



Application for financial support

Business Plan - The Moray Society

1] Introduction and background

Elgin Museum is Scotland's oldest independent museum and owned and managed by The Moray Society. The Museum was purpose built in 1843 by a group of businessmen and professionals. It is an Italianate building designed by Thomas MacKenzie and attracts interest from visitors from across the world.

The Moray Society is a membership organisation, a registered Scottish charity and company limited by guarantee. The Museum is Fully Accredited, housed in an A-listed building on Elgin's High Street, and staffed almost entirely by volunteers. Our Aims and Objectives and our Forward Plan reflect a commitment to continuous improvement in our service to the public and our care for the collections and buildings we hold in trust, while being mindful of the human and financial resources at our disposal. Income is primarily from members' subscriptions, project grants, donations by visitors and benefactors, bequests and shop sales.

The valuable and unique resources and activities of the Museum include:

- **Collections and Resources**
 - Archaeology artefacts of Moray including recent finds at Birnie and Clarkly Hill.
 - Recognised Collection of fossils
 - Geology collection from Moray
 - Life in Victorian times in Moray
 - Pictish Stones
 - Papers of the Incorporated Trades of Elgin
 - Grade A listed building on Elgin High Street
 - Adjacent meeting Hall
 - Shop and building at no 3 High Street, alongside oldest surviving close in Elgin
- **Activities**
 - Drop in events for children during the summer months
 - Outreach provision for schools and young people's groups throughout Moray
 - Targeted events for old people including BALL groups and housing associations.
 - Art exhibitions in the gallery space [ongoing throughout the summer]
 - Exhibitions of arts and local crafts - eg Moray Quines [2014]

- Display of local historical photographs in the Museum Hall
- A Lecture series Sept - April to which visitors are welcomed
- Events that focus on aspects of art, music, archaeology and history of Moray
- Training events
- Participates with "Doors Open Days" for Moray
- Conferences
 - March 2015 - Geology,
 - December 2013 - Archaeology
- **Services for community and organisations**
 - Visitor Information Point for The Moray Council
 - Four* Visit Scotland attraction
 - Wedding venue - approximately 4 per year
 - Meeting venue in hall for committee meetings and training events for outside groups as for example
 - Slimming group
 - BID training
 - Bird club meetings
 - Line dancing
 - Yoga classes
 - Moray Heritage Connections meetings
 - Tabernacle Church meetings
 - Provision of volunteering opportunities for approximately 60 volunteers aged between 16 and 75. In 2013, volunteers hours logged at 7,861.
 - shop outlet for local craft workers
- **Academic Services**
 - provides work experience training for post graduate students from University of Aberdeen and RGU
 - Is a Conduit for Treasure Trove - works closely with local detectorists to promote responsible detecting
 - work with local Archaeology excavations by National Museum of Scotland, University of Bradford
 - maintains network of connections with specialist curators of Pacific collections, local archaeology, art works and natural history in National Museum of Scotland, Museums Galleries Scotland and other comparable institutions.

All of the above activities increase the footfall in Elgin High Street and increases the spend in local businesses on services such as food and transport, overnight accommodation and the employment of local support workers.

This project would address the "interest tourist" who is keen to increase their knowledge in the broad areas of geology, archaeology, history, architecture or culture. Our range of attractions and events are not dependent on weather and are unavailable elsewhere in Moray. They are unique. The Museum wishes to utilise these resources and expand the activities provision through greater use of social media, the internet presence and effective liaison with other tourism and business networks for economic benefit throughout Moray.

Key recent events:

- Launch of the new Pevsner book, "Buildings of Scotland: North Aberdeenshire and Moray", Yale University Press. Elgin Museum is the venue. This prestigious event will give a boost to architectural tourism in Moray.
- Alison Kinnaird's "Unknown" installation, a glass army created as an artist's response to war, was on display in Elgin Museum during July - September, 2015. It will be shown at the Scottish Parliament between 4th October - 2nd November 2015. Visitors are attracted to view this work.
- A clarsach recital by Alison promoted the installation.
- A retrospective display of the Art and Embroidery work of Ann Corrigall, September 2015
- The Dandaleith Stone, from Craigellachie, the most important Pictish find for some years, has been purchased by the Museum and will be on show from 2016.

2. Strategic fit - Moray Council priorities

The project addresses the priorities of The Moray Council as described within the key elements of the **Moray Economic Strategy** in that it will support the "**Linked theme: Tourism - Developing Moray's Cultural Heritage and Arts Assets.**"

Within the key element of the **Regeneration of the City of Elgin**, the Museum is ideally positioned to undertake a unique role within of the following key activities:

- Contribute new Events and Promotions
- Develop high quality interpretative facilities featuring Moray's culture, history and heritage.
- provide a clear visitor orientation point for heritage and other facilities
- to contribution to the Townscape regeneration of Elgin as a Grade A listed building
- to develop as a unique component of the Castle to Cashmere heritage trail with
 - the Recognised collection of fossils
 - Artefacts from the Birnie and Clarkly Hill Archaeological digs
 - the Pictish Stone collection and
 - the local collection.

The Museum also has the capacity to support the reinvigoration of the Retail and service centre of Elgin [**linked theme 5**] through attracting a greater footfall and by directing visitors to providers within the Central Business District. Located on the High Street of Elgin, the Museum provides a cultural and event space that needs to be maximised. [**Platform 1**]

Platform 4 "The Visitor Economy" - tourism has been identified as an underperforming sector both for Elgin and Moray as a whole and warrants specific attention. The Museum has valuable assets and wants to provide appropriate and accessible information for potential visitors in order to increase the visibility of the resource base and thus to attract more visitors.

