

REGISTERED COMPANY NUMBER: SC312903
REGISTERED CHARITY NUMBER: SC039119

**REPORT OF THE DIRECTORS AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2012
FOR
SISTEMA SCOTLAND**

SATURDAY



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COMPANIES HOUSE

Macfarlane Gray Limited
part of French Duncan LLP
Chartered Accountants & Registered Auditors
Macfarlane Gray House
Castlecraig Business Park
Springbank Road
Stirling
Stirlingshire
FK7 7WT

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
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FOR THE YEAR ENDED 30 JUNE 2012**

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**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012**

The directors of the company are also charity trustees for the purposes of the charity law, present their report with the financial statements of the charity for the year ended 30 June 2012. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
SC312903

Registered Charity number
SC039119

Registered office
c/o Big Noise Raploch
90 Drip Road
Stirling
FK8 1RN

Directors

Ms N Benedetti	
Ms M Cunningham	
Dr R F Holloway	Chairman
Mrs K Jourdan	
Dr P Jourdan	
D A Lamont	
D F Mc William	
P D Stevenson	
Mrs I Tweedie	

Patron

Gustavo Dudamel

Company Secretary
Brodies Secretarial Services Ltd

Auditors

Macfarlane Gray Limited
part of French Duncan LLP
Chartered Accountants & Registered Auditors
Macfarlane Gray House
Castle Craig Business Park
Springbank Road
Stirling
Stirlingshire
FK7 7WT

Solicitors

Brodies LLP
15 Atholl Crescent
Edinburgh
EH3 8HA

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012**

REFERENCE AND ADMINISTRATIVE DETAILS

Bank

Bank of Scotland
2nd Floor Pentland House
8 Lochside Avenue
Edinburgh
EH12 9DJ

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The company is limited by guarantee and governed by its Memorandum and Articles of Association and obtained charitable status on 3 January 2008. The liability of its members is limited to £1 each. The company is accepted as a charitable body by the Inland Revenue. The Board of Directors set the policies of the company and the day to day running of the company is controlled by the management executives. In 2012 Sistema Scotland (Trading) Ltd was formed to engage in commercial projects which are linked to the charitable activities of Sistema Scotland.

Recruitment and appointment of new directors

Directors are selected to bring a balance of skills and expertise to the Board.

Induction and training of new directors

An induction and training plan is in the process of being prepared for new directors.

All directors are given full briefing by the Chairman and Chief Executive to familiarise themselves with the work of the charity.

Organisational structure

Sistema Scotland is overseen by the Board of Directors who meet at least quarterly and are responsible for the strategic direction of the charity. The Board currently comprises nine directors drawn from a variety of professional backgrounds relevant to the work of the charity.

The executive is headed by a Chief Executive, Nicola Killeen, who reports to the Board.

Five posts report to the Chief Executive:

- * Director of Music
- * Big Noise Raploch Manager
- * Finance Manager
- * Development Officer
- * PA/Administrator

The marketing/PR and fundraising functions are undertaken by freelance specialists who also report to the Chief Executive.

Nineteen posts report to the Big Noise Raploch Manager, who shares the management of the musicians with the Director of Music:

- * The Administrator/Community Liaison Officer
- * 14 musicians
- * 4 support workers

The Director of Music provides leadership for all permanent and cover musicians for the organisation, with responsibility for the musical vision, curriculum development, musical outcomes and progress of the children.

Risk management

A review of major risks has been completed and a risk register has been established. Where appropriate systems or procedures have been implemented to mitigate these risks

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012**

OBJECTIVES AND ACTIVITIES

Chairman's statement

Sistema Scotland exists to transform the lives of children by placing them in symphony orchestras that inspire them by the joy and discipline of making music. Our work is based on the methods developed in Venezuela by one of the most remarkable men in the world today - Maestro José Antonio Abreu.

This year promised to be an especially exciting one for us as it was to climax in Maestro Abreu's first visit to Raploch, accompanied by Gustavo Dudamel and the Simón Bolívar Symphony Orchestra. Our children were to perform in the launch concert of the London 2012 Festival alongside their Venezuelan heroes before huge audiences both in Raploch and watching on television. Everyone in our team was focused on helping the children achieve the best possible performance on their biggest stage to date. The year became a colossal effort to raise musical standards, increase concentration and promote practice. Under the skilful leadership of our Director of Music our musical standards did indeed soar, and with them the poise, confidence and resilience of the children.

