

The National Youth Orchestras of Scotland Limited

(A company limited by guarantee
not having a share capital)

Company No. SC066497

Charity No. SC015482

Annual Report and Financial Statements

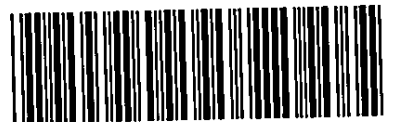
For the year ended 31 March 2012



Hardie Caldwell LLP

Glasgow

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Charity Information

Registered Company No:	SC066497
Registered Scottish Charity:	SC015482
Patron:	H.R.H. The Earl of Wessex, K.G., K.C.V.O.
Members & Board:	
<i>Chairman:</i>	Professor Marjorie Rycroft Alan Simpson (Resigned 17/11/11)
<i>Vice-Chairman:</i>	Robin Pagett Alistair Brown (Resigned 17/11/11)
<i>Other Board members:</i>	
Julian Clayton (Resigned 30/11/11)	Neil Meldrum
Joan Gibson (Appointed 15/05/12)	Douglas Millar
Graham Hunter (Resigned 09/06/11)	Jennifer Rimer
Timothy Laing	John Speake
Geoffrey Lord OBE	Allan Young
Company Secretary:	Julian Clayton (Resigned 30/11/11) Robin Pagett (Appointed 30/11/11)
Chief Executive Officer:	Julian Clayton (Resigned 30/11/11) Joan Gibson (Appointed 01/05/12)
Registered Office:	13 Somerset Place Glasgow G3 7JT
Bankers:	The Royal Bank of Scotland plc Glasgow Charing Cross West Branch 9 Clifton Place Glasgow G3 7JU
Solicitors:	Burness Solicitors 242 West George Street Glasgow G2 4QY
Auditors:	Hardie Caldwell LLP Chartered Accountants Citypoint 2 25 Tyndrum Street Glasgow G4 0JY

Board Members' Report
For the Year ended 31 March 2012

The Board members present their report and the audited financial statements for the year ended 31 March 2012.

The information as set out on page 1 forms part of this report. The financial statements comply with current statutory requirements and the Statement of Recommended Practice – Accounting and Reporting by Charities.

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated and registered as a charity on 30 October 1978. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company (Amended by Special Resolutions passed 17 November 1989, 10 May 1996 and 10 September 2004) and is governed under its Articles of Association (Amended by Special Resolutions passed 10 May 1996 and 10 September 2004). In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and Appointment of Board Members

Board members who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report, are set out on page 1.

Board members may serve for four years before standing for re-election. There is no limit to the number of times a member may be re-elected, but all appointments are subject to unanimous approval by the Board at the time of re-election.

Trustee Induction and Training

Board members receive personal induction prior to, and on, appointment. There is no specific manual for the NYOS Board, however the SAC publication *Care, Diligence and Skill* is made available to all members, together with *Nurturing Talent: The History of NYOS*.

Organisational Structure

The NYOS Board, with an appropriate and effective sub-committee structure, monitors the work of staff and projects. The Board regularly reviews course reports, press reviews and audience, parent, teacher and student feedback. Annual audition statistics and NYOS student invitation reports are produced for consideration by Board members and committees.

The effective governance of NYOS and the fair representation of the Board are continually assessed, principally by the Office Bearers of the Board of both the Finance & General Purposes Committee and the Board.

Board Members' Report

For the Year ended 31 March 2012 (continued)

Related Parties

NYOS plays a leading role in music education in Scotland, providing opportunities to all young people in the country who can gain access to the programmes through the audition process. NYOS develops a direct link between studentship and full time professional life, advising teachers, parents and aspiring musicians of all facets of the music industries worldwide.

NYOS has developed a constructive dialogue with other arts providers over many years and will continue to develop new contacts and partnerships. The list of successful contacts achieved is long. NYOS has worked in partnership with many arts, cultural and education providers in all geographical areas of Scotland, Europe and Worldwide.

Objectives

The objects for which the Company is established are:

- Provide, develop and increase top class music education and performance opportunities for young musicians throughout Scotland.
- Form youth orchestras and other ensembles in different age ranges and to increase participation in all aspects of music education.
- Stimulate public interest in music and promote, maintain, improve and encourage education in the arts in Scotland by advancing the musical education and training of persons of all ages.
- Promote, organise and manage or assist in organising and managing:
 - (a) Orchestral, instrumental, vocal and choral concerts, performance and musical events.
 - (b) Meetings, lectures, study circles and similar activities connected with music.
- Develop dialogue with all relevant parties in music education and training in Scotland.
- Encourage the work of Scottish composers.

Board Members' Report**For the Year ended 31 March 2012 (continued)****Activities, Achievement and Performance*****The National Youth Orchestra of Scotland***

Founded in 1979, The National Youth Orchestra of Scotland remains the flagship ensemble of NYOS. The orchestra seeks to introduce talented young musicians aged between 12 and 21 from all over Scotland to the discipline of orchestral playing, allowing them to work with professional tutors and internationally acclaimed conductors and soloists. The Orchestra of around 120 students meets once or twice a year. NYOS has performed in venues ranging from school halls, prestigious concert halls in Scotland, Britain and throughout the world.

Summer Course and Concert Tour 2011

NYOS, with an age range of 12 – 21 years, held its residential course in August at Strathallan School, Perthshire. The Orchestra was conducted by Christoph-Mathias Mueller who is the Principal Conductor and Artistic Director of the Göttinger Symphonie Orchester in Germany. The repertoire consisted of Ravel: Rhapsodie Espagnole, Mahler: Lieder eines fahrenden Gesellen and James MacMillan's Symphony No 3 (Silence).

