

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

**UNAUDITED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

Registered No: 58254
Scottish Charity No: SC000197

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NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

REPORT OF THE COUNCIL OF MANAGEMENT

The Council of Management submits their report together with the financial statements of the charitable company for the year ended 30 June 2011

REFERENCE AND ADMINISTRATIVE DETAILS

Company register no: 58524

Scottish Charity No: SC000197

Registered Office: Dorothy Hatley Music Centre, 21 Huntly Street,
Aberdeen AB10 1TJ

Independent examiner: Mrs Barbara Cresswell FCA, 7 Baillieswells
Grove, Aberdeen AB15 9BH

Bankers: Clydesdale Bank, Principal Branch, Aberdeen AB15 4XU

Members of the Council of Management

The members of the Council of Management of the charitable company (the charity) are its trustees for the purpose of charity law. The members during the year and since the year end were as follows:

Miss B McFarlane (Chairman)
Mrs N Bradford
Mrs R M Coleman
Mr A G Cooper
Mr D Hawksworth
Mr N I Jones

Mr I McArthur
Mrs A D Parkinson
Mr J M Reynolds
Major I M Robertson
Mrs J A Shirreffs
Mrs A N Tunstall
Dr R B Williams

Administrator: Mrs Joan Thomas

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The North East of Scotland Music School Limited is a company limited by guarantee and not having a share capital. It is governed by its Memorandum & Articles of Association dated 21 July 1975, which sets out the framework for the management of the company. It is registered as a charity with the Office of the Scottish Charity Regulator (OSCR).

Recruitment & appointment of the members of the Council of Management and the Advisory Committee

The members of the Council of Management are elected at the Annual General Meeting and serve for a maximum of 3 years, when they are then eligible for re-election. When vacancies occur on the Council of Management, the Advisory Committee and the sub-committees, names of persons with relevant experience are put forward for consideration by the Council of Management.

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

Training of Council & Committee members

Through attendance at the Council of Management and sub committee meetings, the members obtain relevant experience.

Organisation

An Advisory Committee exists comprising members of the Council of Management together with representatives from the local music community and from the two local Councils. In addition, there are three sub committees to deal with Music, Finance and General Purposes, and Fundraising and Development, which meet the Administrator on a regular basis and report to the Council and the Advisory Committee. The Administrator and the other members of the staff are responsible for the day to day running of the school.

Identification of major risks

It is recognised that risk management is the responsibility of the Council of Management. The Council has examined the major areas of the School's operations, considered the major risks which may arise in those areas and is of the opinion that systems are in place to mitigate these risks to an acceptable level. The Finance and General Purposes Committee constantly monitors major risks associated with legislation, health and safety and insurance cover and reports to the Council of Management.

OBJECTS & ACTIVITIES OF THE COMPANY

The main aim of the company is to provide a centre where young people can receive advanced musical tuition not otherwise available to them, and to provide all facilities appropriate to the purposes of the School, and to receive as pupils such persons as the Council of Management considers proper.

The School benefits from the invaluable support provided by the Friends of the School in the provision of fundraising events, accommodation, hospitality and transport around Aberdeen for tutors who travel from other parts of the UK to teach at the School.

All other fundraising and applications to trusts and companies for donations and sponsorship have been done by volunteers.

ACHIEVEMENTS & PERFORMANCE

During the year advanced musical tuition was provided at the School for suitably talented musicians. The pupils derived from Aberdeen City, Aberdeenshire, and other areas throughout Scotland, and numbered 266. A total of 1,618 tuition hours was provided by the School. Scholarships and hardship funding comprising of a total of 218 tuition hours were awarded to 50 pupils.

Concerts were organised throughout the year enabling talented pupils to gain experience of public performance.

FINANCIAL REVIEW

The fees and scholarship income received were exceeded by the costs of the tutors fees and expenses by £4,773 (£5,491 in 2010). Administration and property costs amounted to £45,191 (£50,237 in 2010). Fundraising income and donations received amounted to £2,214 and £44,903 (£6,884 and £44,063 in 2010), which together with other income produced a net surplus for the year of £6,752 (£4,614 in 2010).

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

Policy on reserves

Reserves are held for future anticipated costs as mentioned above, and also to enable the School to continue in those years when income from donations and fundraising is insufficient.

Heritable property

The property 21 Huntly Street, Aberdeen was purchased in February 1997 with the aid of funds from the National Lottery and the Foundation for Sports and the Arts.

PLANS FOR FUTURE YEARS

The company will continue to provide a centre for advanced music tuition and will also continue to assess the viability of the current music disciplines provided, and to introduce new disciplines where the need arises.

THE COUNCIL OF MANAGEMENT'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the Council members to prepare financial accounts for each financial year, which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of the Charity's surplus or deficit for that period. In preparing those financial statements, the Council members are required to:

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

The Council members are also responsible for:

- keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Charity, and such as to ensure that the financial accounts comply with the Companies Act 2006
- safeguarding the Charity's assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT EXAMINER

Mrs B Cresswell FCA was appointed as Independent Examiner by the members at the Annual General Meeting.