The social benefits of Sistema come from the structure, challenge and cooperative nature of a symphony orchestra. Orchestral music is beautiful, and we think beauty is important; but the other beauty of the orchestra is that it provides us with a structure that also fosters life skills, cooperation and confidence, and is a tool to counter exclusion. Aside from purely musical skills, the children learn that the hard work of mastering something difficult pays off and brings admiration. They learn to cooperate with each other. They gain confidence in themselves and their abilities. This year we saw these achievements reach new heights.

So we owe a huge thank you to everyone who helped this happen - our tireless staff, and our generous donors most of all. Without their support our work would not have been possible. Their love and generosity enabled us to bring a transformative new movement to birth in Scotland, expand it year on year, and help spread the good news across the world. The children's achievements spur on our ambitions ever higher for Raploch and to establish orchestras elsewhere. We will need to raise more money to deliver this in the years ahead.

Thanks to the quality of our CEO Nicola Killean and her team, our Music Director Francis Cummings and the brilliant musicians he leads, a dedicated board, the people who work and live in Raploch and the enthusiastic support of Stirling Council and the teachers in all the schools we work in, our first centre in Raploch continues to make an enormously positive impact on its community. Excitingly, we are now poised to open centres in other areas of the country so that we can spread this transformative movement across Scotland. We hope to be in Glasgow's Govanhill within months, and are in talks with many other communities beyond that. The example set by Raploch's children in the year described in this report has greatly accelerated this process.

The achievements of the children of Raploch continue to amaze and inspire us. They have become an example and an inspiration not only to Scotland, but to many other nations beyond our borders; but remember, this is just the beginning - there are many more children and communities who can benefit from this programme and we want to be there for all of them.

Richard Holloway



**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012**

OBJECTIVES AND ACTIVITIES

Objectives and Aims

Transform Children's Lives with Music:

Create new life opportunities for children and families in the areas where we work.
Develop children's social skills, confidence, aspiration and drive.
Grow children's respect, understanding, empathy for each other, and emotional intelligence.
Support and encourage the most vulnerable to become involved.

Empower Communities:

Create opportunities for parents and families to contribute to and shape the orchestra programme.
Provide opportunities for parents and families to develop their social skills, parenting skills, confidence and aspiration.
Create a community programme of national significance and recognition.
Link communities from Scotland with others across the globe.

Grow Future Orchestras:

Learn from the teaching philosophy and methodology of El Sistema and apply to developing children's orchestra centres in Scotland.
Create fully accessible and inclusive orchestras.
Employ, train and invest in musicians to focus on the holistic development of the children and the orchestra.
Support children in all areas of their development.
Recognise individual struggle and achievement.

Create a 21st Century Charity:

Create an organisation of national significance that focuses on community development.
Constantly strive to provide communities in most need with the best work we can.
Develop pioneering, collaborative working partnerships with a range of services.
Invest in and understand the benefits of staff personal and professional development

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012**

ACHIEVEMENT AND PERFORMANCE

Charitable activities July 2011- June 2012

This period represents the fourth full year of activity in the community of Raploch, Stirling and it culminated in a very public performance with 116 children between the ages of 6 and 13, who live or go to school in the community of Raploch, performing with Maestro Gustavo Dudamel and the Simón Bolívar Symphony Orchestra. The Big Concert on 21st June 2012 represented the opening event of the London 2012 Festival, as part of the London 2012 Olympics, and was performed to a live audience of 7,000 and an estimated BBC4 broadcast audience of 333,000. The concert was also the subject of a two part programme on BBC World news which was broadcast in 200 countries and a BBC2 documentary.

The year leading up to the Big Concert saw the appointment of a Director of Music, the consolidation of the full symphony orchestra model and the oldest children involved with Big Noise transition from Primary to Secondary School. A major focus was the importance of individual practice; and the older and more advanced players attended after school four afternoons per week, increased from three afternoons which had been the shape of the programme until then.