A key element is to have a more effective web presence and to engage productively in local, national and international networks to increase the awareness of the many resources of the Museum.

This proposal will contribute to the 'The Visitor Economy' and will develop the potential of the resources of Elgin Museum to attract more tourists and provide a meaningful visitor experience. The Museum is well positioned to appeal to visitors interested in local aspects of history and culture.

Section 4 The Moray Council - Application for financial support

1. The geographical area which you expect will benefit

The area will be the whole of Moray.

2. An estimate of the number of people who you expect to benefit

Table 1 shows the projected increase in the number of people visiting the Museum and who will benefit.

As visitor numbers increase so will the economic impact for businesses within Elgin and Moray.

Year	Actual	Target numbers		
	2015	2016	2017	2018
Moray	4,204	4,624	5,087	5,596
Rest of Scotland	1,123	1,235	1,359	1,495
Rest of UK	901	991	1,090	1,199
Rest of World	835	919	1,010	1,111
Schools	741	815	897	986
Members and enquiries	1,917	2,109	2,320	2,552
Outreach and others	816	898	987	1,086
	10,537	11,591	12,750	14,025

Table 1 - Visitors to Museum with a projected increase of 10% to be achieved through investment in tourism development.

3. The length of time the benefit is expected to last

It is expected that the benefit will be that the Museum will have altered its focus as a tourist attraction. Volunteer staff will have been trained in customer care. The museum will direct their publicity and promotional materials to attract visitors. The use of social media and modern marketing strategies will strengthen the capacity of the Museum to sustain its provision after the Council support is withdrawn. We would expect the benefit to last five years and beyond to reap the benefit of greater understanding and involvement in attracting more visitors and providing more new events.

4. The evidence you have to suggest that economic development will result from your project

Research commissioned by Museums Galleries Scotland for 2015 shows that 42% of visitors to Scotland's attractions visited one of the 460 Museums and Galleries and contributed £890 million to the economy. There was an increase of 20% in the numbers since 2012 and the contribution to the Scottish economy from these visitors was estimated to be 41% higher than the 2012 figures. "This research confirms the

importance of the museums and galleries sector to Scotland's economy and tourism." said Joanne Orr, chief Executive of Museums Galleries Scotland.

An increase in visitor numbers to the Museum will benefit the following groups: B & B establishment, hotels, shops and other service providers.

The Museum attracts visitors to Moray from other areas of the UK and from countries worldwide. The following table illustrates how the increase in visitor numbers will impact on the economy of Moray. The Museum has unique resources that attract visitors. There is a Recognised Collection of fossils. People search out the Museum to see the artefacts from local archaeological digs at Clarkly Hill and Birnie. Elgin Museum is thus well positioned to contribute to the benefit of the area through its share in attracting greater numbers.

	Local visitors	Moray Tariff	Value of economic impact	Overnight visitors	Moray Tariff	Value of economic impact	Total value in £
2015	5,826	19.60	114,190	2,408	78.42	188,835	303,025
2016	6,409	19.60	125,609	2,649	78.42	207,719	333,327
2017	7,049	19.60	138,169	2,914	78.42	228,491	366,660
2018	7,754	19.60	151,986	3,205	78.42	251,340	403,326
2019	8,530	19.60	167,185	3,526	78.42	276,474	443,659
			<u>697,139</u>			<u>1,152,859</u>	<u>1,849,998</u>

Table 2 Economic Impact for Moray

The spend per visitor in Moray is given in the "Economic Value of the Independent Museum Sector: Tourism", DCResearch for AIM (Association of Independent Museums) 2015.

This table illustrates the potential economic impact to Elgin and Moray with increased footfall over the three year period by gaining a 10% increase each year. Children were not included in this analysis. A high proportion of the visitors to the Museum come from outwith Moray.

The Museum as an attraction offers provision throughout the year and thus can smooth the demand for accommodation and services away from peak spikes associated with key events. As an example, the Geology conference in March 2015 attracted nearly 100 delegates, many of whom came to stay in Moray for at least three night over a weekend.

In addition, the Museum has a high proportion of visitors from outwith Moray and the UK, and thus the activities of the museum increases the visibility of Moray and contributes to the branding of Moray as a tourist destination worldwide.

5. How the benefits will be achieved

- Training of key personnel in use of social media and networks for marketing and promotion
- Continual updating of information in advance of events
- Training in tourist customer care
- Greater focus on the role of the Museum as an Tourist Information point
- An increase in the number of events promoted by the Museum
- More marketing of events such as Art Exhibitions in the Gallery and events in the museum hall.
- Improved opportunities for tourists to purchase in Museum shop and online.
- Greater integration with initiatives such as those of the BID and with the "Castle to Cashmere to Cathedral" project will increase the visitor numbers and these in turn will benefit local businesses.

6. How you will measure the impact your project has had

The Museum has existing statistics related to visitor numbers and their source area. Table 1 shows the potential by increasing the number of visitors by 10%. Without the proposed project, visitor numbers and income to the area are likely to decrease as visitors are attracted to other venues. It is necessary to be alert to fast changing visitor habits and greater expectations. Visitors expect to find a wealth of information and ideas from internet sources and using new technologies.

