

2917572

Northern Sights
(A Company Limited By
Guarantee)

Report and Accounts

30 April 1997



Northern Sights (A Company Limited By Guarantee)

DIRECTORS' REPORT

The Directors present their report and the audited accounts for the year ended 30 April 1997.

PRINCIPAL ACTIVITY AND AIMS

Northern Sights was established to help devise, develop and deliver Visual Arts UK, a year long celebration of the visual arts which took place in the North of England in 1996.

The company's principal activities were to co-ordinate and help shape the year, to fundraise for the year and to co-ordinate the marketing, press and public relations activities of the year.

REVIEW OF DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS

During the period covered by these financial accounts, the nine month festival entitled Visual Arts UK, on which the company had been working since its inception, actually took place. The Board of Northern Sights were extremely pleased with Visual Arts UK. The festival achieved a very high national profile and attracted a large, new and diverse audience for the visual arts in the North of England, whilst the quality of the programme was particularly high.

REVIEW OF TRANSACTIONS AND FINANCIAL POSITION

As stated in Note 1, the layout of the financial statements has been amended to bring them into line with the requirements of the Statement Of Recommended Practice "Accounting By Charities". The comparative figures for 1995/96 have been adjusted accordingly.

These changes introduced the terms "Restricted" and "Unrestricted" funds. As explained in the Notes To The Accounts, restricted funds hold donations and other income given for specific purposes, which Northern Sights cannot convert to other uses. Any unspent income at the year end is carried forward to future financial years.

The financial out-turn for the year shows a deficit of income over expenditure for the year of £23,629 (1996: deficit £73,687).

Northern Sights has always been intended to break even over the period of its operating life and it is believed that sufficient income is still to be received to be adequate to fulfil its remaining obligations.

DIRECTORS

Chair

Dr J Bridge
(From May 1997)

Mr D Morris
(To May 1997)

Other Directors

Mr A Balls
(To May 1997)
Mr R Bell
(To May 1997)
Mr A Dixon
(From May 1997)
Mr A Forsyth
(To May 1997)
Cllr G Gill
(To May 1997)

Cllr S Henderson
(To May 1997)
Mr J McCormack
(To May 1997)
Sir R Norman
(To May 1997)
Mr A Pender
(To May 1997)
H Pickering
(To May 1997)

Mr A Roberts
(From May 1997)
Mr D Robson
(To May 1997)
Ms H Smith
(To May 1997)
Mrs C Wadsworth
(To May 1997)

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
Cross House
Westgate Road
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;

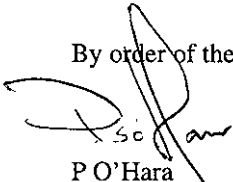
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 31/10/97

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.

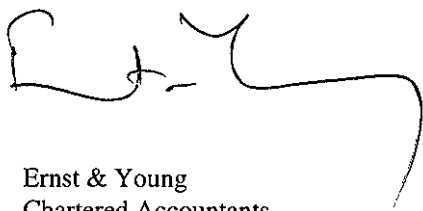
Basis of opinion

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 1997 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.



Ernst & Young
Chartered Accountants
Registered Auditor
Newcastle upon Tyne

Date 31 October 1997

Northern Sights (A Company Limited By Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 30 April 1997

	Notes	Unrestricted Funds General Fund £	Restricted Funds £	Total 1997 £	Total 1996 £
INCOME & EXPENDITURE					
INCOMING RESOURCES					
Grant income	2	353,655	70,000	423,655	618,783
Sponsorship	3	269,604	3,000	272,604	200,584
Donations	4	1,750	-	1,750	-
Merchandising		2,895	-	2,895	5,330
Bank interest received		9,561	-	9,561	1,934
TOTAL INCOMING RESOURCES		637,465	73,000	710,465	826,631
RESOURCES EXPENDED					
Direct charitable expenditure	5	621,274	45,000	666,274	846,282
Management and administration	6	56,865	10,955	67,820	54,036
TOTAL RESOURCES EXPENDED	8	678,139	55,955	734,094	900,318
NET MOVEMENT IN FUNDS		(40,674)	17,045	(23,629)	(73,687)
FUNDS BROUGHT FORWARD					
At 1 May 1996		17,131	-	17,131	90,818
FUNDS CARRIED FORWARD					
At 30 April 1997		£(23,543)	£17,045	£(6,498)	£17,131