A dedicated team of 14 musicians delivered the core programme to 447 children each week. We worked with all 141 Primary 1 and nursery aged children from Raploch and Our Lady's Primary schools and Raploch Nursery and all 21 children with special educational needs attending Castlevue School (aged 5-18). All 223 children from P2-P7 attending Raploch and Our Lady's Primary schools experience Big Noise, either participating in the after school programme and receiving individual instrumental lessons or receiving general music lessons during school time. Of the 20 children who transitioned to Secondary School in August 2011, 14 performed in the Big Concert in June 2012 and are committed members of Big Noise. Baby Noise for pre nursery children was launched and attracts 40 babies with their parents/carers each week. There are now 38 members of The Noise, our Adult Orchestra including parents, grandparents, volunteers and members of staff from the community campus.

Big Noise Raploch children performed a range of concerts throughout the year including an arrangement of Beethoven's Ode to Joy which they played alongside the BBC Scottish Symphony Orchestra, National Youth Choir of Scotland, students of the Royal Conservatoire of Scotland, and Nicola Benedetti in Music Nation, an Olympic themed event broadcast on BBC Scotland from the SECC in Glasgow. Brass players received a bronze award at the Scottish Youth Brass Band Competition and some of the children took part in Stirling Council's Primary Music Day. Local performances within the community campus, at Wallace High School and at several care homes complemented trips away from home as 23 members of the intermediate string ensemble went on a one night residential to Inversnaid and 55 children from the Big Noise Symphony Orchestra had an intensive 3 day residential at Castle Toward to prepare for the Big Concert.

The children continue to benefit from the many partnerships and role models they encounter throughout the programme. Nicola Benedetti visits Raploch regularly to work with and inspire the children and the BBC Scottish Symphony Orchestra "buddies" rehearsed side-by-side with the children to prepare for the arrival of the Simón Bolívar Symphony Orchestra. Trips to hear the Scottish Chamber Orchestra, Royal Scottish National Orchestra, Nicola Benedetti and percussion soloist Colin Currie were arranged for the wide range of those involved including babies, nursery, children and adults. The older children are encouraged to be role models themselves and 12 children were nominated by their peers to be Big Noise Ambassadors, helping out at various events including representing Big Noise at a civic reception hosted by Stirling Council at Stirling Castle to welcome our Venezuelan guests to Scotland.

This year saw our partnership with Maestro Abreu and Fundamusal Bolívar (the founders of El Sistema in Venezuela) reach new heights as Gustavo Dudamel and the Simón Bolívar Symphony Orchestra undertook a four day residency in Raploch culminating in the Big Concert. This provided an exceptional opportunity for Big Noise children to get to know, rehearse and perform side-by-side with the SBSO under the direction of Gustavo Dudamel. In addition, the Venezuelans performed seven chamber concerts in the community and all Primary children attended part of their orchestral rehearsal. The impact of the visit was not restricted to the community of Raploch. Gustavo Dudamel conducted 80 promising young musicians from around the country who participated in a 'pop up' orchestra rehearsing side-by-side with members of the SBSO; 50 members of the Scottish Brass Band Association attended a recital by a brass ensemble from the SBSO; The Noise, our adult orchestra, along with members of Stirling City Orchestra rehearsed side-by-side with members of the SBSO; and 250 free tickets to the rehearsal of the Big Concert were given to Stirling Instrumental service.

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012**

ACHIEVEMENT AND PERFORMANCE

Charitable activities July 2011- June 2012

Using the Big Concert as a focus, Sistema Scotland hosted a mini-conference for international visitors from New Zealand, Japan, Sweden, Kenya/India, Korea, Wales, Ireland and America to share our approaches to the musical teaching of young children in the context of social change. Throughout the year we regularly hosted Learning Visits: opportunities for interested people to observe our work in action, ask questions and learn about our history and aims for the future. During the year Sistema Scotland's Chief Executive has spoken at conferences in Scotland, England and USA and the Director of Music, along with two Sistema Scotland musicians, contributed to a conference in Sweden. In our continued partnership with Sistema Aotearoa in New Zealand, helping them establish their Sistema programme, the word 'Raploch' is synonymous with achievement and aspiration.

Volunteers

Nineteen volunteers including parents from the Raploch community and others from as far afield as USA provided invaluable support for Big Noise Raploch over the year. Offering between 13 and 495 hours each, the volunteers committed over 3,500 hours in roles such as librarian, administrator of the practice reward scheme and overseeing the growing stock of instruments as well as undertaking the huge daily task of transforming the community campus into the equivalent of a Venezuelan Nucleo - and back again. Our American volunteer returned for another summer school and is now a graduate of the Abreu Fellowship and is about to set up a Sistema programme in USA. All volunteers received training in child protection and an induction into the methods and ethos of Sistema Scotland.