After completion of the residential course, the Orchestra embarked on a 4-date concert tour holding concerts at Perth Concert Hall; The Sage, Gateshead; Worcester Cathedral as part of the Three Choirs Festival and Glasgow Royal Concert Hall.

Whilst in Worcester, NYOS participated in the production of a short film for BBC One's 'The One Show'. The item was broadcast a few days later.

'But the astonishment lay in the second half, when the young NYOS musicians produced a rivetingly perceptive account of James MacMillan's Third Symphony, subtitled Silence. What these youngsters did on Monday, with their command of detail, atmosphere and the great sweep of the piece, with all of its influences recognised, both took my breath away'

Michael Tumelty, The Herald.

The National Children's Orchestra of Scotland

The National Children's Orchestra of Scotland (NCOS) was established in 1996, in recognition of the wealth of young orchestral talent not yet eligible or experienced enough to play with The National Youth Orchestra of Scotland. NCOS aims to provide musicians throughout Scotland aged between 8 and 14 years with the highest standard of orchestral training and to encourage excellence in performance. The orchestra meets three times per year for:

- a preliminary weekend course held in February which serves to introduce players to one another and provide them with experience of playing together as an ensemble
- an Easter Residential Course and Spring Concerts
- a Summer Residential Course and Lunchtime Concert that provides a valuable forum in which to rehearse potential future NCOS repertoire, as well as giving the young players a much-needed opportunity to play together again before auditions in November.

Additionally, NYOS offers an NCOS String Training Course for the many promising young string players who demonstrate a great deal of potential at audition but lack ensemble and orchestral experience.

The Easter Residential course took place between 2 – 7 April at Strathallan School, Perthshire and the Orchestra was conducted by Roland Kieft. NCOS was also joined by Jamie Rock, a young Irish baritone studying for Master's degree at the Opera School of the RSAMD.

The concerts that took place after the residential course were held at the Usher Hall, Edinburgh, and Glasgow Royal Concert Hall. NCOS shared the programme with a new collaboration featuring NYOS

Board Members' Report

For the Year ended 31 March 2012 (continued)

Activities, Achievement and Performance (continued)

Strings and a group of jazz soloists drawn from NYJOS which was directed by Malcolm Edmonstone and Andrew Bain.

The 2011 Summer course of the National Children's Orchestra of Scotland was attended by no fewer than 98 participants and took place at Merchiston Castle School, Edinburgh. During this course the Orchestra was conducted by Peter Stark, a recognised expert in the field of youth music.

The repertoire was all taken from the field of 20th century English music featuring the Cornish Dances by Malcolm Arnold, the Suite from Gustav Holst's one act opera, 'The Perfect Fool' and the 'London Suite No 1' by Eric Coates with its famous 'Knightsbridge March'. The culminating concert took place at Perth Concert Hall.

Spring Academy

This year's Spring Academy was under the direction of Robert Baxter who worked with 53 students at Strathallan School from 13 – 16 April. Students worked in a variety of specialist ensembles as well as in a full orchestra setting developing their skills.

Camerata Scotland

Consisting of approximately 40 senior or recent past members of NYOS, Camerata Scotland is a widely travelled and acclaimed chamber orchestra which was formed in 1992 as a chamber orchestra of the most senior and mature players many of whom are already at conservatoires. The orchestra not only provides a stimulating forum in which the young players can sustain a high standard of playing, but also assists those who aspire to a professional musical career in gaining the necessary experience. In this way Camerata Scotland has become a critical link between conservatoire and the profession for potential professional musicians aged between 18 and 28. NYOS engages conductors and soloists of international standing to work with the orchestra and ensures that the repertoire covered provides the wealth of experience necessary for an aspiring professional musician. The standard of the ensemble is therefore consistently high as ambitious, enthusiastic young players interact with professional conductors and acclaimed soloists.

In April 2011, 38 students aged 17 – 27 years, including many for whom this was their first experience with Camerata, met for a project that included a new commission by the National Youth Orchestras of Scotland. Tecwyn Evans conducted the ensemble and the full repertoire consisted of:

Boyle: That Blessed Wood, Concerto for Bassoon (new commission for NYOS) with soloist
David Hubbard, Principal Bassoon of the Royal Scottish National Orchestra.

Bach: Orchestral Suite no. 3 (BWV 1068)

Gluck: Iphigénie en Aulide Overture (with Mozart concert ending)

Stravinsky: Pulcinella Suite

Performances were held at Perth Concert Hall; Greyfriars Kirk, Edinburgh and City Halls, Glasgow.

"NYOS is an artistic jewel in the music scene of Scotland and the United Kingdom. The wide variety of projects and concerts they undertake through the large number of ensembles they have is extraordinary. Camerata Scotland were an absolute pleasure to work with, producing playing of a professional standard and concerts of real quality."

Tecwyn Evans – conductor

Board Members' Report**For the Year ended 31 March 2012 (continued)***Activities, Achievement and Performance (continued)***NYOS Futures**

NYOS Futures aims to introduce and illuminate contemporary music for new audiences. The group was launched in 2004 and is made up of senior members of The National Youth Orchestra of Scotland and Camerata Scotland. Each NYOS Futures project provides young musicians who are on the brink of their professional career with a forum in which to study and perform late 20th century and early 21st century music with established conductors. NYOS Futures encourages both musicians and listeners to develop an interest in new music by moving away from a traditional concert structure.

