

ENTERPRISE MUSIC SCOTLAND LIMITED

REPORT AND FINANCIAL STATEMENTS

for year ended 31st March 2002



Company Number 141360

**BOVER
&
SMITH**
CHARTERED ACCOUNTANTS
CHARTERED TAX ADVISERS

DIRECTORS AND ADVISERS

CHAIRMAN AND NON EXECUTIVE DIRECTOR

Carol Main

NON EXECUTIVE DIRECTORS

Alistair Brown (Vice Chairman)
Susan Allen
Mary Bowen
Neil Butterworth
Helen Chalmers
William Conway
Anne Cumberland
James Dunster
John Holt
Mary Ann Kennedy
John MacDonald
James MacDougall
Stephen Strugnell
Robert Tait

COMPANY SECRETARY

Ronald W Rae

SOLICITORS

Burnett and Reid
15 Golden Square
Aberdeen
AB10 1WF

BANKERS

Bank of Scotland
1 Mid Stocket Road
Aberdeen
AB15 5JL

AUDITORS

Bower and Smith
Chartered Accountants
30 Carden Place
Aberdeen
AB10 1PQ

CHARITY NUMBER

SC020803

DIRECTORS' REPORT

The Directors present their Report and audited Accounts for the year ended 31st March 2002.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company during the year were as follows:-

CHAIRMAN

Carol Main

DIRECTORS

Susan Allen

Mary Bowen

Neil Butterworth

Helen Chalmers

William Conway

Anne Cumberland

Raymond Dodd (Resigned
17-11-2001)

VICE CHAIRMAN

Alistair Brown

DIRECTORS

James Dunster

John Holt

Mary Ann Kennedy (Appointed
17-11-2001)

John MacDonald

James MacDougall (Appointed
17-11-2001)

Hazel Sheppard (Resigned
17-11-2001)

Stephen Strugnell

Robert Tait (Appointed 17-11-2001)

There are no Directors' interests requiring disclosure under the Companies Act 1985.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

Enterprise Music Scotland Limited is a Company limited by guarantee and was established in 1992. It is also registered as a charity. The principal activity of the Company is the development of live music performance in Scotland. The Company helps to fund performances of various different kinds of music but it is principally involved in classical music.

The membership of the Company is composed of various Scottish music societies. Each member is entitled to nominate an individual to become a Director. The Board may also co-opt members. One third of the Board must retire each year and a Director may only serve in office for a period of six years.

The main source of income of the Company is the Scottish Arts Council. Aberdeen City Council also makes a grant to the Company.

The Company in turn makes grants to music societies and groups throughout Scotland with the aim of encouraging concerts and recitals of music in areas where financial or geographical constraints impose difficulties on concert promoters. Where appropriate the Company will make a limited guarantee to a promoter to better enable concerts to take place. The Company also funds various projects. The Directors will take into account all relevant circumstances when deciding how much to pay in respect of each project.

The Directors are required to identify the major risks to which the Company is exposed and to take appropriate action to mitigate those risks. Such a review has been carried out.

It is not always the case that the appropriate level of funding is received in order to meet liabilities as they fall due. The Company therefore needs to carry sufficient reserves to meet its needs. The level of reserves is monitored and spending adjusted accordingly.

During the year the Company received an additional 5% funding from the Scottish Arts Council. This enabled the Company to increase grants paid by a similar percentage. The Company received £37,328 from the National Lottery in respect of the year to 31st March 2001. There was no equivalent funding received this year and as a result the Company was only able to spend £6,384 on projects compared with £46,176 in the previous year.

DIRECTORS' REPORT

RESULTS

Details of the results are shown on page 5.

AUDITORS

A resolution proposing the re-appointment of Messrs Bower and Smith, Chartered Accountants as Auditors to the Company will be submitted to the Annual General Meeting.

SMALL COMPANY RULES

The report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small Companies.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'Ronald W Rae', written over a horizontal line.

RONALD W RAE

Secretary
Aberdeen
8th November 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Financial Statements 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 Financial Statements, the Directors are required to:-

Select suitable accounting policies and then apply them consistently

Make judgments and estimates that are reasonable and prudent

Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements

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 Financial Statements 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.