FINANCIAL REVIEW

Reserves policy

The directors are committed to ensuring sustainability of the charitable activities and, in line with best practice, consider that the ideal level of reserves should be equivalent to 3 months running costs. This has been achieved at 30 June 2012 and the directors wish to maintain this level in future years. In line with this policy three months running costs have been moved to a designated fund.

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012**

FINANCIAL REVIEW

Principal funding sources

We are enormously grateful to the many who have generously supported the work of Sistema Scotland in this period including:

James and Morag Anderson
Ayrshire Music Festival
The Misses Barrie Charitable Trust
The Bacher Trust
BBC Children in Need
The Binks Trust
The Cattanach Charitable Trust
Creative Scotland
Gustavo Dudamel
Esmée Fairbairn Foundation
Gordon Fraser Charitable Trust
The Hugh Fraser Foundation
J Paul Getty Jr Charitable Trust
Fiona Grant
Paul Hamlyn Foundation
Susan Hampshire
The Mabel Harper Charitable Trust
Richard and Jean Holloway
Eda, Lady Jardine Charitable Trust
The MacRobert Trust
The Monument Trust
The Oldhurst Trust
The Sigrid Rausing Trust
The Robertson Trust
Allan Ronald
Peter Shawdon
Gordon Small Charitable Trust
The Samuel Storey Family Charitable Trust
Thirkleby Trust

and those who request anonymity and many individuals.

We are also most grateful to Stirling Council, BBC Scotland and Arnold Clark who have provided valuable support 'in kind'.

Funding for the Big Concert

The Big Concert was arranged and promoted through Sistema Scotland (Trading) Limited, a wholly owned subsidiary of Sistema Scotland. No funding committed to the annual work of Sistema Scotland was used in the production of The Big Concert. We would like to thank Creative Scotland, The Olympic Lottery Distributor, Stirling Council, EventScotland, Scottish Government, LOCOG, BBC Scotland, the British Venezuelan Society and Unique Events for their support.

Investment policy and objectives

In order to maximise interest received on funds held, Sistema Scotland runs three accounts:

- * Current account for everyday use;
- * Corporate Bonus account for funds not immediately required;
- * Fixed Rate account for funds which will not be required for a 6 month period.

Sistema Scotland also holds £100 of shares in Sistema Scotland (Trading) Ltd.

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012**

FINANCIAL REVIEW

Overview

The figures in this report pertain to the consolidated activities of Sistema Scotland and its subsidiary Sistema Scotland (Trading) Ltd. Funds raised for the charitable activities of Sistema Scotland fell narrowly short of the expenditure required due to timing of various donations. However this gives no cause for concern given our current level of reserves. The growing nature of the work in Raploch and the plans for expansion to other centres inevitably pose an increasing requirement for funding in the future. Sistema Scotland (Trading) Ltd presented the Big Concert and made a profit of £2,707 which was donated to the parent company, Sistema Scotland.

FUTURE DEVELOPMENTS

In 2012-13, Sistema Scotland plans to consolidate the programme of work in Raploch, Stirling and to open our second centre in Govanhill, Glasgow. In November 2012 the Scottish Government confirmed a substantial funding package contributing to Big Noise Govanhill, Big Noise Raploch and Sistema Scotland's national development. Following Stirling Council's unanimous agreement to support Big Noise Raploch into the future we intend to finalise a long term funding agreement with the Council. The Board has judiciously assessed the financial implications of doubling the size of the organisation with the expansion to a second centre and acknowledges a shift in the future funding of the organisation from primarily private sector funding to greater partnership funding with the public sector playing a very significant role for the first time. Sistema Scotland will redouble its efforts to raise additional funding from trusts, foundations and individuals to complement the public sector funding and ensure the continued independence of the organisation. Following the Big Concert, the children of Big Noise Raploch were invited to visit Venezuela and we are exploring the feasibility of taking up this opportunity in 2013 or 2014. 2012-13 promises to be another exciting year for Sistema Scotland as we see enhanced benefits of membership of the programme in Raploch and expand the programme to new communities.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors (who are also the trustees of Sistema Scotland for the purposes of charity law) are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- 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 charitable company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

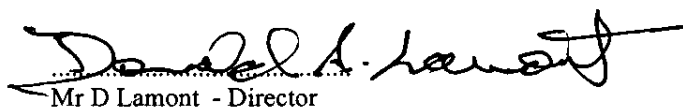
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012**

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'Donald A. Lamont', with a long horizontal stroke extending to the right.

