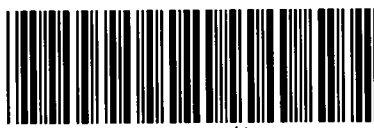


NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

**REPORT OF THE COUNCIL OF MANAGEMENT
AND
UNAUDITED ACCOUNTS
FOR THE YEAR ENDED
30 June 2020**

**Registered No: SC058254
Scottish Charity No: SC000197**

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REPORT OF THE COUNCIL OF MANAGEMENT

The Council of Management, who are also directors of the charity for the purposes of the Companies Act 2006, present their report together with the financial statements of the charitable company for the year ended 30 June 2020. The Council has adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

REFERENCE AND ADMINISTRATIVE DETAILS

Company register no: SC058254

Scottish Charity No: SC000197

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

Independent examiner: Mrs Anne McLennan MA, CA, Landfall, Findon, Portlethen, Kincardineshire AB12 3RL

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 L McFarlane (Chairman)	Mr K McLeod
Mrs N B Bradford	Mrs A D Parkinson
Mr D Buchan (Treasurer)	Mr P Parfitt
Dr R Coleman - appointed 25 November 2019	Mrs M Simpson - resigned 25 November 2019
Mrs R M Coleman	Professor D J Smith - resigned 25 November 2019
Mr A G Cooper	Dr R B Williams

Manager: Mr Colin Brockie

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 and the sub-committees, names of persons with relevant experience are put forward for consideration by the Council of Management.

Training of Council & Committee members

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

Organisation

The Council of Management deals with the organisation of the Company. There are four sub committees - Music, Finance & General Purposes, Strategy & Planning, and Fundraising, which meet the Manager on a regular basis and report to the Council. The Manager 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 aim of the company is to provide a centre where people can receive advanced or other 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 with assistance from the Manager. The company benefits greatly from the involvement and enthusiastic support of its many volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102) the economic contribution of general volunteers is not recognised in the accounts.

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 209 (2019 - 196). A total of 1,581 (2019 - 1,622) tuition hours was provided by the School. Scholarships and hardship funding comprising of a total of 235 (2019 - 169) tuition hours were awarded to 43 (2019 - 42) pupils.

Due to the first nationwide lockdown on 23 March 2020, as a result of the Covid pandemic, all face to face teaching in the School ceased. A facility for distant online teaching was organised immediately thereafter and this form of teaching was gradually adopted by most of the School's tutors and students for the rest of the academic year.

Concerts were organised during the year prior to this date enabling talented pupils to gain experience of public performance.

FINANCIAL REVIEW

The total of fees, scholarship & hardship donations received applicable to revenue was greater than the costs of the tutors fees and expenses by £5,191 (the total of fees etc was less than the costs by £1,012 in 2019). Administration and property costs amounted to £64,586 (£57,484 in 2019). These included costs of fundraising amounting to £4,532 (£3,174 in 2019). Fundraising income and donations received, excluding the above scholarship & hardship donations, amounted to £9,593 and £38,663 respectively (£7,155 and £51,484 in 2019), which together with other income produced a net deficit for the year of £7,326 (surplus of £24,331 in 2019).

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.

Online teaching will continue to be the only form of tuition for the School until face to face teaching is allowed to resume in Scotland and can be carried out safely within School premises. Once this happens, Council will consider how online technology may be used as an additional tool for tuition alongside the traditional method.

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:

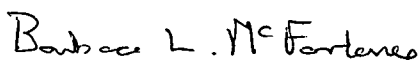
- keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Charity, and such as to ensure that the financial accounts comply with the Companies Act 2006
- safeguarding the Charity's assets
- taking reasonable steps for the prevention and detection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

INDEPENDENT EXAMINER

Mrs Anne McLennan MA, CA was appointed as Independent Examiner by the members at the Annual General Meeting on 25 November 2019.

This report of the Council of Management has been prepared in accordance with the exemptions available to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