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31st March 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
INCOME			
Grants Received	3	200850	228828
Other Income	4	10076	16279
Interest Received		<u>941</u>	<u>1253</u>
		<u>211867</u>	<u>246360</u>
EXPENDITURE			
<i>Direct</i>			
Charitable Expenditure	6	122218	116755
Projects		<u>6384</u>	<u>46176</u>
		128602	162931
<i>Indirect</i>			
Other Expenses	7	11883	15607
Administration Expenses	8	<u>75538</u>	<u>70108</u>
		<u>216023</u>	<u>248646</u>
LOSS FOR THE FINANCIAL YEAR		<u>(4156)</u>	<u>(2286)</u>
		=====	=====

All recognised gains and losses are included in the Income and Expenditure Account

BALANCE SHEET - as at 31st March 2002

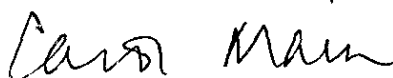
	<u>Notes</u>	<u>2002</u> £	<u>2002</u> £	<u>2001</u> £	<u>2001</u> £
FIXED ASSETS	9		3318		2827
CURRENT ASSETS					
Debtors	10	37088		42475	
Cash at Bank and in Hand		<u>9814</u>		<u>7264</u>	
		46902		49739	
CREDITORS - Amounts falling due within one year	11	<u>23640</u>		<u>21830</u>	
NET CURRENT ASSETS			<u>23262</u>		<u>27909</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26580</u> =====		<u>30736</u> =====
FUNDS					
Unrestricted Funds	13		26580		30736
Restricted Funds	13		<u>-</u>		<u>-</u>
			<u>26580</u> =====		<u>30736</u> =====

The Financial Statements which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small Companies (effective June 2002).

The Financial Statements were approved by the Board on 8th November 2002

Chairman

CAROL MAIN



NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31st March 2002

1 ACCOUNTING POLICIES

Basis of Preparation of the Accounts

The Financial Statements are prepared under the historical cost convention and are in accordance with applicable accounting standards (effective June 2002).

Accruals and Prepayments

The Financial Statements are prepared on the accruals basis. All expenditure relating to the year has been included in the Accounts inclusive of Value Added Tax.

Fixed Assets

All Fixed Assets are recorded at cost.

Depreciation

Depreciation is provided on all Tangible Fixed Assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:-

Fixtures and Fittings – Over 4 years

Grants Provided

Grants distributed to musical societies are recorded as they are paid, or as they fall due to be paid. Grants falling due but unpaid at the end of the year are held within creditors in the Accounts and represent funds committed to musical societies as guarantees against losses on performances being held. Full provision has been made in the Accounts to reflect the maximum amount committed to.

Leasing Commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Cash Flow

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 from producing a Cash Flow Statement on the grounds that it is a small Company.

Pension Costs

The Company contributes to a defined contribution policy on behalf of an employee. The assets of the scheme are held separately from those of the Company in independently administered funds. The pension cost charged in the Accounts represents contributions payable by the Company during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31st March 2002

2	STATEMENT OF FINANCIAL ACTIVITIES	Notes	Unrest- ricted Funds	Restricted Funds	Total	Total
			2002 £	2002 £	2002 £	2001 £
	INCOMING RESOURCES					
	Grants Received	3	200850	-	200850	228828
	Other Income	4	9576	500	10076	16279
	Interest Received		<u>941</u>	<u>-</u>	<u>941</u>	<u>1253</u>
	TOTAL INCOMING RESOURCES		<u>211367</u>	<u>500</u>	<u>211867</u>	<u>246360</u>
	EXPENDABLE RESOURCES					
	<i>Direct Charitable Expenditure</i>					
	Projects		6384	-	6384	46176
	Grants	6	121718	500	122218	116755
	<i>Indirect Expenditure</i>					
	Other Expenses	7	11883	-	11883	15607
	Administration Expenses	8	<u>75538</u>	<u>-</u>	<u>75538</u>	<u>70108</u>
	TOTAL EXPENDABLE RESOURCES		<u>215523</u>	<u>500</u>	<u>216023</u>	<u>248646</u>
	Net Outgoing Resources for the year		(4156)	-	(4156)	(2286)
	Fund Balances Brought Forward		<u>30736</u>	<u>-</u>	<u>30736</u>	<u>33022</u>
	FUND BALANCES CARRIED FORWARD	13	<u>26580</u> =====	<u>-</u> =====	<u>26580</u> =====	<u>30736</u> =====
3	GRANTS RECEIVED				2002 £	2001 £
	Scottish Arts Council				196350	187000
	Aberdeen City Council				4500	4500
	Lottery Fund				<u>-</u>	<u>37328</u>
					<u>200850</u> =====	<u>228828</u> =====
4	OTHER INCOME					
	Hugonin Trust				500	500
	Concert Fees from Promoters				-	5320
	Scottish Tours Conference Income				660	594
	Scottish Tours Book Income				<u>8916</u>	<u>9865</u>
					<u>10076</u> =====	<u>16279</u> =====
5	DIRECTORS' REMUNERATION					