The Museum records all visitors to the museum according to source. The records will be increased to show the reasons for coming to the Museum and the source of information that prompted their visit.

The Museum records visitor impressions in a book and that gives valuable qualitative data on the enjoyment factors of their visit.

A post-it board operates and the information is recorded on a monthly basis so that the Museum can reflect and improve on the service that is provided for visitors.

7. Any risks you have identified for your project

There is a risk that if Elgin Museum is not able to adapt to the new market place and achieve economic sustainability, it will be forced to close and thus not be available as a tourist attraction for people who come to Moray on vacation. The loss of the facilities of the Museum would deplete the resources that attract people to Moray.

The Museum has been able to allow free entry during the past two years in line with cost not being a barrier for any sectors of the population. Donations are vital and continual fund raising is essential. If greater visitor numbers cannot be achieved, income from donations will not be expected to increase.

Developing the visitor attraction of Elgin Museum depends on the enthusiasm, abilities and generosity of time from volunteers. This is a considerable risk to the project.

8. Any relevant experience your organisation brings to this project

The Museum has experience in the organisation of events and activities. Financial support for this project application will enable the Museum to offer more events and activities and to promote them more effectively to a wider audience. However, to increase numbers the Museum needs to adapt its marketing and promotional activities to a modern audience, especially through social media. More effective networking with other tourism attractions and businesses will be of mutual benefit both to the Museum and to the fulfilment of the Moray Economic Strategy so that the sector addresses its underperformance.

The Museum has a Board and a Management committee with a series of committees that ensure the smooth running of the Museum. There is a clearly identified structure with roles and responsibilities.

Section 5 Application for financial support**9. A copy of your most recent audited / independently examined accounts**

Provided. Accounts for 2014, independently examined by Ritsons of Elgin.

10. If you are a new organisation, projected cash flow from the set-up of the organisation to date with any back-up management accounts

The Moray Society has been in existence since 1843 and is prudent in its use of resources.

11. A budget / projected income and expenditure account for your project**Museum Tourism Development project costs****Projected Income - 2016- 2018**

Projected Income	2016	2017	2018	Total
Increase in function income	300	1,050	2,600	3,950
Increase in visitor Donations	400	1,000	1,800	3,200
Increase in shop sales	150	500	800	1,750
Hall let increase	300	600	800	1,700
Online sales income	350	450	550	1,350
Sponsorship income	0	600	1,800	2,400
Moray Council grant	18,500	15,000	11,000	44,500

Total	20,000	19,200	19,650	58,850
--------------	---------------	---------------	---------------	---------------

The Museum endeavours to increase income from all possible avenues. At the same time we are keen to continue to offer free entry so that there is an equality of opportunity for all sectors of the population, especially the young and the older groups in the area. Free entry is an encouragement for visitors to the area.

Projected Tourism Development project Expenditure: 2016 - 2018

Projected Expenditure	2016	2017	2018	
Salaries and oncosts	5,000	5,500	5,750	16,250
Printing and promotion	850	850	850	2,550
Training	1,750	1,500	1,500	4,750
Wifi installation	1,000	0	0	1,000
Travel	400	450	500	1,350
Consultant fees	1,500	1,250	1,200	3,950
Interactive Website development	2,000	1,000	1,000	4,000
10 x customer care course training	1,450	1,250	1,250	3,950
Tourist events x 10 per year @ £350 per event	3,500	4,000	4,000	11,500
Museum shop development	1,750	2,200	2,000	5,950
Advertising	800	1,200	1,600	3,600
	20,000	19,200	19,650	58,850

Summary

	2016	2017	2018	Totals
Projected income excluding Moray Council grant	1,500	4,200	8,650	14,350
Projected expenditure	<u>20,000</u>	<u>19,200</u>	<u>19,650</u>	58,850
Moray Council grant request	<u>18,500</u>	<u>15,000</u>	<u>11,000</u>	44,500

The expenditure of the Museum is closely monitored to ensure value for money. In order to maintain the accreditation of the Museum, there is essential heavy expenditure on items such as insurance, security and heating.

12. Clearly identified sources of funding for the project, indicating the status of these: intend to apply; have applied and awaiting results (when expected); successfully applied; match funding required; and restrictions on use of grant funding; own funds

already raised; fund raising programme planned and details; fees / other income generated by project etc.

The Museum must undertake a continual round of applications in order to fund the activities and the capital expenditure that is required in order to maintain the Museum. The fund raising programme is according to the forward plan of the museum that indicates the actions for the next five years.

13. Clearly identified assumptions used to cost the project, with reasons given for using these assumptions

Assumptions

That donations from tourists will continue broadly in line with previous years. However, this can vary if individual donors change their strategies for charitable giving.

Basis of Accounting

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) and the Statement of Recommended Practice – Accounting and Reporting by Charities – issued in 2005. The company has availed itself of s396 of the Companies Act 2006, as permitted in paragraph 4(1) of Schedule 1 of SI 2008 No 409, and adapted the Companies Act formats to reflect the special nature of the charity's activities.

14. Cash flow issues (e.g. if grant funding is received in arrears)

The Moray Society has experience of project funding being received in arrears as with LEADER funding and is aware of potential difficulties. Careful monitoring of expenditure and the timely submission of reports and claims is vital. The Moray Society had LEADER project funding during 2013/14. Some ring fenced project funding is received in advance of expenditure and this assists cash flow. Examples are Heritage Lottery Funding, the Change fund and The Robertson Trust.