Futures' autumn project in 2011 consolidated its relationship with the Sound Festival in Aberdeen, Scotland's most prestigious contemporary music event, giving a concert at Woodend Barn, Banchory the headquarters of the Sound Festival. On this occasion, Futures gave two of NYOS' alumni an opportunity to create new works for preparation and performance at Sound. The composers, Ian Anderson and Peter Longworth were also asked to curate the concert in the sense that they are expected to present and dissect their works for a non-specialist audience. The conductor was William Conway, well known as both a conductor and cellist.

In Spring 2012, Futures embarked on a ground-breaking project with the Lung Ha Theatre Company, an Edinburgh-based organisation working exclusively with adults with learning difficulties. The two companies presented a production of the Greek tragedy 'Antigone' by Sophocles, in a new version by Adrian Osmond. NYOS commissioned a new score for five musicians from Edinburgh based composer Ken Dempster who also directed the music. The students involved were in costume and were directly involved in the action rather than simply being a 'pit band'.

The National Youth Jazz Orchestra of Scotland

The National Youth Jazz Orchestra of Scotland (NYJOS) was formed in 1996 to meet the increasing demand for activities in jazz and training in jazz performances. NYJOS is a jazz orchestra for 12 to 21 year-old jazz musicians. NYOS also arranges jazz workshops, training weekends and rehearsals for young musicians throughout Scotland. In addition, the company continues to develop the work of the senior chamber ensemble, NYJOS Collective, as well as its newest ensemble, NYJOS Access.

During April 2011, a most exciting classical/jazz project took place. This project saw senior members of NYJOS and NYOS Strings meet together to play bespoke music arranged by Malcolm Edmonstone. The group saw all musicians improvise and perform unique, daring repertoire, without a conductor. This was a cutting edge ensemble promoting excellence in music education within a constantly evolving mainstream.

"The music has been challenging, but that's to be expected ... I think it's really exciting that NYOS is actually willing to do a cross-genre collaboration because I haven't come across an organisation that would do that for a group of guys our age." (Guildhall student who has been a member of NCOS, NYOS, and NYJOS ensembles, March 2011)

During July 2011 the NYJOS Summer School took place with 78 young musicians at Strathallan School, Perthshire. Overall leadership was by NYJOS Co-Directors Malcolm Edmonstone and Andrew Bain, assisted by a team of six expert tutors from all across the UK representing a variety of styles of jazz (2 saxophone, 1 trumpet, 1 trombone, 1 bass tutor, 1 guitar tutor). The course included warm ups, instrumental group sessions, ensemble sessions each day and jazz sessions at the evening jazz club. The summer school ended with a Closing Ceremony at the North Inch campus in Perth with each combo performing as well as NYJOS Access.

Board Members' Report

For the Year ended 31 March 2012 (continued)

Activities, Achievement and Performance (continued)

The NYJOS touring band of 2011 comprised of 21 students aged 14-21 from all parts of Scotland. Directed by NYJOS Co-Directors Malcolm Edmonstone and Andrew Bain and with soloists Mike Walker (Guitar) and Iain Dixon (Reeds), the Band performed during July at The Sage, Gateshead, Band on the Wall, Manchester, and the Fruitmarket, Glasgow. The Band also had recording sessions for 2 days recording three tracks at Castlesound Studios.

"...it was perfectly possible to imagine any number of this fast-maturing generation of Scottish jazz hopefuls walking into a senior orchestra or professional ensemble sometime soon" (Malcolm Jack, The Scotsman 14 July 2011)

In November 2011 NYJOS made its debut appearance at the London Jazz Festival performing on the Barbican Freestage on the last day of the Festival.

NYJOS Access met for its weekend course in March 2012 at the City of Edinburgh Music School. Malcolm Edmonstone and Andrew Bain directed the Group with support by Malcolm Mac Farlane. 15 musicians took part who were aged 13 – 17 years and from across Scotland. The repertoire was based on Miles Davis; album *Kind of Blue*. The weekend finished with a performance at the Jazz Bar, Edinburgh.

Education

NYJOS was recognised as a key player in the jazz education scene by an audit commissioned in 2011 by the Scottish Jazz Federation (available for download at <http://www.scottishjazzfederation.com>).

Jazz Workshops

In March 2012 an outreach project took place involving workshops at Lochaber High and Plockton High and Centre for Excellence; Culloden Academy, Nairn Academy, Dingwall Academy and Tain Royal Academy. Around 300 school pupils took part in the workshops with each session was tailored to the age and experience of the group

Up to 40 students attend weekly workshops that have taken place every Saturday during term time from September to April at Bothfield Academy, Aberdeenshire. Public performances and social gatherings for friends/family are built into the year which including a performance at the Blue Lamp as part of the Aberdeen Jazz Festival in March.

Similar workshops also take place every Tuesday evening in term time, from September through to June at the Tolbooth, Stirling.

Young Years Projects

This project continues in a number of educational settings across Scotland with children aged 3 – 12 years gaining experience in violin and cello playing as well as increasing their musical awareness.

Chamber Hire

NYOS continues to provide ensembles for public, private, corporate and royal occasions.

Board Members' Report

For the Year ended 31 March 2012 (continued)

Royal Patronage

The National Youth Orchestras of Scotland continue to be extremely grateful for the generous patronage of the organisation by His Royal Highness, the Earl of Wessex. His regular attendance at NYOS events has been a source of great inspiration to our young musicians both in the field of jazz as well as in classical performance.

Financial Review

In contrast to the preceding year the Company has made a surplus of £39,417 largely as a result of reduced employment costs and overheads with the musical activities being delivered within budget.