Mr D Lamont - Director

Date: 13 December 2012

CONSOLIDATED ACCOUNTS
REPORT OF THE INDEPENDENT AUDITORS TO THE DIRECTORS OF
SISTEMA SCOTLAND

We have audited the financial statements of Sistema Scotland for the year ended 30 June 2012 on pages twelve to twenty one. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's directors, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' 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 charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

The directors have elected for the financial statements to be audited in accordance with the Charities and Trustee Investment (Scotland) Act 2005 rather than also with the Companies Act 2006. Accordingly we have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with that Act.

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors 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.

Opinion on financial statements

In our opinion the financial statements:

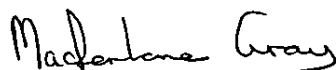
- give a true and fair view of the state of the charitable company's affairs as at 30 June 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

**CONSOLIDATED ACCOUNTS
REPORT OF THE INDEPENDENT AUDITORS TO THE DIRECTORS OF
SISTEMA SCOTLAND**

Matters on which we are required to report by exception

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

- the information given in the Report of the Directors is inconsistent in any material respect with the financial statements ; or
- the charitable company has not kept proper and adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Macfarlane Gray Limited
part of French Duncan LLP
Chartered Accountants & Registered Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Macfarlane Gray House
Castle Craig Business Park
Springbank Road
Stirling
Stirlingshire
FK7 7WT

Date: 13 December 2012

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2012**

		Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
	Notes				
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	401,701	326,450	728,151	988,213
Investment income	3	7,913	-	7,913	9,517
Trading income	4	771,320	-	771,320	-
Incoming resources from charitable activities					
Charitable	5	1,000	-	1,000	8,985
Other incoming resources		-	-	-	100
Total incoming resources		1,181,934	326,450	1,508,384	1,006,815
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	6	6,417	52,675	59,092	48,817
Trading Expenses	7	732,170	-	732,170	-
Charitable activities					
Charitable	8	88,446	633,019	721,465	676,033
Governance costs	10	8,376	6,967	15,343	16,931
Total resources expended		835,409	692,661	1,528,070	741,781
NET INCOMING/(OUTGOING) RESOURCES					
		346,525	(366,211)	(19,686)	265,034
RECONCILIATION OF FUNDS					
Total funds brought forward		281,161	366,211	647,372	382,338
TOTAL FUNDS CARRIED FORWARD		627,686	-	627,686	647,372

The notes form part of these financial statements

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2012**

		2012
	Notes	£
FIXED ASSETS		
Investments		-
CURRENT ASSETS		
Debtors: amounts falling due within one year	16	230,659
Cash at bank		<u>778,719</u>
		1,009,378
CREDITORS		
Amounts falling due within one year	17	<u>(381,692)</u>
NET CURRENT ASSETS		<u>627,686</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		627,686
CREDITORS		
Amounts falling due after more than one year	18	-
NET ASSETS		<u>627,686</u>
FUNDS	20	
Unrestricted funds:		
General fund		205,424
Designated fund		<u>422,262</u>
		627,686
Restricted funds:		
Restricted fund		-
TOTAL FUNDS		<u>627,686</u>

The notes form part of these financial statements

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
CONSOLIDATED BALANCE SHEET - CONTINUED
AT 30 JUNE 2012**

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2012.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006, requiring an audit of these financial statements.

The directors acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements 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 Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

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 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 13 December 2012 and were signed on its behalf by:


Mr D Lamont - Director

The notes form part of these financial statements

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
COMPANY BALANCE SHEET
AT 30 JUNE 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Investments	15	100	-
CURRENT ASSETS			
Debtors	16	98,627	50,162
Cash at bank		<u>674,172</u>	<u>786,389</u>
		772,799	836,551
CREDITORS			
Amounts falling due within one year	17	<u>(145,213)</u>	<u>(139,179)</u>
NET CURRENT ASSETS		<u>627,586</u>	<u>697,372</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		627,686	697,372
CREDITORS			
Amounts falling due after more than one year	18	-	(50,000)
NET ASSETS		<u>627,686</u>	<u>647,372</u>
FUNDS	20		
Unrestricted funds:			
General fund		205,424	281,161
Designated fund		<u>422,262</u>	-
		627,686	281,161
Restricted funds		-	<u>366,211</u>
TOTAL FUNDS		<u>627,686</u>	<u>647,372</u>

The notes form part of these financial statements

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
COMPANY BALANCE SHEET - CONTINUED
AT 30 JUNE 2012**

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2012.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006, requiring an audit of these financial statements.