15. Support in kind committed i.e. non-cash support that has a monetary value

The Moray Society has two part time employees and two part time employees who are project funded.

Volunteers perform the following tasks:

- Welcome visitors to the Museum
- Provide guidance for main exhibits of the Museum
- Dealing with visitor enquiries as an information point
- Plan and run special events
- Organise wedding events
- prepare accounts for the museum
- prepare documentation for Museum accreditation [achieved 2015 for three years]

- Marketing and promotional activities
- Preparation of guides and materials for interpretation
- Making funding applications
- Organisation of lecture programmes

The work of the volunteers is essential for the success of the project.

16. If the project is for more than one year: how will you achieve reducing reliance on public funds and in particular from the Moray Council over the lifetime of the project that is, how will the project move towards being self-sustaining

We expect that the realignment of the focus of Museum activities towards a greater economic focus will be a lasting feature after the end of the funding period. We expect that greater visitor numbers will benefit the Museum through higher donation totals and from the charges for hall lets and for events such as weddings and corporate events. We are applying for a total of £45,500 as follows:

Years	Grant request	Notes
2016	£18,500	
2017	£15,000	Effect of project reduces need for support
2018	£11,000	Effect of project reduces need for support
Total	£44,500	

The Museum is acknowledged to offer a stylish venue for events and financial support from The Moray Council will enable this potential to be developed. A key to this development will be establishing a market placement as a tourism destination and as an event location through modern internet and social media presence. It will take time to build a reputation and to develop a range of activities and an incremental increase in visitor numbers is anticipated during the progress of the project.

In addition, the receipt of a grant would enable the Museum to set itself on a new course of sustainability whereby there would be increased visitor numbers who would then be given the opportunity to increase their giving of funds to the museum. Three years will give the Society, the time to develop a sponsorship framework for both business and private donors. This would ensure the viability of the organisation far into the future as public funding becomes increasingly scarce.

Section 6 Application for financial support

The Moray Society has noted the conditions of an award and will fulfil them as required.

APPENDIX 3

Company Registration Number: SC106529
Scottish Charity Number: SC017546

Item: 10

Page: 35

THE MORAY SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

THE BOARD OF DIRECTORS

Lt Col Grenville Johnston OBE TD CA (Lord-Lieutenant of Moray) (President)
Dr Janet Trythall (Vice – President)
Richard Mabon (resigned 25 April 2014)
Bill Dalgarno
Kenneth Ferguson
Anita Milne (resigned 25 April 2014)
Elizabeth Robinson
Edna Cameron
Mary Shand
Marion Yool DL (appointed 21 October 2014)
Angela Monro (appointed 21 October 2014)
Grp Capt J P Dacre MBE DL (appointed 21 October 2014)
Rebecca Russell (appointed 20 February 2015)
Councillor Patsy Gowans

THE MUSEUM MANAGEMENT COMMITTEE

Bill Dalgarno, Convenor
Richard Mabon
Dr Janet Trythall
Edna Cameron
David Marquardt
Mabel Rennie
Mary Shand
Anne Owen

COMPANY SECRETARY

Kenneth Ferguson

REGISTERED OFFICE

1 High Street
Elgin
Moray
IV30 1EQ

BANKERS

Bank of Scotland
90 High Street
Elgin
Moray
IV30 1BN

YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements of the company for the year ended 31 December 2014.

Structure Governance and Management

Legal & Administrative Details

The Society is a charitable company limited by guarantee and is governed in accordance by its constitution. The accounts are prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice – Accounting and Reporting by Charities issued in 2005 and the constitution of the charity.

Directors

The directors who served the company during the year were as follows:

Lt Col Grenville Johnston	President
Dr Janet Trythall	Vice President
Kenneth Ferguson	Company Secretary
Richard Mabon (resigned 25 April 2014)	
Anita Milne (resigned 25 April 2014)	
Bill Dalgarno	
Councillor Patsy Gowans	
Elizabeth Robinson	
Edna Cameron	
Mary Shand	
Marion Yool (appointed 21 October 2014)	
Angela Monro (appointed 21 October 2014)	
Grp Capt J P Dacre (appointed 21 October 2014)	
Rebecca Russell (appointed 20 February 2015)	

One of the directors is appointed by The Moray Council.

Both a board of directors and a management committee are appointed. The committee reports to the board with each having some members in common.

Nominations are invited for new directors and are appointed to the Board at Annual General Meeting. All new directors are briefed on their responsibilities and the procedures of the Society.

Marjorie Walker and James Welsh are honorary Patrons of the Society.

Objectives & Activities

The objects for which the charitable company is established are:

1. To advance the education of the public in the furtherance of the arts, antiquities, archaeology, geology, botany, history and natural history especially as connected with the District of Moray and the collection, preservation and arrangement of objects connected therewith to make them so far as practical available to the public to view or study.
2. To maintain, safeguard and conserve the amenities and environment of the district *inter alia* by (a) stimulating public interest in and care for the beauty, history and character of the area; (b) encouraging the preservation, development and improvement of features of general public amenity or historic interest; and (c) to encourage high standards of architecture and town planning in the district.

Principal Activities

The Society is a charitable organisation established to further education in the history and natural history of the district of Moray and safeguard and preserve the amenity of the area. The Society runs and maintains the Elgin Museum and the collection therein.

