

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ending 31 December 2006

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year

The directors acknowledge their responsibilities for

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its surplus or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

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

Approved by the Board of Directors on 28.11.2007 and signed on its behalf by

J D Weller Director

The notes on pages 10 to 13 form part of these financial statements

GRASSMARKET PROJECT LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 December 2006

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with Charities Accounts (Scotland) Regulations 1992 and Statement of Recommended Practice – Accounting and Reporting by Charities (2005) and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Change in presentation of financial information

As a consequence of the adoption of the revised SORP 2005, the comparative figures for the prior year have been restated in accordance with revised structure and format for the statement of financial activities

Income

The income of the company is largely due to grant income, donations and entrance fees for its productions. Income is recognised in the year in which it is receivable, which is when the charity becomes entitled to the resource

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. The company is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT. Support costs are allocated based on estimated time spent on each activity

Fixed assets

Fixed assets are included at cost. Items below £100 are not capitalised. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows

Office equipment – 2 years

Restricted Funds

The restricted funds represents funds which have been given for a particular purpose or project. All grants receivable are given in relation to various projects of the Grassmarket Project Limited and the related running costs

Details of the various projects carried out by the Grassmarket Project Limited are stated in the Directors Report

Unrestricted Fund

The Unrestricted Fund represents funds which the directors are free to use in accordance with the charitable objects

2 Net incoming / (outgoing) resources

	2006 £	2005 £
This is stated after charging		
Directors' remuneration	34,513	24,800
Other staff costs	16,436	17,390
Rent	2,923	2,285
Depreciation	3,340	2,979
Professional fees	3,385	1,216
	=====	=====

Average staff numbers during the year were 2 (2005: 2). No employee received in excess of £60,000. No expenses were reimbursed to directors during the year.

One director received a salary during the year, as a result of his active participation in the Bus Stops project.

GRASSMARKET PROJECT LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 December 2006

3 Taxation

No liability to UK corporation taxation arose for the year ended 31 December 2006

4 Voluntary Income

	2006 £	2005 £
Grant income		
Calouste Gulbenkian Foundation	15,000	
Arts Council England	11,000	
The Tudor Trust	20,000	10,000
National Lottery Charities Board	29,699	
The Craignish Trust	7,500	5,000
Bloomberg	40,000	
The Roadhouse	12,000	
Arts & Business		2,400
South Lanarkshire Millenium Commission		55,720
Reversal of 2005 deferred income	1,680	
	136,879	73,120
	=====	=====

5. Charitable Activities

	Calouste Gulbenkian £	Craignish Trust £	South Lanark shire £	National Lottery Char. Brd £	Foolish Young Man £	Un restricted £	2006 Total £	2005 Total £
Staff costs	7,500	9,204	13,845	20,400			50,949	42,584
Rent, rates & ins			91	800		2,339	3,230	2,583
TFYM prod Costs					43,000		43,000	11,829
Other projects			7,409	2,500		7,091	17,000	
Actors' company						5,798	5,798	
Conference & meetings	600					1,474	2,074	177
Transport & travel	525			2,000		2,622	5,147	3,731
Support costs (note 6)	6,375		895	3,999		5,050	16,319	7,473
	--	--				--	--	--
	15,000	9,204	22,240	29,699	43,000	24,374	143,517	68,377
	=====	=====	=====	=====	=====	=====	=====	=====

Monies spent on the Foolish Young Man production were funded from The Tudor Trust £20,000, the Roadhouse Fund, £12,000, and the Arts Council £11,000 (See note 10)

6 Support costs

	Calouste Gulbenkian £	Craignish Trust £	South Lanark shire £	National Lottery Char. Brd £	Un restricted £	2006 Total £	2005 Total £
Office running costs	2,232		895	3,999		7,126	3,663
Office equipment					847	847	733
Web site costs	4,143				2,055	6,198	57
Legal & professional					30	30	
Other expenses					2,118	2,118	3,020
	--	--	--	--	--	--	--
	6,375		895	3,999	5,050	16,319	7,473
	=====	=====	=====	=====	=====	=====	=====

GRASSMARKET PROJECT LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 December 2006