Northern Sights (A Company Limited By Guarantee)

INCOME AND EXPENDITURE ACCOUNT for the year ended 30 April 1997

	1997 £	1996 £
INCOME		
Grant income	423,655	618,783
Sponsorship	272,604	200,584
Donations	1,750	-
Merchandising	2,895	5,330
Interest received	9,561	1,934
TOTAL INCOME	710,465	826,631
EXPENDITURE		
Marketing and Public Relations	577,100	744,049
Overheads	156,994	156,269
TOTAL EXPENDITURE	734,094	900,318
DEFICIT FOR THE YEAR	£(23,629)	£(73,687)

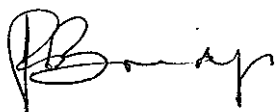
There were no recognised gains or losses for the year other than the deficit of £23,629 (1996: deficit of £73,687).

Northern Sights (A Company Limited By Guarantee)

BALANCE SHEET at 30 April 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	9	-	8,439
CURRENT ASSETS			
Debtors	10	13,254	79,775
Cash in hand		173	224
Cash at bank		18,625	273,312
		32,052	353,311
CREDITORS: amounts falling due within one year	11	38,550	344,619
NET CURRENT (LIABILITIES)/ASSETS		(6,498)	8,692
TOTAL ASSETS LESS CURRENT LIABILITIES		£(6,498)	£17,131
CAPITAL AND RESERVES			
Restricted reserve	12	17,045	-
General reserve	13	(23,543)	17,131
		£(6,498)	£17,131

ERNST & YOUNG



J Bridge
Chairman

Date 31/10/97

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

at 30 April 1997

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. Comparative figures for the previous year have been adjusted to comply with this format.

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

	1997 £	1996 £
Northern Arts (£25,000 Restricted Fund 1996/97)	27,000	160,000
Arts Council of England (Restricted Fund 1996/97)	45,000	130,000
European Regional Development Fund - Objective 2	315,232	293,206
European Regional Development Fund - Objective 5b	36,423	35,577
	<u>£423,655</u>	<u>£618,783</u>

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS at 30 April 1997

3 SPONSORSHIP INCOME

	1997 £	1996 £
ABSA	25,000	-
Acco Rexel	9,000	-
Air UK	16,918	18,896
Chesterton	6,000	-
Ernst & Young	1,500	1,500
Inter City East Coast	49,573	52,281
JA Clark	-	1,500
Newcastle Building Society	15,449	-
Newcastle Chronicle & Journal	15,969	-
North East Water	-	8,000
Northern Development Company (Restricted Fund)	3,000	-
Northern Electric	8,000	750
Paul Hamlyn Foundation	-	10,500
Po Shing Woo Foundation	5,000	50,000
Scottish Courage	109,695	-
Sponsors Club	7,500	-
Tyne & Wear Development Corporation	-	24,817
Tyne Tees Television	-	32,340
	<u>£272,604</u>	<u>£200,584</u>

4 DONATIONS INCOME

	1997 £	1996 £
Allerdale District Council	750	-
Joicey Trust	1,000	-
	<u>£1,750</u>	<u>£-</u>

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

at 30 April 1997

5 DIRECT CHARITABLE EXPENDITURE

	<i>Unrestricted Funds £</i>	<i>Restricted Funds £</i>	<i>Total 1997 £</i>	<i>Total 1996 £</i>
GRANTS PAYABLE				
International Initiatives	-	45,000	45,000	-
Miscellaneous grants	5,000	-	5,000	14,000
	<u>5,000</u>	<u>45,000</u>	<u>50,000</u>	<u>14,000</u>
MARKETING & PUBLIC RELATIONS	527,100	-	527,100	730,049
SUPPORT COSTS:				
Salary costs - advice, promotion and advocacy	75,316	-	75,316	85,715
Travel and committee costs	13,858	-	13,858	16,518
	<u>89,174</u>	<u>-</u>	<u>89,174</u>	<u>102,233</u>
TOTAL DIRECT CHARITABLE EXPENDITURE	<u>£621,274</u>	<u>£45,000</u>	<u>£666,274</u>	<u>£846,282</u>

No Trustees/Directors were reimbursed for travelling expenses in the year (1996: £Nil).

