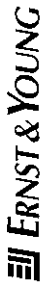


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Northern Sights
(A Company Limited By
Guarantee)

Report and Accounts

30 April 1998

 ERNST & YOUNG



Northern Sights (A Company Limited By Guarantee)

DIRECTORS' REPORT

The Directors present their report and the audited accounts for the year ended 30 April 1998.

PRINCIPAL ACTIVITY AND AIMS

Northern Sights' aims are to foster and promote the arts in society by developing public appreciation of the arts and by improving public access to and quality of the arts.

REVIEW OF DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS

The company and charity was originally established in 1993 by Northern Arts, the North of England Assembly of Local Authorities, the Northern Development Company and the region's two Tourist Boards, initially to undertake the planning, development and delivery of *Visual Arts UK* (also referred to as the Year of Visual Arts 1996), a year-long festival of the visual arts taking place in the Northern Arts' region (Northumberland, Durham, Teesside, Cumbria and Tyne and Wear) in 1996.

This festival sought to educate people both within the region and nationally about the visual arts. Northern Sights' primary role was to bring together and co-ordinate the efforts of Local Authorities and others in improving access to and appreciation of the arts through the marketing and promotion of a collective programme of events.

The festival was successfully delivered in 1996 and the remaining activity of the company falling into this financial year has been concerned with market research on the impact of *Visual Arts UK*, together with the completion of final returns to release its outstanding funding.

Another project, *The Arts Are Ours*, has now emerged which will be run by Northern Sights, involving arts in education work in collaboration with 13 Local Authorities in the Northern Arts region. The aims of the project are clearly consistent with the charitable aims of Northern Sights and Arts for Everyone funding of £360,000 over three years has been secured from the Arts Council of England.

REVIEW OF TRANSACTIONS AND FINANCIAL POSITION

The year to 30 April 1998 represents the final income and expenditure relating to the first Northern Sights project, *Visual Arts UK*, which took place in 1996. On completion of the project in June 1997, the core staff of two left the company, which has hence been inactive for much of the financial year. No outstanding commitments remain in respect of this phase of activity and hence the modest accumulated surplus remaining of £1,861 will be carried forward into the next project.

The next Northern Sights project, *The Arts Are Ours*, will begin in earnest in 1998/1999.

DIRECTORS

Chair

Dr J Bridge

Other Directors

Mr A Dixon

Mr S Barber (from April 1998)

All Directors are appointed in accordance with Paragraphs 31-37 of the Articles of Association of the Company.

Northern Sights (a Company Limited by Guarantee)

DIRECTORS' REPORT

LEGAL AND ADMINISTRATIVE INFORMATION

Northern Sights is a charitable company, limited by guarantee and not having a share capital. It is governed by its Memorandum & Articles of Association.

In the event of the company being wound up, each Member undertakes to contribute to the assets of the company such amount as may be required, not exceeding one pound.

Registered Charity No	1044273
Company Registration No	2917572
Registered Office	9-10 Osborne Terrace Jesmond Newcastle upon Tyne NE2 1NZ
Company Secretary	Mr P O'Hara

BANKERS

Co-operative Bank plc
Blandford Square
Newcastle upon Tyne
NE99 1AN

SOLICITORS

Dickinson Dees
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 1SB

AUDITORS

Ernst & Young
Norham House
12 New Bridge Street West
Newcastle upon Tyne
NE1 8AD

DIRECTORS' RESPONSIBILITIES FOR 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 those accounts, the Directors are required to;

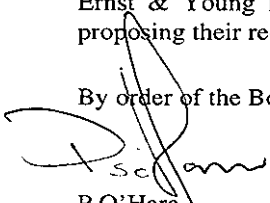
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By order of the Board


P O'Hara
Company Secretary

Date - 23 November 1998

REPORT OF THE AUDITORS
to the members of Northern Sights (A Company Limited By Guarantee)

We have audited the accounts on pages 5 to 13, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the directors (who also act as trustees for the charitable activities of Northern Sights) 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.

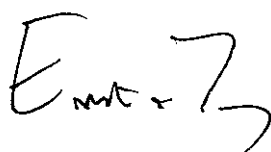
Basis of opinion

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 charitable company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the accounts give a true and fair view of the charitable company's state of affairs as at 30 April 1998 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young' with a stylized flourish at the end.