YEAR ENDED 31 DECEMBER 2014

Achievements & Performance - Main achievements in the year

The principal activity of the Moray Society is the management and running of Elgin Museum (Scotland's oldest independent museum) and its associated activities. This continues in the hands of members and volunteers, with the paid assistance of our part-time Museum Assistant, Heather Townsend, and a part-time Janitor, Peter Manson. We have greatly benefited from the appointment of a part-time and externally funded (Leader, Robertson Trust, RBS) Education/Outreach worker, Di Hannan; as Leader funding comes to an end we have secured HLF funding for her employment for a further 2 years in a similar role. Leader funding also allowed us to employ two part-timers to catch up on a back-log of Treasure Trove and other object accessioning.

We have a pool of some thirty volunteers, the "meet and greet" staff on whom we rely during the "open" season, some of whom also help behind the scenes. In addition, each member of Elgin Museum Management Committee (EMMC) has a specific responsibility, and the EMMC reports through its Convenor to the Board. We have overhauled the demarcation of the roles of the EMMC and the Board, the latter now more clearly having responsibility for governance, devolving day to day management to the EMMC. Our Fundraising Volunteer and others ensure that efforts continue to fund all capital expenditure through external grants and that funding opportunities are exploited to enhance the range of activity and community events encompassed by the Museum.

Total contacts including enquiries and web hits have decreased (24560 down from 29,574 in 2013 but still above 24,000 in 2012). We have continued with free entry following the doubling of footfall last year and protected again by donations from Walkers, Baxters and Johnstons (as scarves for sale). Actual visitor numbers are up slightly from last year at 10603 (10528 in 2013). Membership of the Moray Society is 301 (versus 338 in 2013); this is disappointing and we have agreed to propose new categories, particularly to stimulate "youth" membership, at the 2015 AGM.

The Civic Committee continues a low key existence but the Society retains close collaboration with other organisations with similar aims with regard to the built and natural environment, such as the Elgin "Castle to Cathedral to Cashmere" project. We have commissioned a feasibility report to advise us whether we should be taking advantage of a Conservation Area Regeneration Scheme (CARS) Grant to carry out refurbishment of the exterior of our property.

Miscellaneous events in the Museum this year include our usual collaboration with community events through Elgin BID and our programme of family activities and school visits. We were short-listed (in the last 6 out of 800) for the Telegraph Family Friendly Award. Fund raising events included a quiz evening, Heritage Coffee morning and "Not the Antiques Roadshow" with Lyon and Turnbull, through a former junior member, now their silver specialist. We have had academic visits, especially to research our archaeology and fossil collections by groups and representatives from the Universities of Bradford, Reading, Edinburgh, and Aberdeen and from Museums Galleries Scotland, National Museums Scotland, RCAHMS and the British Archaeological Society. We lent a gold torc to the Hunterian's Scottish Gold exhibition. We have been allocated an archaeologically significant and very large Pictish stone through Treasure Trove; this will be a great attraction, but meanwhile is proving a challenge with physical and financial obstacles to be overcome for its appropriate display. Lectures and displays were arranged with a WWI theme. The Museum has retained its Four star status with VisitScotland. Thanks to a grant from the Recognition Fund we have had a post-doctoral palaeontologist in post for a year reviewing our fossil collection. Our application for renewal of the Museum's Accreditation was submitted in good time and we have since heard we have retained Full Accreditation.

The Board gained four new members, all with a longstanding interest in the Society, and with a variety of experience of business, management and charitable organisations; one younger member is the daughter of a past president. We all gained from a presentation, "The Trustee Toolbox" by specialist charity solicitor Colin Liddell of J&H Mitchells, Pitlochry to which we were able to welcome other charitable trustees in the area. This company has also been preparing our updated Constitution which has been submitted to OSCR in March 2015. We are grateful for an AIM Sustainability Grant to cover the solicitor's fees.

YEAR ENDED 31 DECEMBER 2014

Achievements & Performance - Main achievements in the year *(continued)*

Councillor Patsy Gowans, who has a special interest in museums and sees their value to education in its broad sense, has remained as our representative for Moray Council. With rearrangements within the Council, "museums" have moved to the remit of their Economic Development Department. Preliminary discussions indicate that a Councillor will no longer be required on the Board, and also that the basis for future funding will be very different and we are working with their department to see how this will function in practice. Through 2014 we continued to receive financial assistance from the Council, albeit reduced in the context of further cuts across-the-board. We enjoy a good working relationship with the Council's Falconer Museum and their curatorial staff who act as our Museum Mentors as required for our Accreditation.

Financial Review

The financial results for the year are shown on page 6 of the accounts. The Society had a net deficit for the year of £20529 (2013 – £12584 surplus), and of this £26851 related to a deficit on restricted funds, leaving a surplus on the unrestricted funds of £6322. This deficit is after £30136 of depreciation. As per note 13 the Society received various restricted funds during the year. The society's principal funding sources include a combination of grant funding from Moray Council, donations, rental income and membership subscriptions.

Reserves policy

The Society's funds are split between unrestricted and restricted. The unrestricted funds have arisen from past operating results. The restricted funds are those received for specific purposes (see note 13). The directors have examined the requirement for unrestricted funds and consider that there are adequate resources to allow the charity to maintain its operational capacity for the foreseeable future, given the circumstances in which we operate.

The Board wish to thank all staff and volunteers whose hard work and dedication are so essential to the ongoing efficient running of the Museum.

By order of the board

Independent Examiner's Report to the Directors of The Moray Society

I report on the accounts of the charity for the year ended 31 December 2014 which are set out on pages 6 to 14.