6 MANAGEMENT AND ADMINISTRATION

	<i>Unrestricted Funds £</i>	<i>Restricted Funds £</i>	<i>Total 1997 £</i>	<i>Total 1996 £</i>
Salary costs - administration	14,966	1,323	16,289	14,613
Meeting costs	931	-	931	3,512
Research	4,178	9,632	13,810	3,011
Stationery & books	2,932	-	2,932	2,634
Audit fee	2,287	-	2,287	1,500
Depreciation	8,439	-	8,439	6,601
Other office costs	23,132	-	23,132	22,165
	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL MANAGEMENT AND ADMINISTRATION	<u>£56,865</u>	<u>£10,955</u>	<u>£67,820</u>	<u>£54,036</u>

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

at 30 April 1997

7 STAFF COSTS

	1997 £	1996 £
EMOLUMENTS OF EMPLOYEES		
Gross salary costs	83,123	92,262
Social security costs	7,100	6,824
Other pension costs	1,382	1,242
	<u>£91,605</u>	<u>£100,328</u>
ANALYSED AS FOLLOWS:		
Direct charitable expenditure - advice, promotion and advocacy	75,316	85,715
Other expenditure - administration and management	16,289	14,613
	<u>£91,605</u>	<u>£100,328</u>
	<i>No.</i>	<i>No.</i>
NO. OF STAFF RECEIVING REMUNERATION IN THE FOLLOWING BAND		
£40,001 - £50,000	1	1
No emoluments were paid to any Director in the year (1996: Nil).		
	<i>No.</i>	<i>No.</i>
AVERAGE NUMBER OF STAFF EMPLOYED DURING THE YEAR		
Direct charitable expenditure - advice, promotion and advocacy	2	2
Other expenditure - administration and management	1	1
	<u>3</u>	<u>3</u>

8 TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other costs £	Total 1997 £	Total 1996 £
DIRECT CHARITABLE EXPENDITURE					
Grants payable	-	-	50,000	50,000	14,000
Marketing and public relations	-	-	527,100	527,100	730,049
Support costs	75,316	-	13,858	89,174	102,233
	<u>75,316</u>	<u>-</u>	<u>590,958</u>	<u>666,274</u>	<u>846,282</u>
OTHER EXPENDITURE					
Management and administration	16,289	8,439	43,092	67,820	54,036
	<u>£91,605</u>	<u>£8,439</u>	<u>£634,050</u>	<u>£734,094</u>	<u>£900,318</u>

Northern Sights (A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

at 30 April 1997

9. FIXED ASSETS

	<i>Fixtures & Fittings £</i>	<i>Computer equipment £</i>	<i>Office equipment £</i>	<i>Total £</i>
Cost:				
At 1 May 1996 and 30 April 1997	3,190	6,829	7,969	17,988
Depreciation:				
At 1 May 1996	1,694	3,136	4,719	9,549
Charge for year	1,496	3,693	3,250	8,439
At 30 April 1997	3,190	6,829	7,969	17,988
Net book value:				
At 30 April 1997	£-	£-	£-	£-
At 1 May 1996	£1,496	£3,693	£3,250	£8,439

10. DEBTORS

	<i>1997 £</i>	<i>1996 £</i>
Loans to staff	-	667
Prepayments	935	1,445
VAT	12,073	32,199
Trade debtors	246	45,464
	<u>£13,254</u>	<u>£79,775</u>

Loans to artists 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 1997

11. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Trade creditors	20,000	102,162
Northern Arts	17,622	236,609
Other taxes and social security costs	-	2,586
Sundry creditors	100	-
Accruals	828	3,262
	<u>£38,550</u>	<u>£344,619</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 1996 £	Movement in funds		Balance at 30 April 1997 £
		Incoming £	Outgoing £	
Arts Council of England				
- International Initiatives	-	45,000	(45,000)	-
Northern Arts - Millennium research	-	25,000	(7,955)	17,045
Northern Development Company				
- Millennium research	-	3,000	(3,000)	-
TOTAL RESTRICTED FUNDS	<u>£-</u>	<u>£73,000</u>	<u>£(55,955)</u>	<u>£17,045</u>