NYOS faces three main challenges going forward: -

- Creative Scotland has decided that it will fund the National Youth Orchestra of Scotland and the National Children's Orchestra for the three years to March 2015 at a considerably lower level than the company has received in the past, albeit the earlier funding was for all of the activities carried out by NYOS.
- The future funding for the Jazz programme from Creative Scotland is uncertain as funding depends on annual applications in respect of each year's project plans. At present NYOS is unable to plan more than a few months ahead for these programmes.
- The fund-raising environment continues to worsen, as the economic climate remains bleak.

The difficult financial environment since 2008 has made fund-raising increasingly difficult and in 2011/12 the funds generated from trusts and foundations and donated income shown in the Income and Expenditure Account has dropped by c.£43,000 compared to 2010/11 and income from the musical activities has dropped by c.£29,000. This was offset by a substantial reduction in the direct costs of the performing ensembles as the range of activities was reduced and costs reduced to reflect the lower income expectations so that the balanced budget was achieved and indeed a surplus generated.

The uncertainty about the amount that can be raised by the Charity's fund-raising team and the amount of support that will be available from Creative Scotland in respect of the Jazz programme restrict the Board's ability to plan ahead in the way that it would expect. In the process of setting a budget for the year to 31st March 2013 the Finance and General Purposes Committee recognised that the level of contribution from donors would continue to be substantially lower than it was in the years prior to the financial crisis. The fundraising target has again been set at a lower level than in the preceding year.

The number of students wishing to participate in NYOS activities has been maintained, the proportion seeking financial assistance continues to grow.

Over the last year the range of activities carried out by NYOS has reduced, while protecting the continuous core activities. There are now a number of activities that are undertaken only when specific funding is available to fully meet the costs. The Finance & General Purposes Committee is considering the range of activities NYOS will be able to offer over the next two years, in a range of circumstances.

The Board remains committed to maintaining balanced budgets for the foreseeable future, with a view to further increasing free reserves as the opportunity arises.

The financial results are as disclosed in the SOFA on page 16.

Board Members' Report
For the Year ended 31 March 2012 (continued)

Financial Review (continued)

Principal Funding Sources

The level of activities undertaken by NYOS has only been possible thanks to the generous support of many organisations and individuals, including Creative Scotland, Scottish local authorities, charitable trusts, including the National Youth Orchestra of Scotland Endowment Trust, company sponsorships and Friends. The total monies received from these bodies in the year ended 31 March 2012, and these funds were aggregated with the monies raised directly through Charitable Activities. Thus allowing NYOS to fulfil its objectives, which incurred direct charitable activity costs of £673,316 in respect of ensemble performing activities.

Developing work in nursery and primary schools funded by John Lewis Partnership and jazz workshops have been undertaken with valuable support from Esmée Fairbairn Foundation. The Board is appreciative of the continuing contributions and support from many generous supporters upon which this programme depends.

Board Members' Report

For the year ended 31 March 2012 (continued)

Plans for Next Year

Following the resignation of Julian Clayton as Chief Executive and Director of NYOS, the Board appointed Joan Gibson in March 2012 as the new Chief Executive who took up the post on 1 May 2012.

Projects, courses and concerts are planned in 2012/13 for The National Youth Orchestra of Scotland, The National Children's Orchestra of Scotland, Camerata Scotland, The National Youth Jazz Orchestra of Scotland, NYJOS Collective, NYJOS Access, NYOS Futures and the NYOS String Ensemble.

NYOS will be performing concerts in Perth, Glasgow, and Gateshead with Nicola Benedetti as soloist. The Orchestra is then joining BBCSSO at the London Proms for a concert conducted by Donald Runnicles.

NCOS will have two courses with concerts at Perth Concert Hall and Paisley Abbey.

Camerata Scotland is embarking on an education project on Uist with the composer Eve Harrison and will perform on Uist and later in the year as well as at Dunblane Cathedral.

NYOS Futures will, open again, be taking part in the Sound Festival in November with three premieres to perform. One collaboration is with (National Youth Choir of Scotland) NYCoS.

NYJOS is touring Scotland during the summer of 2012 with soloist Rick Taylor performing in Stirling, Aberdeen, Inverness and Skye.

Jazz workshops and the Young Years Project will continue until the summer of 2012 when funding agreements come to an end. Both projects will then be reviewed.

There still remains uncertainties over the short and medium term awarding of funds to The National Youth Orchestras of Scotland from Creative Scotland which prevents effective forward planning to occur. It is to be hoped that matters will develop and become clearer during the coming twelve months. The long term planning, so necessary to the future development of this national asset, remains challenging. The current financial climate continues to prove challenging for NYOS as fundraising income and course fees have noticeably declined during the past eighteen months and the company is having to look closely at all its activities. Whilst the numbers of students wishing to participate in NYOS activities has been maintained, the numbers seeking financial assistance continues to grow. We will be looking at all our activities to ensure that they are viable and prudently financed.

Board Members' Report

For the year ended 31 March 2012 (continued)

Policy on reserves

- (i) The reserve level is reviewed annually when the proposed budget for the year is considered. The current policy is to attempt to retain unrestricted free reserves that equate to 3 months of operating costs. This has not been attained as at 31 March 2012 and the Board will continue to attempt to build up and maintain reserves to that level. Free reserves represent those unrestricted funds not earmarked by the charity for a specific purpose or tied up in the fixed assets of the charity.
- (ii) Surplus cash flow during the year is deposited in suitable bank accounts. The Board consider the overall return on monies lodged to be acceptable. There are no stock investments.