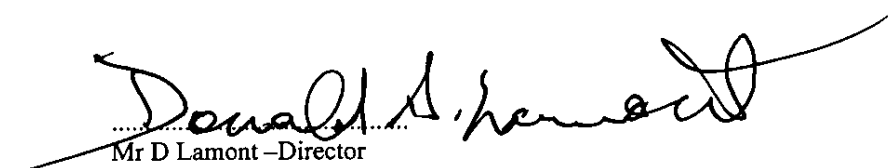
The directors acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements 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 Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 44(1)(c) of the Charities and Director Investment (Scotland) Act 2005.

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 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 13 December 2012 and were signed on its behalf by:


.....
Mr D Lamont - Director

The notes form part of this financial statements

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Basis of Consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. As a consolidated Statement of Financial Activities is published, a separate Statement of Financial Activities for the parent company is omitted from the group accounts by virtue of section 408 of the Companies Act 2006.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Allocation and apportionment of costs

All costs are allocated between the expenditure categories of the statement of financial activity on a basis designed to reflect the use of resources. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

Tangible fixed assets

From 1 July 2009 fixed asset additions including purchases of musical instruments are no longer being capitalised but are being written off through the statement of financial activities in the year of purchase. Any assets on the fixed asset register with a net book value at the start of the year were fully depreciated in the year.

Taxation

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

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the directors.

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.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Gifts in kind

Gifts in kind represent the value of benefits to the company. These values are based on actual costs. The total value is presented in the financial statements as both an incoming and outgoing resource.

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2012**

2. VOLUNTARY INCOME

	2012	2011
	£	£
Gifts in kind	34,397	30,236
Donations	347,558	320,430
Gift aid	43,142	40,906
Grants	<u>303,054</u>	<u>596,641</u>
	<u>728,151</u>	<u>988,213</u>

Grants received, included in the above, are as follows:

	2012	2011
	£	£
Charitable	<u>303,054</u>	<u>596,641</u>

3. INVESTMENT INCOME

	2012	2011
	£	£
Deposit account interest	<u>7,913</u>	<u>9,517</u>

4. TRADING INCOME

	2012	2011
	£	£
Trading income	<u>771,320</u>	<u>-</u>

The trading income is from Sistema Scotland (Trading) Ltd.

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Activity	2012	2011
		£	£
Sundry charitable activities	Charitable	1,000	428
Millennium Quartet Tour	Charitable	-	8,557
		<u>1,000</u>	<u>8,985</u>

6. COSTS OF GENERATING VOLUNTARY INCOME

	2012	2011
	£	£
Staff costs	15,075	13,437
Fundraising	<u>44,017</u>	<u>35,380</u>
	<u>59,092</u>	<u>48,817</u>

The fundraiser approaches organisations, trusts etc with a view to obtaining grants and donations.

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2012**

7. TRADING EXPENSES

	2012 £	2011 £
Trading expenses	<u>732,170</u>	<u>-</u>

The trading expenses are from Sistema Scotland (Trading) Ltd.

8. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Support costs (See note 9) £	Totals £
Charitable	<u>547,508</u>	<u>173,957</u>	<u>721,465</u>

9. SUPPORT COSTS

	Management £
Charitable	<u>173,957</u>

10. GOVERNANCE COSTS

	2012 £	2011 £
Staff costs	6,967	8,625
Board expenses	4,066	3,502
Audit/accountancy fee	4,116	3,804
Legal fees	<u>194</u>	<u>1,000</u>
	<u>15,343</u>	<u>16,931</u>

11. DIRECTORS' REMUNERATION AND BENEFITS

There were no directors' remuneration or other benefits for the year ended 30 June 2012 nor for the year ended 30 June 2011.