7 Governance costs	2006	2005
	£	£
Professional fees	3,385	1,216
	=====	=====

8 Fixed Assets

	Office Equipment £
Cost	
At 1 January 2006	5,958
Additions	2,082
	—
At 31 December 2006	8,040

Depreciation	
At 1 January 2006	3,659
Charge for the year	3,340
	—
At 31 December 2006	6,999
Net book value	
At 31 December 2006	1,041
	=====
At 31 December 2005	2,299
	=====

9. Creditors amounts falling due within one year	2006	2005
	£	£
Tax and social security	1,357	1,368
Accruals	1,736	1,818
Deferred income – capital grant		680
Loan	2,000	—
	5,093	3,866
	=====	=====

GRASSMARKET PROJECT LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 December 2006

10 Analysis of charitable funds

	Balance at 1 Jan 2006 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31 Dec 2006 £
<u>Restricted Funds</u>					
The Craignish Trust	1,704	7,500	9,204		
South Lanarkshire Millenium Commission	22,240		22,240		
National Lottery Charities Board		29,699	29,699		
Calouste Gulbenkian Foundation		15,000	15,000		
The Roadhouse		12,000	12,000		
The Tudor Trust		20,000	20,000		
Arts Council England		11,000	11,000		
	<u>23,944</u>	<u>95,199</u>	<u>119,143</u>		
<u>Unrestricted Funds</u>					
General Fund	(584)	42,300	27,759		13,957
	<u>(584)</u>	<u>42,300</u>	<u>27,759</u>		<u>13,957</u>

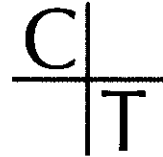
All restricted grant awards were received as funding for the various projects of the Grassmarket Project Limited and the related running costs

	Restricted Funds £	Unrestricted Funds £	Total £
11 Analysis of net assets between funds			
Fixed assets		1,041	1,041
Net current assets		12,916	12,916
		<u>13,957</u>	<u>13,957</u>
Total net assets		<u>13,957</u>	<u>13,957</u>

12. Going concern

The company depends upon grants and fundraising in order for it to meet its day to day working capital requirements. The financial statements have been prepared on the going concern basis which assumes that adequate grants and fundraising income will be received.

**ACCOUNTANTS' REPORT TO THE MEMBERS ON THE UNAUDITED
FINANCIAL STATEMENTS OF GRASSMARKET PROJECT LIMITED**



We report on the financial statements for the year ended 31 December 2006 set out on pages 8 to 13

This report is made to the Members, as a body, in accordance with the terms of our engagement. Our work has been undertaken to enable us to prepare the accounts on behalf of the Members and report our opinion as set out below 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 the Members, as a body, for our work or for this report.

Respective responsibilities of trustees

As described on page 7 the charity's trustees (who are also the directors of Grassmarket Project Limited for the purpose of company law) are responsible for the preparation of the financial statements, and they consider that the charity is exempt from an audit.

In accordance with their instructions and in order to assist them to fulfil their responsibilities, we have prepared the financial statements on pages 8 to 13 from the accounting records and from the information and explanations supplied to us.

We have carried out this engagement in accordance with best practice guidance issued by the Institute of Chartered Accountants of Scotland and have complied with the ethical guidance laid down by the Institute relating to members undertaking the preparation of accounts.

In addition to the above it is our responsibility to carry out procedures designed to enable us to report our opinion as set out below.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the charity, and making such limited enquiries of the officers of the charity as we considered necessary for the purposes of this report.

These procedures provide only the assurance expressed in our opinion and do not provide all the evidence that would be required in an audit, and consequently we do not express an audit opinion on the view given by the financial statements.

Opinion

In our opinion

- (a) the financial statements are in agreement with the accounting records kept by the charity under section 221 of the Companies Act 1985,
- (b) having regard only to, and on the basis of, the information contained in those accounting records
 - i the financial statements have been drawn up in the manner consistent with the accounting requirements specified in section 249C(6) of the Act, and
 - ii the charity satisfied the conditions for exemption from an audit of the financial statements for the year as specified in section 249A(4) of the Act as modified by section 249A(5) and did not at any time within that year fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

CHIENE + TAIT

Chartered Accountants and Reporting Accountants

61 Dublin Street

Edinburgh EH3 6NL

28 | 9 | 2007