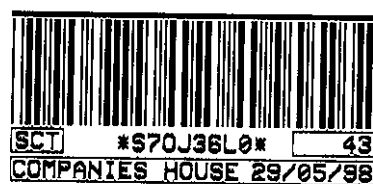


FEISEAN NAN GAIDHEAL
(Company Limited by Guarantee)

FINANCIAL STATEMENTS

31 March 1998



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REPORT OF THE DIRECTORS
for the year ended 31 March 1998

The Directors present their annual report and financial statements
for the year ended 31 March 1998.

Activities

The principal activity of the company during the year was the provision
of support to Community Arts Festivals promoting Gaelic.

Financial

The surplus for the year was £2,766 (1997 £13,227) which is
added to the balance brought forward leaving £25,281 in reserve.

Fixed Assets

Information relating to fixed tangible assets is given in note 5.

Directors

The Directors of the company during the year were:

John Macdonald (Chairman)	Karen MacIsaac (resigned 15 May 1997)
Malcolm Maclean	Nan Macleod
Jim Morrison	Catherine Bingham
Coll N MacDougall	Kirsteen Graham
Rita Hunter	Thomas J Macdonald (resigned 15 May 1997)
Margaret Anne Beggs	Jessie Newton (appointed 15 May 1997)
Beathag Morrison	Chirsty Ann Skivington (appointed 15 May 1997)
Josie Brown	

All the Directors retire and, being eligible, offer themselves for
re-election.

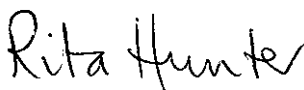
Political and Charitable Contributions

The company made no political or charitable contributions in the year.

Auditors

The auditors, A Graham & Co, are willing to continue in office and a
resolution concerning their re-appointment and remuneration will be
submitted to the Annual General Meeting.

By order of the Board


Rita Hunter
Secretary

14 May 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare accounts 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 which disclose with reasonable accuracy the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 4 to 8 in accordance with auditing standards.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

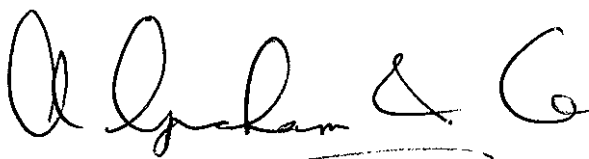
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the 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 accounts are free from material mis-statement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 March 1998 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



A Graham & Co
Chartered Accountants
Registered Auditors
Inverness

14 May 1998

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The effects of events relating to the period ended 31 March 1998 which occurred before 14 May 1998, the date of approval of the financial statements by the Directors, have been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 March 1998 and of the results for the year ended on that date.

Basis of Accounting

The accounts of the company have been prepared on the going concern basis.

Depreciation

Depreciation is provided by the company to write off the cost of fixed tangible assets over their estimated useful economic lives as follows:

Equipment	- 25% on the straight line basis
Musical Instruments	- 20% on the straight line basis

Stock

Stock of books is stated at the lower of cost and net realisable value.

Grant Income

Grants received are released to profit and loss account over the period to which they relate.

Deferred Income Reserve

Grant assistance received from the National Lottery for the purchase of musical instruments has been credited to a Deferred Income Reserve, and is being released to profit and loss account over the estimated useful life of the assets for which grant assistance has been received.

Cash Flow Statement

The company has taken advantage of the exemptions provided by Financial Reporting Standard 1 and has not prepared a Cash Flow Statement for the year.

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1998

		1998	1997
	Notes	£	£
Turnover	1	123,654	108,894
Cost of Sales	1	<u>47,935</u>	<u>40,396</u>
Gross profit		75,719	68,498
Administrative expenses		<u>(81,040)</u>	<u>(58,770)</u>
		(5,321)	9,728
Other operating income		<u>8,087</u>	<u>3,499</u>
Surplus/(deficit) on ordinary activities before taxation	2	2,766	13,227
Tax on ordinary activities	4	<u>-</u>	<u>-</u>
Surplus/(deficit) for the year after taxation		<u>2,766</u>	<u>13,227</u>

BALANCE SHEET
at 31 March 1998

		1998	1997
	Notes	£	£
FIXED ASSETS			
Equipment	5	44,414	21,011
		<hr/>	<hr/>
CURRENT ASSETS			
Stock		5,461	8,354
Debtors	6	14,004	17,283
Cash at bank and in hand		3,983	15,372
		<hr/>	<hr/>
		23,448	41,009
CURRENT LIABILITIES			
Amounts falling due within one year	7	(15,699)	(5,873)
		<hr/>	<hr/>
NET CURRENT ASSETS		7,749	35,136
DEFERRED INCOME RESERVE			
	8	(26,882)	(33,632)
		<hr/>	<hr/>
		25,281	22,515
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Profit and Loss Account		25,281	22,515
		<hr/>	<hr/>

The accounts for the year ended 31 March 1998 were approved by the Board of Directors on 14 May 1998.

Signed on behalf of the Board

J Macdonald

J Macdonald
Chairman

14 May 1998

NOTES TO THE ACCOUNTS

for the year ended 31 March 1998

1 Analysis of Turnover and Cost of Sales

Turnover and cost of sales relate to the company's principal activity within the United Kingdom.

2 Surplus/(deficit) on Ordinary Activities before Taxation

Surplus/(deficit) on ordinary activities before taxation is stated after charging:

	1998 £	1997 £
Directors' remuneration	-	-
Auditor's remuneration	550	425
	<hr/>	<hr/>

3 Directors' Remuneration and Staff Costs

The average number of employees engaged in the principal activity of the company during the year was 13 (1997 - 11). Employee costs, including directors' remuneration, during the year were nil (1997 - Nil)

4 Tax on Ordinary Activities

There is no liability to corporation tax, due to the charitable status of the company.

5 Fixed Tangible Assets

	Office Equipment £	Musical Instru- ments £	TOTAL £
Cost			
At beginning of year	5,286	28,009	33,295
Additions in year	11,041	27,557	38,598
	<hr/>	<hr/>	<hr/>
	16,327	55,566	71,893
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	2,887	9,397	12,284
Charge for year	4,082	11,113	15,195
	<hr/>	<hr/>	<hr/>
At end of year	6,969	20,510	27,479
	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
for the year ended 31 March 1998 (continued)

5 Fixed Tangible Assets (continued)

Net Book Value

At 31 March 1997	9,358	35,056	44,414
	<hr/>	<hr/>	<hr/>
At 31 March 1996	2,399	18,612	21,011
	<hr/>	<hr/>	<hr/>

6 Debtors

	1998	1997
	£	£
Amounts due within one year		
Grants receivable	2,550	16,283
Loan	2,000	1,000
Prepayments and other debtors	9,454	0
	<hr/>	<hr/>
	14,004	17,283
	<hr/>	<hr/>

7 Creditors

	1998	1997
	£	£
Amounts due within one year		
Grants received in advance	(10,149)	(5,370)
Creditors	(5,090)	0
Accrued expenses	(460)	(503)
	<hr/>	<hr/>
	(15,699)	(5,873)
	<hr/>	<hr/>

8 Deferred Income Reserve

	1998	1997
	£	£
National Lottery - grant for purchase of musical instruments	(26,882)	(33,632)
	<hr/>	<hr/>

9 Capital commitments

There were no capital commitments at the beginning or end of the year.