The report of the Council of Management is prepared in accordance with the exemption available to companies subject to the small companies regime with Part 15 of the Companies Act 2006.

By order of the Council



Miss B McFarlane

Chairman of Council of Management

23 November 2011

Independent examiner's report to the Council of Management
of The North East of Scotland Music School Limited
for the year ended 30 June 2011

I report on the accounts for the charity for the year ended 30 June 2011, which are set out pages 5 to 10.

Respective responsibilities of trustees and examiner

The charity's Council of Management (who are also directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The charity's Council of Management consider that the audit requirement of Regulation 10(1) (a) to (c) of the Charities Accounts (Scotland) Regulations 2006 does not apply and that an independent examination is needed. Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to examine the accounts as required under section 44(1) (c) of the Charities and Trustee Investment (Scotland) 2005 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 trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out below.

Independent examiner's statement

In connection with 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 Accounts Regulations
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulationshave 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.

Barbara Cresswell

Barbara Cresswell BSc FCA
Chartered Accountant

16 September 2011

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (SOFA) for the year ended 30 June 2011

	Unrestricted funds £	Designated funds £	Restricted funds £	2011 £	2010 £
Grants & donations	28,028	16,875	5,306	50,209	50,814
Tuition fees received	47,920	-	-	47,920	47,142
Fundraising activities & other income	8,945	-	-	8,945	15,425
Investment income	5,730	-	570	6,300	6,354
Total incoming resources	90,623	16,875	5,876	113,374	119,735
Costs of fundraising	2,862	-	-	2,862	4,930
Charitable expenditure					
- tuition costs	37,072	11,392	10,105	58,569	59,954
- management & administration	40,086	5,105	-	45,191	50,237
Total resources expended	80,020	16,497	10,105	106,622	115,121
Surplus for the year	10,603	378	(4,229)	6,752	4,614
Transfer to restricted funds	(4,229)	-	4,229	-	-
Transfer to designated funds	378	(378)	-	-	-
	6,752	-	-	6,752	4,614
Total Funds brought forward	8,951	414,302	29,164	452,417	447,803
Total Funds carried forward	15,703	414,302	29,164	459,169	452,417

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

BALANCE SHEET

at 30 June 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible Assets	5	265,425	266,864
Investments	6	158,932	158,932
		<u>424,357</u>	<u>425,796</u>
CURRENT ASSETS			
Cash at bank and in hand		34,783	26,301
Sundry debtors and prepayments		8,399	8,343
		<u>43,182</u>	<u>34,644</u>
CREDITORS: amounts falling due within one year		8,370	8,023
NET CURRENT ASSETS		<u>34,812</u>	<u>26,621</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>459,169</u>	<u>452,417</u>
RESERVES			
Income and Expenditure account	8	15,703	8,951
Development Fund	9	70,000	70,000
Scholarship Fund	10	29,164	29,164
Property Fund	11	272,000	272,000
Instrument Fund	12	72,302	72,302
		<u>459,169</u>	<u>452,417</u>

Notes on pages 7 to 10 form part of the financial statements.

The company was entitled to exemption under section 477 of the Companies Act 2006 from the requirement to have its accounts for the financial year ended 30 June 2011 audited.

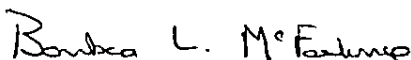
No notice has been deposited under section 476 of that Act requiring an audit in relation to the company's accounts for that financial period.

The directors acknowledge their responsibilities for:

- Ensuring the company keeps accounting records which comply with section 386 of the Companies Act 2006;
- Preparing accounts 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 deficit for the financial year in accordance with the requirements of section 396 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective April 2008).

These accounts were approved by the Council of Management and signed on their behalf by:



Miss B McFarlane
Chairman of Council of Management
Scottish Charity No: SC000197
NOTES ON THE ACCOUNTS

23 November 2011

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

at 30 June 2011

1. Accounting policies

Accounting Convention

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention and in accordance with the revised SORP 2005, Accounting and Reporting by Charities. The Statement of Recommended Practice "Accounting for Charities" (SORP) requires the presentation of the Statement of Financial Activities (SOFA), which analyses income by source and expenditure by type.

Fixed Assets

Tangible assets are stated at cost less grants and specific donations.

Depreciation policy

Furniture and fittings are depreciated at 15% on a reducing cost basis.

Equipment is depreciated at 25% on a reducing cost basis.

No depreciation is charged on the heritable property and the musical instruments, as their residual value exceeds their book value.

Investments

Investments are included at their historic cost, but a note is made of their market value at the Balance Sheet date.