By order of the Council



Miss B McFarlane
Chairman of Council of Management
08 March 2021

STATEMENT OF FINANCIAL ACTIVITIES (SOFA) for the year ended 30 June 2020

	Unrestricted funds	Designated funds	Restricted funds	2020	2019
	£	£	£	£	£
Grants & donations	23,663	5,000	19,266	47,929	54,844
Tuition fees received	55,607			55,607	54,794
Fundraising activities & other income	17,233			17,233	20,337
Investment income	6,143		880	7,023	6,326
Total incoming resources	102,646	5,000	20,146	127,792	136,301
Costs of fundraising	4,532			4,532	3,174
Charitable expenditure					
- tuition costs	48,534	5,000	7,028	60,562	58,986
- management & administration	59,104		950	60,054	54,310
Total resources expended	112,170	5,000	7,978	125,148	116,470
	(9,524)	0	12,168	2,644	19,831
Other recognised gains/(losses)					
- gain/(loss) on investments	(9,970)			(9,970)	4,500
Transfer to Restricted funds				-	-
Transfer to Designated funds				-	-
Surplus (deficit) for the year	(19,494)	0	12,168	(7,326)	24,331
Total Funds brought forward	157,734	417,947	43,164	618,845	594,514
Total Funds carried forward	138,240	417,947	55,332	611,519	618,845

BALANCE SHEET
at 30 June 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible Assets	6	307,434	311,630
Investments	7	<u>292,352</u>	<u>272,322</u>
		<u>599,786</u>	<u>583,952</u>
CURRENT ASSETS			
Cash at bank and in hand		9,449	39,465
Stock		-	-
Sundry debtors and prepayments	8	<u>13,290</u>	<u>13,718</u>
		<u>22,739</u>	<u>53,183</u>
CREDITORS: amounts falling due within one year	9	11,006	18,290
NET CURRENT (LIABILITIES)/ASSETS		<u>11,733</u>	<u>34,893</u>
NET ASSETS		<u>611,519</u>	<u>618,845</u>
RESERVES			
Income and Expenditure account	10	138,240	157,734
Required Reserve	11	35,000	35,000
Contingency Fund	12	35,000	35,000
Scholarship Fund	13	55,332	43,164
Property Fund	14	272,000	272,000
Instrument Fund	15	75,947	75,947
		<u>611,519</u>	<u>618,845</u>

The notes on pages 6 to 10 form part of the financial statements.

The charitable company is 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 2020 audited.

No notice has been deposited under section 476 of that Act requiring an audit in relation to the company's accounts for the year ended 30 June 2020.

The trustees acknowledge their responsibilities for:

- Ensuring the charitable company keeps accounting records which comply with sections 386 and 387 of the Companies Act 2006; and
- Preparing accounts which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of section 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

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

Bonnie L. McFarlane

Miss B McFarlane
Chairman of Council of Management
Scottish Charity No: SC000197

08 March 2021

NOTES ON THE ACCOUNTS
at 30 June 2020**1 ACCOUNTING POLICIES***Basis of preparing the financial statements*

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), "Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Charities SORP (FRS 102) requires the presentation of a Statement of Financial Activities (SOFA), which analyses income by source and expenditure by type.

Income

All income is recognised in the SOFA once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

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, or where their current value is less than their cost.

Instruments are depreciated where their current value is less than their cost.

No depreciation is charged on the heritable property.

Investments

Investments are included at their fair value at the Balance Sheet date.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council of Management. Designated funds are unrestricted funds of the charity which the Council of Management have decided at their discretion to set aside to use for a specific purpose. Further explanation of the designated funds is included in the notes to the financial statements.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

2 EMOLUMENTS

One member of Council received £3,371 (2019 - £1,340) fees, but no expenses, in the year for music tutoring. The other members of the Council of Management do not receive any remuneration, fees or expenses.

The average number of staff employed in the year amounted to 3 at a cost of £37,656 (2019 - £33,290).

NOTES ON THE ACCOUNTS
at 30 June 2020

3 TAXATION

The company is exempt from corporation tax on its charitable activities.

4 SPONSORSHIP, GRANTS & DONATIONS

Total sponsorship, grants and donations received during the year amounted to £47,929. Restricted funds and designated funds were applied as specified by donors. All other funds received were unrestricted and allocated against the general running costs of the Music School.

5 INVESTMENT INCOME

	2020 £	2019 £
Dividends	5,945	5,554
Bank Interest	1,078	772
	<u>7,023</u>	<u>6,326</u>

6 TANGIBLE ASSETS

	Heritable Property £	Furniture, Fittings, Equipment £	Instruments £	Total £
Cost, less grants and donations at 30 June 2019	255,165	21,566	60,657	337,388
Additions		249	-	249
Disposals			-	-
As at 30 June 2020	<u>255,165</u>	<u>21,815</u>	<u>60,657</u>	<u>337,637</u>
Depreciation at 30 June 2019	-	11,268	14,489	25,757
Charge for year	-	1,828	2,617	4,445
Depreciation on disposals				0
Depreciation at 30 June 2020	<u>0</u>	<u>13,096</u>	<u>17,106</u>	<u>30,202</u>
Net book value at 30 June 2020	<u>255,165</u>	<u>8,719</u>	<u>43,551</u>	<u>307,435</u>
Net book value at 30 June 2019	<u>255,165</u>	<u>10,298</u>	<u>46,168</u>	<u>311,631</u>