Directors' Expenses

Directors' travel and subsistence expenses of £671 (2011- £562) were paid to R Holloway, £11 (2011- £322) to N Benedetti and £2,299 (2011- £1,240) to F McWilliam.

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2012**

12. STAFF COSTS

	2012 £	2011 £
Wages and salaries	505,154	438,352
Social security costs	43,795	36,654
Other pension costs	<u>18,610</u>	<u>14,945</u>
	<u>567,559</u>	<u>489,951</u>

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

	2012	2011
Management and administration	6	3
Musicians and support workers	<u>18</u>	<u>23</u>
	<u>24</u>	<u>26</u>

There were no staff members with remuneration in excess of £60,000. The number of full time equivalent is 18 (2011 - 19.5)

13. GIFTS IN KIND

Stirling Council provided services and accommodation to the value of £23,265 (2011-£15,766). This has been entered as a gifts in kind in income and in the appropriate expenditure category.

The BBC provided musicians to buddy the children and play at events. The cost of this has been estimated at £10,922 (2011 - £11,970). It has been entered as gifts in kind for the income and as wages. In 2011 they also provided accommodation which was estimated as £1,500 and entered in income as gifts in kind and an expense of room hire.

Arnold Clark provided a people carrier for two days FOC value £210 (2011- £Nil)

Broodies Solicitors provided advice of £nil (2011- £1,000).

14. TANGIBLE FIXED ASSETS

Group and the Company

	Computer equipment £
COST	
At 1 July 2011 and 30 June 2012	<u>6,115</u>
DEPRECIATION	
At 1 July 2011 and 30 June 2012	<u>6,115</u>
NET BOOK VALUE	
At 30 June 2012	<u>-</u>
At 30 June 2011	<u>-</u>

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2012**

15. FIXED ASSET INVESTMENTS

The group has no investments.

The company owns 100% of the shares in Sistema Scotland (Trading) Ltd.

	Shares in group undertakings £
MARKET VALUE	
Additions	<u>100</u>
 NET BOOK VALUE	
At 30 June 2012	<u>100</u>
At 30 June 2011	<u>-</u>

There were no investment assets outside the UK.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2012 £	Company 2012 £	2011 £
Trade debtors	230,659	59,477	50,162
Amounts owed by group undertakings	<u>-</u>	<u>39,150</u>	<u>-</u>
	<u>230,659</u>	<u>98,627</u>	<u>50,162</u>

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2012**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	2012	2012	2011
	£	£	£
Trade creditors	236,479	-	-
Social security and other taxes	14,117	14,117	12,946
Other creditors	272	272	969
Accruals	49,423	49,423	27,768
Pension accrual	2,599	2,599	18,694
Deferred income	<u>78,802</u>	<u>78,802</u>	<u>78,802</u>
	<u>381,692</u>	<u>145,213</u>	<u>139,179</u>

Deferred Income

	Unrestricted	Restricted	2012	2011
Balance as at 1 July 2011	-	78,802	78,802	44,081
Amount released to incoming resources	-	(78,802)	(78,802)	(44,081)
Amount deferred in year	=	<u>78,802</u>	<u>78,802</u>	<u>78,802</u>
Balance as at 30 June 2012	=	<u>78,802</u>	<u>78,802</u>	<u>78,802</u>

Deferred income of £28,802 (2011-£28,802) is from BBC Children in Need for the Summer School. £50,000 (2011-£50,000) is from the Paul Getty Trust which the Trust specifies is for future years.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

£Nil (2011-£50,000) is from J Paul Getty Trust which the Trust specifies is for future years.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP

	Unrestricted	Restricted	2012
	funds	funds	Total
	£	£	funds
	£	£	£
Current assets	930,576	78,802	1,009,378
Current liabilities	(302,890)	(78,802)	(381,692)
Long term liabilities	-	-	-
	<u>627,686</u>	<u>-</u>	<u>627,686</u>

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2012**

COMPANY

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Investments	100	-	100	-
Current assets	693,997	78,802	772,799	836,551
Current liabilities	(66,411)	(78,802)	(145,213)	(139,179)
Long term liabilities	-	-	-	(50,000)
	<u>627,686</u>	<u>-</u>	<u>627,686</u>	<u>647,372</u>

