

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED

**REPORT OF THE COUNCIL OF MANAGEMENT
AND
UNAUDITED ACCOUNTS
FOR THE YEAR ENDED
30 June 2021**

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

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**NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED
UNAUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

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 2021. 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:

Dr R B Williams MBE (Appointed Chairman 29.11.2021)	Mr K McLeod
Mr D Buchan (Treasurer)	Mrs A D Parkinson
Mrs N B Bradford	Mr P Parfitt (Resigned 08.03.2021)
Dr R Coleman	Mrs R M Coleman
Mr A G Cooper	Miss B L McFarlane
Mrs Janette Hall (Appointed 08.03.2021)	

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 and General Purposes, Strategy and Planning, and Fundraising which meet the Manager Colin Brockie on a regular basis and report to the Council. The Manager and his two part time assistants are responsible for the day to day running of the school.

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED **UNAUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

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 136 (2020 -209). A total of 1,528 (2020 - 1,581) tuition hours was provided by the School. Scholarships and hardship funding comprising of a total of 228 (2020 - 235) tuition hours were awarded to 50 (2020 - 43) pupils.

As a result of the Covid pandemic all face to face teaching in the School ceased in March 2020. In person teaching continued to be replaced during the year by remote online teaching. Facilities were put in place to allow pre-recorded performances to be used for scholarship applications, auditions to music colleges and some performances for diploma exams. Successful results were obtained by students in Trinity and ABRSM exams and many students won their classes at the Aberdeen and North East of Scotland online Music Festival. Five students were awarded places at the Royal Conservatoire of Scotland or the Royal Northern College of Music for the next academic year. The pandemic meant that no face to face concerts were held during the year but some students were given the opportunity to record performances for in-house Zoom events.

Since the year end in person teaching has gradually recommenced in the School in line with government Covid guidelines and it is expected that concerts will again be organised to allow 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 £12,232 (£5,192 in 2020). Administration and property costs amounted to £55,947 (£64,584 in 2020). These included costs of fundraising amounting to £164 (£4,532 in 2020). Fundraising income and donations received, excluding the above scholarship & hardship donations, amounted to £2,943 and £53,850 respectively (£9,593 and £28,663 in 2020), which together with other income produced a net surplus for the year of £55,477 (deficit of £7,326 in 2020).

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.

**NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED
UNAUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

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.

Face to face teaching has resumed where it can be carried out safely within the School premises and will continue alongside online teaching in accordance with Scottish government Covid guidance. 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:

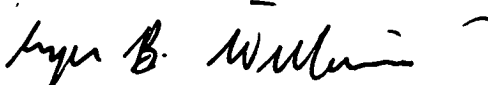
- keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Charity, and such as to ensure that the financial accounts comply with the Companies Act 2006
- safeguarding the Charity's assets
- taking reasonable steps for the prevention and detection 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 8 March 2021.

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



Dr Roger B Williams MBE
Chairman of Council of Management
14 February 2022

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED
UNAUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL ACTIVITIES (SOFA) for the year ended 30 June 2021

	Unrestricted funds	Designated funds	Restricted funds	2021	2020
	£	£	£	£	£
Grants & donations	39,652		6,812	46,464	47,929
Legacy: Mary Kirkwood Estat	14,198			14,198	-
Tuition fees received	51,259			51,259	55,607
Fundraising activities & other income	3,920			3,920	17,233
Investment income	5,686		540	6,226	7,023
Total incoming resources	114,715	0	7,352	122,067	127,792
Costs of fundraising	164			164	4,532
Charitable expenditure					
- tuition costs	39,359		7,020	46,379	60,562
- management &	54,947		837	55,784	60,054
Total resources expended	94,470	0	7,857	102,327	125,148
	20,245	0	(505)	19,740	2,644
Other recognised					
- gain/(loss) on investments	35,737			35,737	(9,970)
Transfer to Restricted funds				-	-
Transfer to Designated funds	(20,000)	20,000		-	-
Surplus (deficit) for the	35,982	20,000	(505)	55,477	(7,326)
Total Funds brought	138,240	417,947	55,332	611,519	618,845
Total Funds carried	174,222	437,947	54,827	666,996	611,519