13. UNRESTRICTED FUNDS

	Balance at 1 May 1996 £	Movement in funds		Balance at 30 April 1997 £
		Incoming £	Outgoing £	
Unallocated funds				
- General reserve	17,131	637,465	(678,139)	(23,543)
TOTAL UNRESTRICTED FUNDS	<u>£17,131</u>	<u>£637,465</u>	<u>£(678,139)</u>	<u>£(23,543)</u>

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Net current assets £	Total £
Restricted funds	-	17,045	17,045
Unrestricted funds	-	(23,543)	(23,543)
	<u>£-</u>	<u>£(6,498)</u>	<u>£(6,498)</u>

Northern Sights (A Company Limited By Guarantee)

DETAILED INCOME AND EXPENDITURE ACCOUNT for the year ended 30 April 1997

	1997 £	1996 £
INCOME		
GRANT INCOME		
Northern Arts	27,000	160,000
Arts Council of England	45,000	130,000
European Regional Development Fund - Objective 2	315,232	293,206
European Regional Development Fund - Objective 5b	36,423	35,577
	<u>423,655</u>	<u>618,783</u>
SPONSORSHIP INCOME		
ABSA	25,000	-
Acco Rexel	9,000	-
Air UK	16,918	18,896
Chesterton	6,000	-
Ernst & Young	1,500	1,500
Inter City East Coast	49,573	52,281
J A Clark	-	1,500
Newcastle Building Society	15,449	-
Newcastle Chronicle and Journal	15,969	-
North East Water	-	8,000
Northern Development Company	3,000	-
Northern Electric	8,000	750
Paul Hamlyn Foundation	-	10,500
Po Shing Woo Foundation	5,000	50,000
Scottish Courage	109,695	-
Sponsors Club	7,500	-
Tyne & Wear Development Corporation	-	24,817
Tyne Tees Television	-	32,340
	<u>272,604</u>	<u>200,584</u>
DONATIONS		
Allerdale District Council	750	-
Joicy Trust	1,000	-
	<u>1,750</u>	<u>-</u>
Sale of promotional items	2,895	5,330
BANK INTEREST RECEIVED	9,561	1,934
	<u>12,456</u>	<u>7,264</u>
TOTAL INCOME	<u>£710,465</u>	<u>£826,631</u>

Northern Sights (A Company Limited By Guarantee)

DETAILED INCOME AND EXPENDITURE ACCOUNT for the year ended 30 April 1997

	1997 £	1996 £
EXPENDITURE		
MARKETING AND PUBLIC RELATIONS		
Advertising	-	43,500
Brochure Production	-	209,684
Marketing Materials	18,225	34,694
Media Production Costs	1,605	14,136
Miscellaneous Grants	5,000	14,000
National Launch	62,312	105,267
National Tactical	69,995	9,145
Outdoor National	147,431	77,836
Postage & Distribution	4,450	3,556
Public Relations Agency	-	26,087
Special Promotions	223,082	206,144
International Initiatives	45,000	-
	<u>577,100</u>	<u>744,049</u>
OVERHEADS		
Meeting costs	931	3,512
Research	13,810	3,011
Salaries and fees	91,605	100,328
Stationery and books	2,932	2,634
Travel, accommodation and subsistence	13,858	16,518
Office costs:		
Audit and Accountancy	7,673	7,375
Cleaning	4	119
Depreciation	8,439	6,601
Insurance	284	290
Legal and professional	286	3,141
Postage	4,312	4,900
Photocopying	594	1,421
Recruitment	-	366
Sundry	8,534	11,824
Telephone	3,732	5,285
	<u>156,994</u>	<u>167,325</u>
Prior year's VAT adjustment	-	(11,056)
	<u>156,994</u>	<u>156,269</u>
TOTAL EXPENDITURE	<u>734,094</u>	<u>900,318</u>
(DEFICIT)/SURPLUS OF INCOME OVER EXPENDITURE	<u>£(23,629)</u>	<u>£(73,687)</u>