Risk Management

- (i) It is recognised that risk management is the responsibility of the Board. The Board has examined the major areas of the Charity's operations, considered the major risks which may arise in these areas and is of the opinion that systems are in place to mitigate these risks to an acceptable level. The Chief Executive Officer and Senior Staff constantly monitor major risks associated with the organisation's activities, in particular compliance with legislation, health and safety, insurance cover, security of accounting and other records and report to Board.
- (ii) Detailed considerations of budget and programme management are delegated to the Finance and General Purposes Committee and all activity management to the Chief Executive Officer. The programme and budget for the following year is submitted to and considered in detail by the Board and major risks identified at that time, together with any proposals for the mitigation of such risks during the year in question.
- (iii) The continuing main risk to the organisation is the non-availability of funds for the planned activities. The Chief Executive Officer presents a rolling programme covering at least the next three years to the Finance & General Purposes Committee at each of its regular meetings. This programme is then confirmed within the financial budget in advance and the associated fund raising requirements are confirmed at the time of budget consideration.
- (iv) Detailed Management Accounts are prepared for consideration by the Finance & General Purposes Committee during the year and are examined monthly by the Chief Executive Officer.

Board Members' Report

For the year ended 31 March 2012 (continued)

Statement of Board Members' Responsibilities

The Board Members are responsible for preparing the Board Members' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Board Members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Board Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the Board Members are required to:

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

The Board Members are responsible for ensuring that adequate accounting records are maintained that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and ensuring their proper application in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors

So far as the Board members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each Board member has taken all steps that he or she ought to have taken as a Board member in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

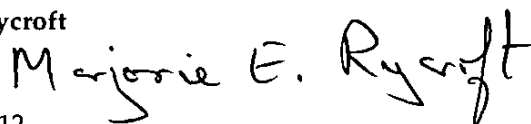
Auditors

The Auditors, Hardie Caldwell LLP, Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board, and signed on its behalf

Professor Marjorie Rycroft



Chairman

Date: 10 September 2012

Registered number: SC066497

Independent Auditor's Report to the Board Members and Members of The National Youth Orchestras of Scotland Limited

We have audited the financial statements of The National Youth Orchestras of Scotland Limited for the year ended 31 March 2012, which comprise the Income and Expenditure Account, the Statement of Financial Activities, the Balance Sheet and the related notes numbered 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, referred to as Board Members, as a body, in accordance with section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's Board Members and members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Board Members and auditor

As explained more fully in the Statement of Board Members' Responsibilities, the Board Members (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and report in accordance with those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board Members; and the overall presentation of the financial statements.

We read all the information in the Board Members' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Independent Auditor's Report to the Board Members and Members of The National Youth Orchestras of Scotland Limited continued

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Board Members' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Board Members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Board Members' annual report.



Marion Hopper

Senior Statutory Auditor

For and on behalf of

Hardie Caldwell LLP

Statutory Auditor

Glasgow

Date: 18 September 2012

Hardie Caldwell LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Income and Expenditure Account
For the year ended 31 March 2012

	Notes	2012 £	2011 £
Income			
Generated income		220,063	233,319
Donated income		72,334	102,959
Charitable activities	2	487,774	516,841
Interest received	9	1,893	2,959
Gross income		<u>782,064</u>	<u>856,078</u>
Expenditure			
Costs of generating funds	4	56,849	94,064
Charitable activities	5	672,536	881,139
Governance costs	6	13,262	13,034
Total expenditure		<u>742,647</u>	<u>988,237</u>
Surplus/(deficit) for year		<u>39,417</u>	<u>(132,159)</u>

Movements in funds are detailed in the Statement of Financial Activities.

The Statement of Financial Activities on page 16 details all gains and losses.

During the above two financial years none of the charitable activities have changed.

The notes form part of these financial statements.

Statement of Financial Activities
For the year ended 31 March 2012

	Un- restricted Funds £	Restricted Funds £	Expendable Endowment Funds £	Total 2012 £	Total 2011 £
Incoming resources					
Incoming resources from generated funds					
Generated income	235,901	1,308	8,200	245,409	220,942
Deferred income adjustment	(17,146)	-	-	(17,146)	12,377
Donated income	71,234	2,100	-	73,334	104,659
Deferred income adjustment	(1,000)	-	-	(1,000)	4,300
Incoming resources from charitable activities					
Ensemble performing activities	482,300	-	-	482,300	511,573
Deferred income adjustment	5,474	-	-	5,474	5,268
Other incoming resources					
Interest receivable	-	1,893	-	1,893	2,959
Total incoming resources	<u>776,763</u>	<u>5,301</u>	<u>8,200</u>	<u>790,264</u>	<u>862,078</u>
Resources expended					
Costs of generating funds	56,849	-	-	56,849	94,064
Charitable activities					
Ensemble performing activities	664,579	7,957	780	673,316	882,505
Governance costs	<u>13,262</u>	<u>-</u>	<u>-</u>	<u>13,262</u>	<u>13,034</u>
Total resources expended	<u>734,690</u>	<u>7,957</u>	<u>780</u>	<u>743,427</u>	<u>989,603</u>
Surplus/(deficit) before transfers	42,073	(2,656)	7,420	46,837	(127,525)
Transfers between funds (see below)	<u>4,653</u>	<u>(2,111)</u>	<u>(2,542)</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources	<u>46,726</u>	<u>(4,767)</u>	<u>4,878</u>	<u>46,837</u>	<u>(127,525)</u>
Fund balances brought forward at 1/4/2011	<u>142,388</u>	<u>58,646</u>	<u>11,980</u>	<u>213,014</u>	<u>340,539</u>
Fund balances carried forward at 31/3/12	<u>189,114</u>	<u>53,879</u>	<u>16,858</u>	<u>259,851</u>	<u>213,014</u>
Transfer between funds:					
Interest adjustment	1,893	(1,893)	-	-	-
Grant release	2,542	-	(2,542)	-	-
Transfer to unrestricted funds	<u>218</u>	<u>(218)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,653</u>	<u>(2,111)</u>	<u>(2,542)</u>	<u>-</u>	<u>-</u>

The notes form part of the financial statements.