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED
UNAUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021

BALANCE SHEET
at 30 June 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible Assets	6	303,746	307,434
Investments	7	328,090	292,352
		<u>631,836</u>	<u>599,786</u>
CURRENT ASSETS			
Cash at bank and in hand		31,858	9,449
Stock		-	-
Sundry debtors and prepayments	8	11,566	13,290
		<u>43,424</u>	<u>22,739</u>
CREDITORS: amounts falling due within one year	9	8,265	11,006
NET CURRENT (LIABILITIES)/ASSETS		<u>35,159</u>	<u>11,733</u>
TOTAL ASSETS LESS CURRENT		<u>666,995</u>	<u>611,519</u>
RESERVES			
Unrestricted funds	10	174,222	138,240
Required Reserve	11	55,000	35,000
Contingency Reserve	12	35,000	35,000
Scholarship Fund	13	54,827	55,332
Property Fund	14	272,000	272,000
Instrument Fund	15	75,947	75,947
		<u>666,996</u>	<u>611,519</u>

The notes on pages 6 to 9 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 2021 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 2021.

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:



Dr Roger B Williams MBE
Chairman of Council of Management
Scottish Charity No: SC000197

14 February 2022

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED
UNAUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES ON THE ACCOUNTS

at 30 June 2021

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

Two Members of Council received £3,960 (2020 - one member received £3,371) 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 £32,236 (2020 - £37,656).

3 Taxation

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

4 Grants, donations & legacies

Total grants and donations received during the year amounted to £46,464 (2020 - £47,929), and total legacies received amounted to £14,198 (2020 - £nil). Restricted funds and designated funds were applied as specified by donors. All other funds received were unrestricted and applied against the general running costs of the Music School.

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED
UNAUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES ON THE ACCOUNTS
at 30 June 2021

5 INTEREST RECEIVABLE

	2021 £	2020 £
Investment Income	5,647	5,945
HMRC interest	15	17
Bank Interest	564	1078
	<u>6,226</u>	<u>7,040</u>

6 TANGIBLE ASSETS

	Heritable Property £	Furniture, Fittings, Equipment £	Instruments £	Total £
Cost, less grants and donations at 30 June 2020	255,165	21,815	60,656	337,636
Additions		461	-	461
Disposals			-	-
As at 30 June 2021	<u>255,165</u>	<u>22,276</u>	<u>60,656</u>	<u>338,097</u>
Depreciation at 30 June 2020	-	13,096	17,106	30,202
Charge for year	-	1,532	2,617	4,149
Depreciation on disposals				0
Depreciation at 30 June 2021	<u>0</u>	<u>14,628</u>	<u>19,723</u>	<u>34,351</u>
Net book value at 30 June 2021	<u>255,165</u>	<u>7,648</u>	<u>40,933</u>	<u>303,746</u>
Net book value at 30 June 2020	<u>255,165</u>	<u>8,719</u>	<u>43,550</u>	<u>307,434</u>

7 INVESTMENTS

	2021 £	2020 £
Listed Investments		
Fair value at 30 June 2020	189,352	199,322
Additions	30,000	-
Revaluation	35,738	(9,970)
Fair value at 30 June 2021	<u>255,090</u>	<u>189,352</u>
Unlisted Investments		
Unlisted at cost at 30 June 2020	103,000	73,000
Additions	50,000	30,000
Disposals	(80,000)	-
Unlisted cost at 30 June 2021	<u>73,000</u>	<u>103,000</u>
Total investments at 30 June 2021	<u><u>328,090</u></u>	<u><u>292,352</u></u>

The historic cost of listed investments is £113,932 (2020 - £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 of listed investments was approximately £291,000.