NOTES ON THE ACCOUNTS
at 30 June 2020**7 INVESTMENTS**

	2020	2019
	£	£
Listed Investments		
Fair value at 30 June 2019	199,322	194,822
Revaluation	(9,970)	4,500
Fair value at 30 June 2020	<u>189,352</u>	<u>199,322</u>
Unlisted Investments		
Unlisted at cost at 30 June 2019	73,000	55,000
Additions	<u>30,000</u>	<u>18,000</u>
Unlisted cost at 30 June 2020	<u>103,000</u>	<u>73,000</u>
Total investments at 30 June 2020	<u>292,352</u>	<u>272,322</u>

The historic cost of listed investments is £83,932 (2019 - £83,932)

The fair value of listed investments has risen since the year end. At the date of approval of the accounts the fair value was approximately £204,000.

8 DEBTORS

	2020	2019
	£	£
Sundry debtors	6,540	7,336
Tax recoverable	3,738	6,271
Prepayments	3,012	111
	<u>13,290</u>	<u>13,718</u>

9 CREDITORS - amounts due within one year

	2020	2019
	£	£
Sundry creditors	7,510	12,410
Tax and social security	(108)	1,231
Accruals	3,604	5,858
	<u>11,006</u>	<u>19,499</u>

NOTES ON THE ACCOUNTS
at 30 June 2020**10 INCOME AND EXPENDITURE ACCOUNT for the year ended 30 June 2020**

	Notes	2020 £	2019 £
Fees and other income		72,840	75,131
Donations		<u>23,663</u>	<u>28,084</u>
		<u>96,503</u>	<u>103,215</u>
Less expenditure:			
Teaching fees and expenses		48,534	45,640
Staff costs		37,656	33,290
Administration expenses		16,678	135
Costs of fundraising		4,532	3,174
Independent examiner's remuneration		324	320
Depreciation		4,446	4,815
(Gain)/loss on disposal of asset		-	-
		<u>112,170</u>	<u>87,374</u>
Net profit/(loss)		(15,667)	15,841
Other recognised gains/(losses)		(9,970)	4,500
Investment income	5	<u>6,143</u>	<u>5,506</u>
Surplus/(deficit) for the year		(19,494)	25,847
Add balance at 30 June 2019		<u>157,734</u>	<u>137,803</u>
		<u>138,240</u>	<u>163,650</u>
Transfer to Restricted Funds			1,516
Transfer to Scholarship Fund			3,000
Transfer to Instrument Fund			<u>1,400</u>
Balance at 30 June 2020		<u>138,240</u>	<u>157,734</u>

Included in the income and expenditure account at 30 June 2020 are undistributable reserves of £105,421 arising on the revaluation of listed investments.

11 REQUIRED RESERVE

	2020 £	2019 £
Balance at 30 June 2020 and 30 June 2019	<u>35,000</u>	<u>35,000</u>

12 CONTINGENCY RESERVE

	2020 £	2019 £
Balance at 30 June 2020 and 30 June 2019	<u>35,000</u>	<u>35,000</u>

NOTES ON THE ACCOUNTS
at 30 June 2020**13 SCHOLARSHIP FUNDS (Restricted Funds)**

	2020	2019
	£	£
Balance at 1 July 2019	43,164	40,164
Surplus for year	12,168	
Transfer from Income & Expenditure account		3,000
Balance at 30 June 2020	<u>55,332</u>	<u>43,164</u>

represented by:-

Trust Fund	9,158	7,000
Dorothy Hatley Memorial Fund	13,164	13,164
Gina Dallas Harper Scholarship	10,000	10,000
Ina Smith Fund	13,000	13,000
The Sangster Scholarship Fund	10,010	-
Balance at 30 June 2020	<u>55,332</u>	<u>43,164</u>

14 PROPERTY & FABRIC FUND

	2020	2019
	£	£
Balance at 30 June 2020 & 30 June 2019	272,000	272,000
represented by:-		
National Lottery Grant	174,435	174,435
Other grants and donations	97,565	97,565
Balance at 30 June 2020	<u>272,000</u>	<u>272,000</u>

15 INSTRUMENT FUND

	2020	2019
	£	£
Balance at 1 July 2019	75,947	74,547
Transfer from Income & Expenditure account		1,400
Balance at 30 June 2020	<u>75,947</u>	<u>75,947</u>