Balance Sheet
As at 31 March 2012

	Notes	£	2012 £	2011 £
Fixed assets				
Tangible assets	10		122,877	<u>143,921</u>
Current assets				
Stocks	11	-		-
Debtors	12	20,810		53,377
Cash at bank and in hand	13	<u>338,214</u>		<u>271,564</u>
		359,024		324,941
Creditors: amounts falling due within one year	14	<u>(222,050)</u>		<u>(255,848)</u>
Net current assets			136,974	69,093
Total assets			<u>259,851</u>	<u>213,014</u>
Reserves				
Restricted funds	15		53,879	58,646
Expendable Endowment	16		16,858	11,980
Unrestricted funds : Free General	17		67,281	2,049
Designated	17		<u>121,833</u>	<u>140,339</u>
			259,851	213,014

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 15 to 27 were approved by the Board and signed on its behalf

Professor Marjorie Rycroft

Chairman

Robin Pagett

Board Member

Date: 10 September 2012

The notes form part of these financial statements.

Registered Number: SC066497

Notes to the Financial Statements
For the year ended 31 March 2012

1) Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements are also set out to comply with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) and the Companies Act 2006. Accordingly the Income and Expenditure Account is an adaption of the formats laid down in the Companies Act to recognise the special nature of the charitable company's activities and in order to give information in a manner beneficial to the members as provided for in the Companies Act.

The financial statements have also been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

The principal accounting policies adopted in the preparation of the financial statements are as follows:

Going concern

Board Members have a reasonable expectation that the company will continue in operational existence for the foreseeable future. The position is strengthened by the substantial increase in free reserves by the surplus for this year. The uncertainty over income from trusts and funds remains a concern and Creative Scotland has decided to fund the National Youth Orchestra of Scotland and the National Children's Orchestra of Scotland for the next three years, but at a lower level than in past years. Creative Scotland has also decided that any funding for the Jazz ensembles will be by applications for the projects each year. Faced with these uncertainties the Board is unable to plan as far ahead as usual. When there is more confidence in the fund-raising environment and the future funding for the Jazz programme becomes clear, the Board will return to producing full budgets for two years ahead. The Finance & General Purposes Committee continues to consider the range of activities NYOS will be able to offer in the near future in a variety funding scenarios.

Financial Reporting Standard Number 1

The charitable company has taken advantage of the exemption from preparing a cashflow statement conferred by Financial Reporting Standard No 1 on the grounds that it qualifies as a small company under the Companies Act.

Income

Income comprises the value of receipts, exclusive of value added tax as applicable, from sponsorship, trust monies, courses, concerts and other services derived directly from the principal activity of the charitable company.

Incoming resources:

Incoming resources are treated as income of the year in which they are received with an appropriate adjustment for receipts in respect of future years or specific projects. All income of the charitable company is accounted for on a receivable basis.

Courses, etc.

Income from course fees, concert receipts and workshop receipts is included in incoming resources in the period in which the course or concert takes place.

Notes to the Financial Statements

For the year ended 31 March 2012 (continued)

1) Accounting policies (continued)

Interest receivable

Interest is included when receivable by the charitable company.

Resources expended

Resources expended are included on an accruals basis and are recognised when there is a legal or constructive obligation to pay for expenditure. VAT, which cannot be recovered by the company, is shown at note 5.

Costs of generating funds comprise fundraising costs. Direct charitable expenditure comprises costs incurred in undertaking the defined charitable objects; including support costs. Governance costs are those associated with constitutional and statutory requirements. Expenditure is allocated between costs of generating funds, charitable activities and governance costs by reference to the duties of each member of staff and related costs.

Leases

Rentals paid under operating leases are charged to the income and expenditure account as incurred.

Pensions**Defined contribution schemes**

Contributions are charged to the income and expenditure account as they become payable.

Taxation

The charitable company is a registered Scottish charity and enjoys the benefits of exemption from corporation tax commensurate with that status.

Tangible assets and depreciation

Individual assets costing £500 or more are capitalised at cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

The rates of depreciation charged in the year were as follows:

Heritable property	-	2% straight line
Motor vehicles	-	25% straight line
Instruments and equipment	-	25% straight line
Computer equipment	-	25% straight line
Furniture and fittings	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Fund accounting

Funds held by the charitable company are either:

Unrestricted funds: these are funds, which can be used in accordance with the charitable objects at the discretion of the Board members.

Notes to the Financial Statements

For the year ended 31 March 2012 (continued)

1) Accounting policies (continued)

Designated funds: these are unrestricted funds, which have been earmarked at the discretion of the Board for a particular purpose. This designation has an administrative purpose only and does not legally restrict the Board's discretion to apply the fund.

Restricted funds: these are funds that can only be used for the particular restricted purpose as specified by the donor or when funds are raised for particular purposes.

Expendable endowment funds: these are funds given to the charity subject to the restriction that they be held as capital. These funds are released to income in line with the depreciation charge on the assets acquired with such funds.

Further explanation of the nature of each fund is included in the notes to the financial statements.