During the year Directors of the Charity received £1,590 (2001 £2,754) collectively, being the reimbursement of expenses incurred for attendance at Board and Committee meetings. No remuneration was paid in respect of services provided during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31st March 2002

6 CHARITABLE EXPENDITURE	<u>2002</u>	<u>2001</u>
	£	£
Grants Distributed	125168	116755
Amounts overprovided in prior year	<u>(2950)</u>	<u>-</u>
	122218	116755
	=====	=====
7 OTHER EXPENSES		
Scottish Tours Conference Expenses	3123	3808
Scottish Tours Book Expenses	<u>8760</u>	<u>11799</u>
	11883	15607
	=====	=====
8 ADMINISTRATION EXPENSES		
Administration expenses includes staff salaries and related costs, travelling expenses, office costs and Board expenses and are stated after charging:-		
Auditors' Remuneration	1550	1550
Depreciation	1737	1180
Operating Lease Rentals	<u>10147</u>	<u>9961</u>
	=====	=====
9 TANGIBLE FIXED ASSETS		Fixtures and Fittings £
Cost		
As at 1st April 2001		17633
Additions during year		<u>2228</u>
As at 31st March 2002		<u>19861</u>
Depreciation		
As at 1st April 2001		14806
Charge for year		<u>1737</u>
As at 31st March 2002		<u>16543</u>
NET BOOK VALUE		
At 31st March 2002		3318
		=====
At 31st March 2001		2827
		=====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31st March 2002

10 DEBTORS	<u>2002</u>	<u>2001</u>
	£	£
Sundry Debtors	37088	42408
Prepayments	—	67
	<u>37088</u>	<u>42475</u>
	=====	=====

11 CREDITORS – Amounts falling due within one year

Other Taxation and Social Security	1444	1605
Accruals	2121	4144
Grants Committed	<u>20075</u>	<u>16081</u>
	<u>23640</u>	<u>21830</u>
	=====	=====

12 EMPLOYEE COSTS

The total emoluments paid to charity staff during the accounting year was £39,120 (2001 £31,333). Employer's National Insurance contributions on these amounts totalled £3,534 (2001 £3,411). The total of pension contributions paid was £1,667 (2001 £1,667). Staff consisted of one full time employee and three part time employees.

13 ANALYSIS OF MOVEMENTS ON FUNDS	<u>2002</u>
	£
<i>Unrestricted Funds</i>	
At 1st April 2001	30736
Deficit for the year	<u>(4156)</u>
At 31st March 2002	<u>26580</u>
	=====
<i>Restricted Funds</i>	
At 1st April 2001	-
Income	500
Expenditure	<u>(500)</u>
	<u>-</u>
	=====

14 PENSION COMMITMENTS

The Company operates a defined contribution pension scheme for its full time employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31st March 2002****15 COMMITMENTS UNDER OPERATING LEASES**2002
£2001
£

At 31st March 2002 the Company had annual commitments under non-cancellable operating leases as follows:-

Operating Leases which Expire:-

Within One Year

2044

-

Within Two to Five Years

5526

9961

=====

=====

16 LIMITED BY GUARANTEE

Members of the Company undertake to contribute to the assets of the Company in the event of the same being wound up during the time that they are members, or within one year afterwards for payment of the debts and liabilities of the Company contracted before the time at which they cease to be members and of the costs, charges and expenses of winding up the same and for the adjustment of the rights of contributories themselves, such amount as may be required not exceeding £1.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ENTERPRISE MUSIC SCOTLAND LIMITED**

We have audited the Financial Statements of Enterprise Music Scotland Limited for the year ended 31st March 2002 which comprise the Income and Expenditure Account, the Balance Sheet and the related Notes. These Financial Statements have been prepared under the historical cost convention and the Accounting Policies set out therein.

Respective responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' Remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement in it.

Basis of Opinion

We conducted our audit in accordance with United Kingdom 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 Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements and of whether the accounting policies are appropriate to the 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 Financial Statements 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 Financial Statements.

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the Company's affairs as at 31st March 2002 and of its Loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BOWER AND SMITH C.A.,

Registered Auditors and
Chartered Accountants

30 Carden Place
Aberdeen

8th November 2002