This report is made to the company's Board of Directors, as a body, in accordance with the terms of engagement. My work has been undertaken to enable me to undertake an independent examination of the charity's accounts on behalf of the company's Board of Directors and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's Board of Directors as a body, for my work or for this report.

Respective Responsibilities of Directors and Examiner

The charity's Directors are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity Directors consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the Directors concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent Examiner's Statement

In the course of my examination, no matter has come to my attention;

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - To keep accounting records in accordance with Section 44 (1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounting Regulations, and
 - To prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations.

have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Deborah Newton FCA, as partner in the firm of:
Ritsons, Chartered Accountants
103 High Street
Elgin
IV30 1EB

Date:

STATEMENT OF FINANCIAL ACTIVITIES (incorporating the Income and Expenditure Account)**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2014 Total £	2013 Total
Incoming Resources						
Incoming resources from generated funds						
<i>Voluntary Income</i>						
Donations	15	21093	-	3527	24620	37198
Moray Council – core grant		13200	-	-	13200	14950
Moray Council – common good grant		-	-	-	-	6000
Subscriptions		4586	-	-	4586	4942
<i>Activities for generating funds</i>						
Shop		3248	-	-	3248	4567
Property Income		5920	-	-	5920	6900
Fundraising		4245	-	-	4245	2789
Hall rent		4236	-	-	4236	4401
<i>Investment income- dividends</i>		-	-	1094	1094	797
Income resources from charitable activities						
Grants re Outreach		-	-	15713	15713	13082
Grants re fossil development		-	-	-	-	8898
Other grants	16	437	-	34204	34641	-
Other incoming resources						
Other Income		662	-	-	662	25
TOTAL INCOMING RESOURCES		57627	-	54538	112165	104549
Resources Expended						
Cost of generated funds						
Shop purchases		687	-	-	687	3077
Charitable activities						
Wages and national insurance		12454	-	43195	55649	26492
Subscriptions		431	-	-	431	604
Electricity & Gas		9433	-	-	9433	10050
Insurance		6027	-	-	6027	5893
Repairs		1321	-	4382	5703	7154
Fire & security		1341	-	-	1341	2365
Object conservation		76	-	1693	1769	835
Telephone		1056	-	-	1056	926
Office Costs		1397	-	1927	3324	1155
Advertising		1038	-	479	1517	723
Travelling expenses		492	-	1665	2157	523
Sundry expenses		2299	-	1145	3444	944
Photocopier		2376	-	-	2376	2426
Professional fees		633	-	1108	1741	1190
Depreciation		5803	-	24333	30136	32756
Loss on disposal of assets		-	-	8850	8850	2527
Acquisition and Conservation		108	-	-	108	685
Governance costs		2721	-	-	2721	1500
Total Resources Expended		49693	-	88777	138470	101825
Net incoming/(outgoing) resources before transfers						
Transfers between funds		7934	-	(34239)	(26305)	2724
		(3358)	-	3358	-	-
Net income for the year before other recognised gains and losses						
Gain on revaluation of investments		4576	-	(30881)	(26305)	2724
		1746	-	4030	5776	9860
Net movements in funds		6322	-	(26851)	(20529)	12584
Total funds at beginning of year		184565	2000	358388	544953	532369
Total funds at end of year		190887	2000	331537	524424	544953

BALANCE SHEET

AS AT 31 DECEMBER 2014

	<u>Note</u>	<u>2014</u>		<u>2013</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		366860		403341
Heritage asset	7		25476		21938
Investments	8		<u>87074</u>		<u>78085</u>
			479410		503364
CURRENT ASSETS					
Stocks		2487		578	
Debtors	9	4206		4074	
Cash at bank and in hand		<u>47286</u>		<u>45230</u>	
		53979		49882	
CREDITORS: Amounts falling due within one year	10	<u>(8965)</u>		<u>(8293)</u>	
NET CURRENT ASSETS			<u>45014</u>		<u>41589</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>524424</u>		<u>544953</u>
FUNDS					
Designated Funds	12		2000		2000
Unrestricted funds			190887		184565
Restricted funds	13		<u>331537</u>		<u>358388</u>
TOTAL FUNDS	14		<u>524424</u>		<u>544953</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 386 of the Act: and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its surplus or deficiency for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Act relating to the accounts, so far as applicable to the company.

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

These financial statements were approved by the Board on and are signed on their behalf by

.....

.....

The notes on pages 8 to 14 form part of these financial statements.

1. STATUS OF THE SOCIETY

The Society is a company limited by guarantee and does not have a share capital. The society is registered as a charity in Scotland. In the event of the Society being wound up, the liability in respect of the guarantee is limited to £1 per member of the Society.

2. ACCOUNTING POLICIES

Basis of Accounting

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) and the Statement of Recommended Practice – Accounting and Reporting by Charities – issued in 2005. The company has availed itself of s396 of the Companies Act 2006, as permitted in paragraph 4(1) of Schedule 1 of SI 2008 No 409, and adapted the Companies Act formats to reflect the special nature of the charity's activities.

Finance

The financial statements have been prepared on the basis that the Society will find Capital and Revenue from its own or other charitable resources. The Moray Council have generously supported the Society in 2014 to the extent of £13,200. The negotiations for funding to support the Society through 2015 are still ongoing.

