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Dear SOM Member

**RE: SOM ACCOUNTS, YEAR ENDED 31 MAY 2008**

You will see from the attached audited accounts for the year ended 31 May 2008 that the gross deficit is £88,000. It is very disappointing to report a higher than expected deficit, and the figure is made up as follows:

- a net deficit of £53,000 plus the loss on investments of £35,000

The Trustees and Finance Committee budgeted for a deficit of £35,000, however the final figure was actually higher than this at £53,000. The planned deficit of £35,000 was necessary to enable the payment of tutors at a competitive rate for teaching on SOM courses, together with a change to some of the administration systems. These plans were agreed as a justifiable use of SOM reserves otherwise the organisation would have been at risk of not being able to run courses, due to lack of availability of tutors, and therefore not being able to fulfil its objectives. The remainder of the deficit is accounted for through less courses income than expected, and less subscriptions income.

We feel that you should also be aware that the company responsible for providing financial administration services has been underperforming, and as a result we have now terminated our contract with them. A temporary administrator is in place while we review this function and seek an improved permanent solution. We would like to reassure you that the auditors were specifically tasked with examining the accounts to ensure that no irregularities have taken place, and in their opinion the SOM has not suffered through any such misconduct. Additionally, the SOM is conducting an internal investigation to scrutinise all transactions that took place during the last financial year as a further assurance.

The SOM Finance Committee and Trustees (Council) have made robust plans to get the SOM back onto an even footing, and although this will require further initial investment from the reserves we are confident that the outcome will be a sustainable organisation able to perform well in the current market. An exciting strategic plan has been developed which should deliver positive results both for the organisation and its members.

Yours sincerely

**SOM Finance Committee**