2) Charitable Activities

The main incoming resources for charitable activities are:

	2012	2011
	£	£
Course fees	234,660	245,015
Concert and related receipts	33,094	31,364
Creative Scotland	206,158	226,886
Local Authorities	13,862	13,576
	<u>487,774</u>	<u>516,841</u>

In the opinion of the Board, the turnover of the charitable company attributable to geographical markets outside the UK amounted to £Nil in respect of concerts held in the European Community (2011 - £2,424).

3) Generated/Donated income

Generated/donated income includes grants and donations from Local Authorities, Trusts and Creative Scotland.

4) Costs of generating funds

	2012	2011
	£	£
Staff Costs	53,592	85,878
Fundraising Development	1,750	6,570
Postage and Telephone	697	920
Stationery and Photocopier	810	696
	<u>56,849</u>	<u>94,064</u>

Notes to the Financial Statements
For the year ended 31 March 2012 (Continued)

5) Resources expended – charitable activities

Direct charitable expenditure includes accommodation and travel for orchestras, tuition and professional fees, music hire and programmes, hall rental and associated costs and costs of auditions.

	2012 Total £	2011 Total £
Direct costs		
Staff costs	133,321	169,114
Accommodation and travel	177,456	228,693
Audition costs	17,471	18,937
Hall rental and costs	43,457	43,893
Miscellaneous related expenditure	2,426	3,306
Music hire, programmes, publicity, etc.	32,651	37,603
Depreciation	2,539	2,985
Postage and telephone	3,138	4,138
Staff expenses	2,303	2,190
Stationery, etc.	2,005	1,835
Tuition, artists and course supervisor fees	115,453	116,077
New Commissions	8,000	-
Fund for NYOS	-	9,347
Bursaries paid	9,317	8,970
Uniforms and CD Costs	1,149	1,456
Creative Scotland (YMI Project)	1,090	-
Website development	1,180	5,145
Workshop expenditure	17,403	27,716
	<u>570,359</u>	<u>681,405</u>
Support costs		
Computer consultancy and support	10,325	25,342
Depreciation	10,523	10,524
Heating and lighting	3,713	2,305
Miscellaneous	6,980	6,489
Motor expenses	3,287	5,763
Postage and telephone	3,138	4,138
Publicity	11,009	12,914
Rates and insurance	6,380	6,398
Repairs and renewals	492	3,107
Staff costs	14,813	28,303
Other staff costs	4,966	5,362
Redundancy & related costs	-	53,457
Staff expenses	2,303	2,190
Recruitment	2,260	3,175
Stationery and photocopier costs	5,290	4,427
Irrecoverable VAT	16,698	25,840
	<u>102,177</u>	<u>199,734</u>
	<u>672,536</u>	<u>881,139</u>
Expendable Endowment/Instruments	780	1,366
	<u>673,316</u>	<u>882,505</u>

6) Governance costs

	2012 £	2011 £
Staff costs	7,207	7,612
Audit and accountancy fees	6,022	5,283
Board expenses	33	139
	<u>13,262</u>	<u>13,034</u>

Notes to the Financial Statements
For the year ended 31 March 2012 (Continued)

7) Net operating deficit

	2012	2011
	£	£
This is stated after charging:		
Auditor's remuneration - audit	5,150	5,000
Operating lease expense: plant and other	1,800	1,518
Depreciation	<u>13,062</u>	<u>13,509</u>

8) Staff costs

	2012	2011
	£	£
Salaries	189,429	255,920
Social security costs	13,035	25,504
Pensions	6,469	9,483
Redundancy & related costs	-	53,457
	<u>208,933</u>	<u>344,364</u>

The average weekly number of employees during the year was as follows:

	2012	2011
	No.	No.
Administrative (Full-time)	4	6
Administrative (Part-time)	2	2
Fund raising (Full-time)	<u>2</u>	<u>3</u>
	<u>8</u>	<u>11</u>

The number of employees receiving emoluments in excess of £60,000 during the year was as follows:

	2012	2011
	No	No
£60,000 - £69,999	<u>1</u>	<u>1</u>

During the year the company paid £6,469 to retirement benefit pension schemes on behalf of its employees (2011: £9,483). The sum paid in respect of the higher paid employee was £5,073 (2011: £5,591).

Julian Clayton, Board member, also held a senior management post as Chief Executive Officer and aggregate remuneration totalling £60,567 was paid in respect of this employment up to resignation date (2011: £63,172). Expenses totalling £358 (2011: £600) were reimbursed to Julian Clayton relative to his role as Chief Executive Officer and not that of Trustee.

Notes to the Financial Statements
For the year ended 31 March 2012 (Continued)

9) Interest received

	2012 £	2011 £
Bank interest received	<u>1,893</u>	<u>2,959</u>
Allocated:		
Restricted funds: -		
Anonymous Foundation	-	-
Mackintosh Foundation Bursary Fund	-	-
North British Hotel Trust	-	-
	<u>-</u>	<u>-</u>
Transfer to Unrestricted funds	<u>1,893</u>	<u>2,959</u>
	<u>1,893</u>	<u>2,959</u>

£1,893 has been transferred to the Unrestricted Funds from the Restricted Funds after interest due at 0% (2011: 0%) per annum, has been credited to the Restricted Funds based on opening balances. In 2011 £2,959 was transferred to Unrestricted Funds from Restricted Funds to cover interest due in that year.