Tangible fixed assets

These are stated at original cost plus any permanent improvements for heritable property, net of depreciation charged.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings & equipment – range of rates from 5% - 33.33% on both a straight line and reducing balance basis depending on the type of asset

Heritable property – 2.9% straight line

Heritage Assets

Heritage assets are stated at cost and represent assets of historical importance held to advance the preservation and conservation objectives of the charity.

No depreciation is charged on heritable assets as the directors consider that due to the impact of residual values any resulting depreciation would be immaterial.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Deferred Income

Core funding received in advance of the period to which the funding relates is deferred for recognition in the appropriate period.

Incoming resources

Income, including donations, grants and annual fees is recognised as incoming resources when the society is legally entitled to receive it. Income tax recoverable on donations is accounted for on an entitlement basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

2. ACCOUNTING POLICIES (continued)

Investments

Investments are included at their market value with any gains or losses for the year reported through the Statement of Financial Activities.

Donated Services

Donated services are included at the value to the society where this can be quantified and a third party is bearing the cost.

Resources expended

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay. The Society is not VAT registered and accordingly expenditure is shown gross of irrecoverable VAT. All expenditure has been classified under headings that aggregate all costs related to the category. Costs of generating funds relate to shop purchases. Charitable activities are those costs incurred directly in the objects of the charity. Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

Funds

Unrestricted funds are available for use at the discretion of the directors and management committee.

Designated funds represent monies applied from unrestricted funds for specific purposes. Further information on designated funds is included within note 12 of the accounts.

Restricted funds are those, which are to be used in accordance with the specific restrictions imposed by donors or those funds raised for a particular purpose. Further information on restricted funds is included within note 13 of the accounts.

Operating Lease

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

3. DIRECTORS REMUNERATION

No director or any person connected with them received any remuneration in the year. One of the directors received travel expenses of £297 during the year.

4. GOVERNANCE COSTS

Governance costs represent the Independent Examination fee.

5. STAFF COSTS

There were one full-time (2013 – nil) and five (2013 – three) part-time employees during the year costing £55,649 (2013 - £26,492). Included within this was £2,867 (2013 - £861) of employers national insurance.

FOR THE YEAR ENDED 31 DECEMBER 2014**6. TANGIBLE FIXED ASSETS**

	Heritable Property £	Fixtures, Fittings & Equipment £	Total £
COST			
At 1 January 2014	257286	466709	723995
Additions	-	2505	2505
Disposals	-	(48225)	(48225)
As at 31 December 2014	<u>257286</u>	<u>420989</u>	<u>678275</u>
DEPRECIATION			
At 1 January 2014	43302	277352	320654
Disposals	-	(39375)	(39375)
Charge for year	7217	22919	30136
At 31 December 2014	<u>50519</u>	<u>260896</u>	<u>311415</u>
NET BOOK VALUE			
At 31 December 2014	<u>206767</u>	<u>160093</u>	<u>366860</u>
At 31 December 2013	<u>213984</u>	<u>189357</u>	<u>403341</u>

7. HERITAGE ASSETS

Heritage assets comprise the following assets which have been stated at their cost price:

	<u>2014</u> £	<u>2013</u> £
Elgin Silver Tea Set	8000	8000
Silver Snuff Box	4000	4000
Treasure Trove	<u>13476</u>	<u>9938</u>
	<u>25476</u>	<u>21938</u>

The Elgin Silver Tea Set dates from 1800-1815 and the Silver snuff box dates from c1840. Both were acquired using money donated by the Welsh Family Trust.

Treasure Trove assets are multi-period finds discovered in Moray and allocated to Elgin Museum by the Treasure Trove panel and purchased by the Moray Society accordingly.

Historically, acquisitions of heritage assets held as part of the museum collection have not been capitalised. Additions recognised above represent heritage assets purchased by the museum since 2007. Due to the lack of reliable historic cost information and, due to the nature of the assets, the difficulties associated with establishing a valuation for the existing collection, these assets continue to be excluded. A description of the assets not capitalised is set out below.

Elgin Museum has over 36,000 items within its collection relating to local history and the Moray region in general. The museum's reference library is a primary source for researching people, places and events. Photographic archives dating back to the early Victorian times can be accessed. The museum holds a rich collection of oil and watercolour paintings and prints. The fossil collection which is available for research purposes contains more than 900 local fish and reptiles and a similar number of minerals and miscellaneous fossils.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

8. INVESTMENTS

	<u>2014</u>	<u>2013</u>
	£	£
Market value at the start of the year	78085	64796
Donated in year at valuation	3213	3429
Gain in value during year	<u>5776</u>	<u>9860</u>
Market value at the end of the year	<u>87074</u>	<u>78085</u>
Historical cost	<u>71058</u>	<u>67845</u>

The investments comprise the following:-			
245	Astra Zeneca \$.25 Ordinary	11161	8756
102	Royal Dutch Shell 'B' Ordinary	2278	2326
520	Murray International Trust Ordinary 25p	4924	5023
67	Royal Bank of Scotland Ordinary £1 (2013 - 34 shares)	264	115
4470	Securities Trust of Scotland Ordinary 1p (2013 - 2235 shares)	6331	3241
	Kames Ethical Cautious Managed Fund	31096	29216
	Aberdeen Multi-Managed Ethical Portfolio	31020	29408
5	Elgin & Lossiemouth Harbour Co Ordinary £20	-	-
		<u>87074</u>	<u>78085</u>

The investments are UK quoted shares. The market value of the investments is made up of £56016 (2013 - £48773) in restricted funds and £31058 in unrestricted funds (2013 - £29312).