Ernst & Young
Registered Auditor
Newcastle upon Tyne

23 November 1998

Northern Sights (A Company Limited By Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 30 April 1998

	<i>Notes</i>	<i>Unrestricted Funds General Fund £</i>	<i>Restricted Funds £</i>	<i>Total 1998 £</i>	<i>Total 1997 £</i>
INCOME & EXPENDITURE					
INCOMING RESOURCES					
Grant income	2	30,762	5,000	35,762	423,655
Sponsorship	3	30,750	1,000	31,750	272,604
Donations	4	-	-	-	1,750
Merchandising		-	-	-	2,895
Bank interest received		562	-	562	9,561
TOTAL INCOMING RESOURCES		62,074	6,000	68,074	710,465
RESOURCES EXPENDED					
Direct charitable expenditure	5	32,844	19,650	52,494	666,274
Management and administration	6	3,826	3,395	7,221	67,820
TOTAL RESOURCES EXPENDED		36,670	23,045	59,715	734,094
NET MOVEMENT IN FUNDS		25,404	(17,045)	8,359	(23,629)
FUNDS BROUGHT FORWARD					
At 1 May 1997		£ (23,543)	£ 17,045	£ (6,498)	£17,131
FUNDS CARRIED FORWARD					
At 30 April 1998		£ 1,861	£ -	£1,861	£(6,498)

Northern Sights (A Company Limited By Guarantee)

INCOME AND EXPENDITURE ACCOUNT for the year ended 30 April 1998

	1998 £	1997 £
INCOME		
Grant income	35,762	423,655
Sponsorship	31,750	272,604
Donations	-	1,750
Merchandising	-	2,895
Interest received	562	9,561
TOTAL INCOME	<u>68,074</u>	<u>710,465</u>
EXPENDITURE		
Marketing and Public Relations	5,000	577,100
Overheads	54,715	156,994
TOTAL EXPENDITURE	<u>59,715</u>	<u>734,094</u>
SURPLUS/(DEFICIT) FOR THE YEAR	<u>£8,359</u>	<u>£(23,629)</u>

There were no recognised gains or losses for the year other than the surplus of £8,359 (1997: Deficit £23,629).

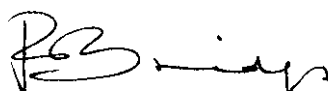
Northern Sights (A Company Limited By Guarantee)

BALANCE SHEET

at 30 April 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	9	-	-
CURRENT ASSETS			
Debtors	10	3,356	13,254
Cash in hand		-	173
Cash at bank		267	18,625
		3,623	32,052
CREDITORS: amounts falling due within one year	11	1,762	38,550
NET CURRENT ASSETS/(LIABILITIES)		1,861	(6,498)
TOTAL ASSETS LESS CURRENT LIABILITIES		£1,861	£(6,498)
CAPITAL AND RESERVES			
Restricted reserve	12	-	17,045
General reserve	13	1,861	(23,543)
		£1,861	£(6,498)

ERNST & YOUNG



J Bridge
Director

Date - 23 November 1998

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

at 30 April 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards, and comply in all material matters with the Statement Of Recommended Practice, "Accounting by Charities", issued in October 1995.

Depreciation

The cost of fixed assets is depreciated by equal instalments over the expected useful lives of the assets, as follows:

Fixtures and fittings	-	over 2 to 5 years
Computer Equipment	-	over 2 to 5 years
Office Equipment	-	over 2 to 5 years

Income

Income is recognised upon receipt of invoice or offer letter from the appropriate funding body.

Revenue grants from Northern Arts and the Arts Council of England are credited to income upon receipt.

Grants from the European Regional Development Fund are credited to income upon completion of a quarterly claim form.

Expenditure

Directly attributable salary and travel costs of the Chief Executive and Press and PR staff are charged to Direct Charitable Expenditure in the Statement Of Financial Activities. Salary costs of Northern Sights' Administrator and other central overheads are allocated to Management and Administration under Other Expenditure.

2. GRANT INCOME

	1998 £	1997 £
Northern Arts (Restricted Fund 1996/97)	-	27,000
Arts Council of England (£5,000 Restricted Fund 1997/98/ £45,000 Restricted Fund 1996/97)	25,000	45,000
European Regional Development Fund - Objective 2	10,762	315,232
European Regional Development Fund - Objective 5b	-	36,423
	<u>£35,762</u>	<u>£423,655</u>

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

at 30 April 1998

3. SPONSORSHIP INCOME

	1998 £	1997 £
ABSA	30,750	25,000
Acco Rexel	-	9,000
Air UK	-	16,918
Chesterton	-	6,000
Ernst & Young	-	1,500
Inter City East Coast	-	49,573
JA Clark	-	-
Newcastle Building Society	-	15,449
Newcastle Chronicle & Journal	-	15,969
North East Water	-	-
Northern Development Company (Restricted Fund)	-	3,000
Northern Electric	-	8,000
Paul Hamlyn Foundation	-	-
Po Shing Woo Foundation	-	5,000
Scottish Courage	-	109,695
Sponsors Club	-	7,500
Tyne & Wear Development Corporation	-	-
Tyne Tees Television	-	-
Northumbria Tourist Board	1,000	-
	<u>£31,750</u>	<u>£272,604</u>