**20. MOVEMENT IN FUNDS
GROUP**

	At 1/7/11 £	Net movement in funds £	Transfers between funds £	At 30/6/12 £
Unrestricted funds				
General fund	281,161	346,525	(422,262)	205,424
Designated	-	-	422,262	422,262
	<u>281,161</u>	<u>346,525</u>	<u>-</u>	<u>627,686</u>
Restricted funds				
Charitable	366,211	(366,211)	-	-
	<u>366,211</u>	<u>(366,211)</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS	<u>647,372</u>	<u>(19,686)</u>	<u>-</u>	<u>627,686</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,181,934	(835,409)	346,525
Restricted funds			
Charitable	326,450	(692,661)	(366,211)
	<u>326,450</u>	<u>(692,661)</u>	<u>(366,211)</u>
TOTAL FUNDS	<u>1,508,384</u>	<u>(1,528,070)</u>	<u>(19,686)</u>

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2012**

**20. MOVEMENT IN FUNDS
COMPANY**

	At 1/7/11 £	Net movement in funds £	Transfers between funds £	At 30/6/12 £
Unrestricted funds				
General fund	281,161	346,525	(422,262)	205,424
Designated	-	-	422,262	422,262
	281,161	346,525	-	627,686
Restricted funds				
Charitable	366,211	(366,211)	-	-
TOTAL FUNDS	<u>647,372</u>	<u>(19,686)</u>	<u>-</u>	<u>627,686</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	449,764	(103,239)	346,525
Restricted funds			
Charitable	326,450	(692,661)	(366,211)
TOTAL FUNDS	<u>776,214</u>	<u>(795,900)</u>	<u>(19,686)</u>

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
DETAILED CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 £	2011 £
INCOMING RESOURCES		
Voluntary income		
Gifts in kind	34,397	30,236
Donations	347,558	320,430
Gift aid	43,142	40,906
Grants	<u>303,054</u>	<u>596,641</u>
	728,151	988,213
Investment income		
Deposit account interest	7,913	9,517
Trading income	771,320	-
Incoming resources from charitable activities		
Sundry charitable activities	1,000	428
Millennium Quartet Tour	<u>-</u>	<u>8,557</u>
	1,000	8,985
Other incoming resources		
On line filing	-	100
	<u>1,508,384</u>	<u>1,006,815</u>
RESOURCES EXPENDED		
Costs of generating voluntary income		
Wages	12,940	11,753
Social security	1,379	1,213
Pensions	756	471
Fundraising	<u>44,017</u>	<u>35,380</u>
	59,092	48,817
Trading Expenses	732,170	-
Charitable activities		
Wages	404,188	345,178
Social security	34,136	27,596
Pensions	13,392	11,432
Musicians' training trips	12,210	22,236
Children's trips	12,964	4,310
Children's catering	27,720	13,019
Special events	279	1,320
Musician training	3,474	4,631
Instruments	11,237	50,232
Misc programme costs	21,118	14,698
Carried forward	<u>540,718</u>	<u>494,652</u>

This page does not form part of the statutory financial statements

**SISTEMA SCOTLAND
CONSOLIDATED ACCOUNTS
DETAILED CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 £	2011 £
Charitable activities		
Brought forward	540,718	494,652
Room hire	<u>6,790</u>	<u>8,538</u>
	547,508	503,190
Governance costs		
Board expenses	4,066	3,502
Wages	6,036	7,608
Social security	595	751
Pensions	336	266
Audit/accountancy fee	4,116	3,804
Legal fees	<u>194</u>	<u>1,000</u>
	15,343	16,931
Support costs		
Management		
Wages	81,990	73,813
Social security	7,685	7,094
Pensions	4,126	2,776
Insurance	3,499	3,432
Telephone and IT	6,484	4,291
Postage and stationery	4,935	3,612
Communications/press	23,124	20,000
Sundries	3,723	2,179
Recruitment costs	4,916	5,395
Training and development	10,373	7,190
Translation	1,525	2,269
Bank charges	180	143
Marketing, brand and promotion	1,030	3,686
Office expenses	1,039	15,890
Property costs	15,976	12,228
Travel and subsistence	2,099	4,264
Professional fees	<u>1,253</u>	<u>4,581</u>
	173,957	172,843
Total resources expended	<u>1,528,070</u>	<u>741,781</u>
Net (expenditure)/income	<u>(19,686)</u>	<u>265,034</u>

This page does not form part of the statutory financial statements