2. Emoluments

3 members of the Council of Management received a total of £3,185 in fees and expenses in the year. The other members of the Council of Management, the Advisory Committee and the sub committees do not receive any remuneration.

The average number of staff employed in the year amounted to 3 at a cost of £24,992, including Employer's National insurance costs of £950.

3. Taxation

The company is exempt from corporation tax as a charity.

4. Interest receivable

	2011 £	2010 £
Investment Income (gross)	4,923	4,848
Bank Interest	1,377	1,506
	<u>6,300</u>	<u>6,354</u>

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

NOTES ON THE ACCOUNTS

at 30 June 2011

5. TANGIBLE ASSETS

	Heritable Property £	Furniture Fittings Equipment £	Instruments £	Total £
Cost, less grant and donations at 30 June 2010	255,165	11,876	9,150	276,191
Disposals	-	-	(706)	(706)
As at 30 June 2011	<u>255,165</u>	<u>11,876</u>	<u>8,444</u>	<u>275,485</u>
Depreciation at 30 June 2010	-	9,127	200	9,327
Charge for year	-	734	-	734
Depreciation at 30 June 2011	<u>-</u>	<u>9,861</u>	<u>200</u>	<u>10,061</u>
Net book value at 30 June 2011	<u>255,165</u>	<u>2,015</u>	<u>8,244</u>	<u>265,424</u>
At 30 June 2010	<u>255,165</u>	<u>2,749</u>	<u>8,950</u>	<u>266,864</u>

6. INVESTMENTS

	2011 £	2010 £
Listed in UK at cost at 30 June 2010	83,932	83,932
Additions / (disposals)	-	-
	<u>83,932</u>	<u>83,932</u>
Unlisted at cost at 30 June 2010	75,000	75,000
	<u>75,000</u>	<u>75,000</u>
Total investments at 30 June 2011	<u>158,932</u>	<u>158,932</u>

The market value of listed investments at 30 June 2011 was £119,968 (2010 - £102,513)

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

NOTES ON THE ACCOUNTS

at 30 June 2011

7. INCOME AND EXPENDITURE ACCOUNT for the year ended 30 June 2011

	Notes	2011 £	2010 £
Fees and other income		56,865	62,567
Donations		50,209	50,814
		<u>107,074</u>	<u>113,381</u>
Teaching fees and expenses		58,569	59,954
Staff costs		24,992	26,713
Administration expenses		18,447	22,624
Costs of fundraising		2,862	4,930
Independent examiner's remuneration		312	287
Depreciation		734	613
Loss on disposal of asset		706	-
		<u>106,622</u>	<u>115,121</u>
		452	(1,740)
Interest receivable	4	6,300	6,354
Surplus (deficit) for the year		<u>6,752</u>	<u>4,614</u>

8. MOVEMENT ON RESERVES

	2011 £	2010 £
Balance at 30 June 2010	8,951	5,337
Surplus for the year	6,752	4,614
Transfer to Instrument Fund	-	
Transfer to Scholarship Fund		(1,000)
Balance at 30 June 2011	<u>15,703</u>	<u>8,951</u>

9. DEVELOPMENT FUND

	2011 £	2010 £
Balance at 30 June 2011 and 30 June 2010	<u>70,000</u>	<u>70,000</u>

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

NOTES ON THE ACCOUNTS

at 30 June 2011

10. SCHOLARSHIP FUNDS (Restricted Funds)

	2011 £	2010 £
Balance at 30 June 2010	29,164	28,164
Transfer from Income & Expenditure account	-	1,000
Balance at 30 June 2011	<u>29,164</u>	<u>29,164</u>
represented by:-		
Trust Fund	1,000	1,000
Dorothy Hatley Memorial Fund	12,164	12,164
Gina Dallas Harper Scholarship	10,000	10,000
Ina Smith Fund	6,000	6,000
Balance at 30 June 2011	<u>29,164</u>	<u>29,164</u>

11. PROPERTY & FABRIC FUND

	2011 £	2010 £
Balance at 30 June 2011 and 30 June 2010	<u>272,000</u>	<u>272,000</u>
represented by:-		
National Lottery Grant	174,435	174,435
Foundation for Sports and the Arts Grant	30,000	30,000
Company Sponsorship	5,850	5,850
Dorothy Hatley Christmas Appeal	2,994	2,994
Donations	26,061	26,061
Transfer from Development Fund	32,660	32,660
Balance at 30 June 2011	<u>272,000</u>	<u>272,000</u>

A Standard Security is held in the sum of £19,800 in favour of the Foundation for Sports and the Arts which will require to be paid should the conditions of the grant fail to be adhered to, namely if the School's premises cease to be utilised for charitable or educational purposes.

12. INSTRUMENT FUND

	2011 £	2010 £
Balance at 30 June 2010	72,302	72,302
Transfer from Income & Expenditure account	-	-
Balance at 30 June 2011	<u>72,302</u>	<u>72,302</u>