4. DONATIONS INCOME

	1998 £	1997 £
Allerdale District Council	-	750
Joicey Trust	-	1,000
	<u>£ -</u>	<u>£1,750</u>

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS at 30 April 1998

5. DIRECT CHARITABLE EXPENDITURE

	<i>Unrestricted Funds £</i>	<i>Restricted Funds £</i>	<i>Total 1998 £</i>	<i>Total 1997 £</i>
GRANTS PAYABLE				
International Initiatives	-	5,000	5,000	45,000
Miscellaneous grants	-	-	-	5,000
	-	5,000	5,000	50,000
MARKETING & PUBLIC RELATIONS	740	4,157	4,897	527,100
SUPPORT COSTS:				
Salary costs - advice, promotion and advocacy	31,518	10,493	42,011	75,316
Travel and committee costs	586	-	586	13,858
	32,104	10,493	42,597	89,174
TOTAL DIRECT CHARITABLE EXPENDITURE	£32,844	£19,650	£52,494	£666,274

No Trustees/Directors were reimbursed for travelling expenses in the year (1997: £Nil).

6. MANAGEMENT AND ADMINISTRATION

	<i>Unrestricted Funds £</i>	<i>Restricted Funds £</i>	<i>Total 1998 £</i>	<i>Total 1997 £</i>
Salary costs - administration	-	3,121	3,121	16,289
Meeting costs	14	-	14	931
Research	-	-	-	13,810
Stationery & books	60	-	60	2,932
Audit fee	1,919	-	1,919	2,287
Depreciation	-	-	-	8,439
Other office costs	1,833	274	2,107	23,132
TOTAL MANAGEMENT AND ADMINISTRATION	£3,826	£3,395	£7,221	£67,820

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

at 30 April 1998

7. STAFF COSTS

	1998 £	1997 £
EMOLUMENTS OF EMPLOYEES		
Gross salary costs	41,135	83,123
Social security costs	3,997	7,100
Other pension costs	-	1,382
	<u>£45,132</u>	<u>£91,605</u>
ANALYSED AS FOLLOWS:		
Direct charitable expenditure - advice, promotion and advocacy	42,011	75,316
Other expenditure - administration and management	3,121	16,289
	<u>£45,132</u>	<u>£91,605</u>
	<i>No.</i>	<i>No.</i>
NO. OF STAFF RECEIVING REMUNERATION IN THE FOLLOWING BAND		
£30,000 - £40,000	1	0
£40,001 - £50,000	0	1
	<u>1</u>	<u>1</u>
No emoluments were paid to any Director in the year (1997: Nil).		
	<i>No.</i>	<i>No.</i>
AVERAGE NUMBER OF STAFF EMPLOYED DURING THE YEAR		
Direct charitable expenditure - advice, promotion and advocacy	1	2
Other expenditure - administration and management	1	1
	<u>2</u>	<u>3</u>

8. TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other costs £	Total 1998 £	Total 1997 £
DIRECT CHARITABLE EXPENDITURE					
Grants payable	-	-	-	-	50,000
Marketing and public relations	-	-	-	-	527,100
Support costs	42,011	-	10,483	52,494	89,174
	<u>42,011</u>	<u>-</u>	<u>10,483</u>	<u>52,494</u>	<u>666,274</u>
OTHER EXPENDITURE					
Management and administration	3,121	-	4,100	7,221	67,820
	<u>£45,132</u>	<u>£ -</u>	<u>£14,583</u>	<u>£59,715</u>	<u>£734,094</u>

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

at 30 April 1998

9. FIXED ASSETS

	<i>Fixtures & Fittings</i> £	<i>Computer equipment</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost:				
At 1 May 1997	3,190	6,829	7,969	17,988
Disposals	(3,190)	(6,829)	(7,969)	(17,988)
At 30 April 1998	-	-	-	-
Depreciation:				
At 1 May 1997	3,190	6,829	7,969	17,988
Charge for year	-	-	-	-
Disposals for year	(3,190)	(6,829)	(7,969)	(17,988)
At 30 April 1998	-	-	-	-
Net book value:				
At 30 April 1998	£ -	£ -	£ -	£ -
At 1 May 1997	£ -	£ -	£ -	£ -

10. DEBTORS

	<i>1998</i> £	<i>1997</i> £
Loans to staff	-	-
Prepayments	-	935
VAT	-	12,073
Trade debtors	-	246
Northern Arts	3,356	-
	<u>£3,356</u>	<u>£13,254</u>

Loans to staff are interest free and unsecured and are made to assist staff with relocation expenses and the purchase of annual travel passes. Such loans are wholly repayable within one year by deduction from salary.