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED
UNAUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES ON THE ACCOUNTS
at 30 June 2021

8 DEBTORS

	2021	2020
	£	£
Sundry debtors	4,132	6,540
Tax recoverable	4,959	3,738
Prepayments	2,475	3,012
	<u>11,566</u>	<u>13,290</u>

9 CREDITORS - amounts due within one year

	2021	2020
	£	£
Sundry creditors	3,473	7,510
Tax and social security	-	(108)
Accruals	4,792	3,604
	<u>8,265</u>	<u>11,006</u>

10 UNRESTRICTED FUNDS

	Notes	2021	2020
		£	£
Fees and other income		55,179	72,840
Donations		39,652	23,663
Legacy: Mary Kirkwood Estate		<u>14,198</u>	<u>-</u>
		<u>109,029</u>	<u>96,503</u>
Less expenditure:			
Teaching fees and expenses		39,359	48,534
Staff costs		32,236	37,656
Administration expenses		15,756	16,678
Programme Notes Project costs		2,496	-
Costs of fundraising		164	4,532
Independent examiner's remuneration		310	324
Depreciation		4,149	4,446
(Gain)/loss on disposal of asset		<u>-</u>	<u>-</u>
		<u>94,470</u>	<u>112,170</u>
Net profit/(loss)		14,559	(15,667)
Other recognised gains/(losses)		35,737	(9,970)
Investment income	5	<u>5,686</u>	<u>6,143</u>
Surplus/(deficit) for the year		55,982	(19,494)
Add balance at 30 June 2020		<u>138,240</u>	<u>157,734</u>
		194,222	138,240
Transfer to Designated Funds		(20,000)	-
Transfer to Restricted Funds			
Transfer to Scholarship Fund			
Transfer to Instrument Fund			
Balance at 30 June 2021		<u>174,222</u>	<u>138,240</u>

Included in the income and expenditure account at 30 June 2021 are undistributable reserves of £141,158 arising on the revaluation of listed investments.

NORTH EAST OF SCOTLAND MUSIC SCHOOL LIMITED
UNAUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES ON THE ACCOUNTS
at 30 June 2021

11 REQUIRED RESERVE (Designated Fund)

	2021	2020
	£	£
Balance at 30 June 2020	35,000	35,000
Transfer from unrestricted funds	20,000	-
Balance at 30 June 2021	<u>55,000</u>	<u>35,000</u>

12 CONTINGENCY RESERVE (Designated Fund)

	2021	2020
	£	£
Balance at 30 June 2021 and 30 June 2020	<u>35,000</u>	<u>35,000</u>

13 SCHOLARSHIP FUNDS (Restricted Funds)

	2021	2020
	£	£
Balance at 1 July 2020	55,332	43,164
(Deficit)/Surplus for year	(505)	12,168
Balance at 30 June 2021	<u>54,827</u>	<u>55,332</u>
represented by:-		
Miscellaneous Funds	8,589	9,158
Dorothy Hatley Memorial Fund	14,164	13,164
Gina Dallas Harper Scholarship	10,000	10,000
Ina Smith Fund	14,000	13,000
The Sangster Scholarship Fund	8,074	10,010
Balance at 30 June 2021	<u>54,827</u>	<u>55,332</u>

14 PROPERTY & FABRIC FUND (Designated Fund)

	2021	2020
	£	£
Balance at 30 June 2021 and 30 June 2020	<u>272,000</u>	<u>272,000</u>
represented by:-		
National Lottery Grant	174,435	174,435
Other grants and donations	97,565	97,565
Balance at 30 June 2021	<u>272,000</u>	<u>272,000</u>

15 INSTRUMENT FUND (Designated Fund)

	2021	2020
	£	£
Balance at 1 July 2020	75,947	75,947
Transfer from unrestricted funds		
Balance at 30 June 2021	<u>75,947</u>	<u>75,947</u>