9. DEBTORS

	<u>2014</u>	<u>2013</u>
	£	£
Sundry debtors	<u>4206</u>	<u>4074</u>

10. CREDITORS: Amounts falling due within one year

	<u>2014</u>	<u>2013</u>
	£	£
Accruals and deferred income	5175	4500
Sundry creditors	2688	3250
PAYE and National Insurance	1102	543
	<u>8965</u>	<u>8293</u>

At 31 December 2014 the charity had received core funding for the post year end period of £3,300 (2013 - £nil) and this balance has been included as deferred income.

11. FINANCIAL COMMITMENTS

	<u>Other</u>	<u>Other</u>
	<u>2014</u>	<u>2013</u>
	£	£
Expiry Date:		
Two to five years	<u>1512</u>	<u>1512</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

12. DESIGNATED FUNDS

	Balance Start £	Incoming Resources £	Resources Expended £	Transfers £	Balance 31/12/14 £
Publications	2000	-	-	-	2000

The publication fund arose from funds received from the sale of a book which have been designated by the Trustees for future publications.

13. RESTRICTED FUNDS

	Balance start £	Incoming resources £	Resources expended £	Gain/ transfer £	Balance 31/12/14 £
Welsh Bequest & Heritage Lottery	250727	-	(28448)	-	222279
Victoriana	9408	-	(2129)	-	7279
Elgin Tea Set	8000	-	-	-	8000
Silver	4000	-	-	-	4000
RBS - Outreach	3919	16378	(23655)	3358	-
Historic Scotland	1995	-	-	-	1995
Acquisitions & Conservation Fund	50030	5731	(478)	4030	59313
Baxters – Shop Improvements	1170	-	-	-	1170
Squarewrights – Building Fabric	9934	-	-	-	9934
Elgin BIDS – Childrens Activities	154	-	-	-	154
Elgin Common Good Fund	5523	-	(1908)	-	3615
Imlay Foundation	6393	-	(665)	-	5728
MGS – Study Resources	(1763)	7117	(5295)	-	59
MGS – Recognition Fund	8898	1334	(23241)	-	(13009)
AIM – Dandaleith Stone	-	4360	(21)	-	4339
AIM – Constitution	-	1530	(1018)	-	512
The Curry Fund – Conference	-	488	(488)	-	-
HLF – Our Heritage	-	17600	(1431)	-	16169
	<u>358388</u>	<u>54538</u>	<u>(88777)</u>	<u>7388</u>	<u>331537</u>

Welsh Bequest and Heritage Lottery provided funds for the refurbishment of the museum. The fund has been fully spent and the balance relates to the net book value of the related fixed assets.

Victoriana – specific fund for donations received in relation to the Victoriana exhibition in the Museum and the associated expenditure. The fund has been fully expended and the balance solely relates to the net book value of the related fixed assets.

Elgin Tea Set - donation was received for the specific purchase of the Elgin Silver Tea Set.

Silver – specific donation to fund the purchase of a silver snuff box.

Acquisitions & Conservation Fund - for Treasure Trove and other acquisitions to the Museum's collection and their conservation storage and display.

FOR THE YEAR ENDED 31 DECEMBER 2014**13. RESTRICTED FUNDS (cont.)**

RBS – to enable employment of an Educational Outreach worker. This project is complete therefore a transfer was made from unrestricted funds to clear the deficit.

Historic Scotland – to acquire conservation packaging materials.

Baxters – to help fund refurbishment of the shop area.

Squarewrights – for use solely for the upkeep of the fabric of the museum building.

Elgin BIDS (Childrens activities) – to assist with the provision of items for children’s activities within the museum.

Elgin Common Good – to replace the boiler. The fund has been fully spent and the balance relates to the net book value of the related fixed assets.

Imlay Foundation – to improve the display and promulgation of the Archaeology collection.

MGS Study resources – to provide equipment to support improved facilities within the Museum for visitors and volunteers,

MGS Recognition Fund – to find a geologist/palaeontologist to work on the Museum’s collection of fossils. A grant claim was submitted post year end to fund the deficit.

AIM Dandaleith Stone – to assist with the conservation and installation cost of this item.

AIM Constitution – to provide funding to assist with the revision of the constitution of the Society.

The Curry Fund – to assist with the staging of a conference.

Heritage Lottery Fund - Our Heritage – to allow intergenerational work on sharing heritage.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Fund balance at 31 December 2014 are represented by:				
Tangible fixed assets	130055	-	236805	366860
Heritage assets	-	-	25476	25476
Investments	31058	-	56016	87074
Net Current assets	29774	2000	13240	45014
	-----	-----	-----	-----
	190887	2000	331537	524424
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 2014

15. DONATIONS AND SIMILAR INCOMING RESOURCES

	<u>2014</u>	<u>2013</u>
	£	£
Donations and gifts	15599	29043
Teddy box	4745	5269
Weddings	650	300
Gift aid tax recoverable	<u>3626</u>	<u>2586</u>
	<u>24620</u>	<u>37198</u>

16. OTHER GRANTS

	2014		2013
	£		£
Our Heritage	17600		-
MGS – Study	7117		-
Outreach	665		-
Treasure Trove	1110		-
Dandaleith Stone	4360		-
MGS – Recognition	1335		-
Conference	488		-
Constitution	1529		-
MGS – Victorian Times	437		-
	<u>34641</u>		<u>-</u>