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS at 30 April 1998

11. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Trade creditors	-	20,000
Northern Arts	-	17,622
Other taxes and social security costs	-	-
Sundry creditors	-	100
Accruals	1,762	828
	<u>£1,762</u>	<u>£38,550</u>

12. RESTRICTED FUNDS

The income funds of the charity include restricted funds comprising the following unexpended balances of grants and donations held to be applied for specific purposes.

	Balance at 1 May 1997 £	Movement in funds		Balance at 30 April 1998 £
		Incoming £	Outgoing £	
Arts Council of England				
- International Initiatives	-	5,000	(5,000)	-
Northern Arts - Millennium research	17,045	-	(17,045)	-
Northumbria Tourist Board				
- Millennium research	-	1,000	(1,000)	-
TOTAL RESTRICTED FUNDS	<u>£17,045</u>	<u>£6,000</u>	<u>£(23,045)</u>	<u>£ -</u>

13. UNRESTRICTED FUNDS

	Balance at 1 May 1997 £	Movement in funds		Balance at 30 April 1998 £
		Incoming £	Outgoing £	
Unallocated funds				
- General reserve	(23,543)	62,074	(36,670)	1,861
TOTAL UNRESTRICTED FUNDS	<u>£(23,543)</u>	<u>£62,074</u>	<u>£(36,670)</u>	<u>£1,861</u>

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Net current assets £	Total £
Restricted funds	-	-	-
Unrestricted funds	-	1,861	1,861
	<u>£-</u>	<u>£1,861</u>	<u>£1,861</u>

Northern Sights (A Company Limited By Guarantee)

DETAILED INCOME AND EXPENDITURE ACCOUNT for the year ended 30 April 1998

	1998 £	1997 £
INCOME		
GRANT INCOME		
Northern Arts	-	27,000
Arts Council of England	25,000	45,000
European Regional Development Fund - Objective 2	10,762	315,232
European Regional Development Fund - Objective 5b	-	36,423
	<u>35,762</u>	<u>423,655</u>
SPONSORSHIP INCOME		
ABSA	30,750	25,000
Acco Rexel	-	9,000
Air UK	-	16,918
Chesterton	-	6,000
Ernst & Young	-	1,500
Inter City East Coast	-	49,573
Newcastle Building Society	-	15,449
Newcastle Chronicle and Journal	-	15,969
Northern Development Company	-	3,000
Northern Electric	-	8,000
Po Shing Woo Foundation	-	5,000
Scottish Courage	-	109,695
Sponsors Club	-	7,500
Northumbria Tourist Board	1,000	-
	<u>31,750</u>	<u>272,604</u>
DONATIONS		
Allerdale District Council	-	750
Joicey Trust	-	1,000
	<u>-</u>	<u>1,750</u>
Sale of promotional items	-	2,895
BANK INTEREST RECEIVED	562	9,561
	<u>562</u>	<u>12,456</u>
TOTAL INCOME	<u>£68,074</u>	<u>£710,465</u>

Northern Sights (A Company Limited By Guarantee)

DETAILED INCOME AND EXPENDITURE ACCOUNT for the year ended 30 April 1998

	1998 £	1997 £
EXPENDITURE		
MARKETING AND PUBLIC RELATIONS		
Marketing Materials	-	18,225
Media Production Costs	-	1,605
Miscellaneous Grants	-	5,000
National Launch	-	62,312
National Tactical	-	69,995
Outdoor National	-	147,431
Postage & Distribution	-	4,450
Special Promotions	-	223,082
International Initiatives	5,000	45,000
	<u>5,000</u>	<u>577,100</u>
OVERHEADS		
A4E Co-ordinator Fee	740	-
Meeting costs	14	931
Research	4,157	13,810
Salaries and fees	45,132	91,605
Stationery and books	60	2,932
Travel, accommodation and subsistence	586	13,858
Office costs:		
Audit and Accountancy	1,919	7,673
Cleaning	-	4
Depreciation	-	8,439
Insurance	58	284
Legal and professional	-	286
Postage	247	4,312
Photocopying	178	594
Sundry	1,226	8,534
Telephone	398	3,732
	<u>54,715</u>	<u>156,994</u>
TOTAL EXPENDITURE	<u>59,715</u>	<u>734,094</u>
SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE	<u>£8,359</u>	<u>£(23,629)</u>