10) Tangible fixed assets

	Freehold property £	Motor vehicles £	Instruments and equipment £	Computer equipment £	Fixtures and fittings £	Total £
Cost						
At 1 April 2011	150,000	15,966	131,297	17,208	12,618	327,089
Additions	-	-	-	-	-	-
Disposals	-	(15,966)	-	-	-	(15,966)
At 31 March 2012	<u>150,000</u>	<u>-</u>	<u>131,297</u>	<u>17,208</u>	<u>12,618</u>	<u>311,123</u>
<i>Depreciation</i>						
At 1 April 2011	30,000	3,992	127,714	9,555	11,907	183,168
Charge for the year	3,000	3,992	2,539	3,176	355	13,062
Disposals	-	(7,984)	-	-	-	(7,984)
At 31 March 2012	<u>33,000</u>	<u>-</u>	<u>130,253</u>	<u>12,731</u>	<u>12,262</u>	<u>188,246</u>
<i>Net book value</i>						
At 31 March 2012	<u>117,000</u>	<u>-</u>	<u>1,044</u>	<u>4,477</u>	<u>356</u>	<u>122,877</u>
At 31 March 2011	<u>120,000</u>	<u>11,974</u>	<u>3,583</u>	<u>7,653</u>	<u>711</u>	<u>143,921</u>

All of the fixed assets are held for the purpose of furthering the direct charitable activities of the company.

11) Stock

	2012 £	2011 £
Stocks	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 March 2012 (Continued)

12) Debtors

	2012	2011
	£	£
Trade debtors	2,925	3,130
Income tax recoverable	5,677	6,167
Prepayments	10,900	40,900
Other debtors	1,308	3,180
	<u>20,810</u>	<u>53,377</u>

13) Cash at bank and in hand

	2012	2011
	£	£
Bid deposit / fixed term accounts	336,705	269,969
Euro account	736	736
Cash in hand	773	859
	<u>338,214</u>	<u>271,564</u>

14) Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	4,162	6,707
Other Creditors	739	-
Bank current account	4,032	19,566
Other taxes and social security costs	8,827	14,704
Accruals	10,426	33,679
Income in advance	193,864	181,192
	<u>222,050</u>	<u>255,848</u>

Income in advance relates to monies received during the year in respect of courses, etc. not yet commenced, as at 31 March, and is analysed as follows: -

	2012	2011
	£	£
Ensemble programmes	97,412	102,886
Generated income	89,202	72,056
Donated income	7,250	6,250
	<u>193,864</u>	<u>181,192</u>

Notes to the Financial Statements
For the year ended 31 March 2012 (Continued)

15) Restricted Funds

The funds of the charitable company include restricted funds comprising the following unexpended balances of income held on trust to be applied for specific purposes:

	Balance at 1/4/11 £	Incoming resources net of interest transfer £	Expenditure, gains/losses £	Transfers £	Balance at 31/3/12 £
Mackintosh Foundation Bursary Fund	5,466	1,500	(1,670)	-	5,296
Anonymous Foundation	38,697	-	(2,847)	-	35,850
North British Hotel Trust	14,483	-	(1,750)	-	12,733
Various Trusts for Bursaries	-	600	(600)	-	-
Creative Scotland (YMI Project)	-	1,308	(1,090)	(218)	-
	<u>58,646</u>	<u>3,408</u>	<u>(7,957)</u>	<u>(218)</u>	<u>53,879</u>

The Mackintosh Foundation Bursary Fund was established to award bursaries to members of The National Youth Jazz Orchestra of Scotland.

The Anonymous Foundation provides bursaries to members of The National Children's Orchestra of Scotland.

The North British Hotel Trust represents a donation to provide bursaries to gifted young musicians.

Various Trusts have donated monies for the purposes of providing bursaries to young musicians.

Creative Scotland (YMI Project) has provided a grant towards developing a new project designed to mitigate many of the geographical, social and financial barriers of access to participation in music education by children and young people from remote island communities in Scotland.

Nil Interest (2011: Nil) on the opening capital balance has been credited to all restricted funds in the year.

Notes to the Financial Statements
For the year ended 31 March 2012 (Continued)

16) Expendable Endowment

	Balance at 1/4/11 £	Incoming resources £	Expenditure, gains / losses £	Other Transfers £	Balance at 31/3/12 £
Capital Grants	11,980	8,200	(780)	(2,542)	16,858

Capital grants represent money received for the purchase of musical instruments and computer equipment. In the year £2,500 was received towards the purchase of musical instruments from the Mrs R A Goffin's Charitable Trust, and £5,700 was received towards the purchase of a new server from the NYOS Endowment Trust. The funds are released to unrestricted funds in line with depreciation on the assets purchased. (See also note 17).

17) Unrestricted Funds

Free General Fund

	£
Balance at 1 April 2011	2,049
Surplus for year	42,073
Transfer from expendable endowment	2,542
Transfer of interest	1,893
Transfer from Designated Fund	18,506
Transfer from Restricted Fund	218
Balance at 31 March 2012	67,281

Designated Fund

Balance at 1 April 2011	140,339
Transfer to General Fund	(18,506)
Balance at 31 March 2012	121,833

Designated funds represent the net book value of the charities fixed assets. (See also note 18).

18) Analysis of net assets between funds

	Fixed assets £	Net current assets £	Total £
Restricted funds			
Mackintosh Foundation Bursary Fund	-	5,296	5,296
Anonymous Foundation	-	35,850	35,850
North British Hotel Trust	-	12,733	12,733
	-	53,879	53,879
Expendable endowment	1,044	15,814	16,858
Unrestricted funds	121,833	67,281	189,114
	122,877	136,974	259,851

Notes to the Financial Statements

For the year ended 31 March 2012 (Continued)

19) Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 March 2013.

	2012 Plant and other £	2011 Plant and other £
Expiring within one year	-	-
Expiring between two and five years inclusive	<u>1,800</u>	<u>1,518</u>

At 31 March 2012, the charity had committed to a server at a cost of £5,484.