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**SISTEMA SCOTLAND**  
(A Company Limited by Guarantee)

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS DIRECTORS AND ADVISERS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**Directors**

Nicola Benedetti CBE (resigned 5 September 2019)  
Margaret Cunningham, Deputy Chair (resigned 11 December 2019)  
Kezia Dugdale (appointed 1 September 2019)  
Dr Lois Fitch (appointed 23 June 2020)  
Angiolina Foster CBE  
Benny Higgins, Chairman  
Dr Kathryn Jourdan (resigned 21 September 2020)  
Dr Paul Jourdan (resigned 23 June 2020)  
Donald Lamont  
Sally Magnusson Stone (resigned 23 June 2020)  
Fergus McWilliam  
Catherine Muirden (appointed 1 October 2020)  
Paul Philbert MBE (appointed 1 October 2020)  
Irene Tweedie  
Andrew Wilson (appointed 1 September 2019)

**Company registered number**

SC312903

**Charity registered number**

SC039119

**Registered office**

Raploch Community Campus  
Drip Road  
Stirling  
FK8 1RD

**Company secretary**

David Sinclair

**Chief executive officer**

Nicola Killean OBE

**Director of music**

Peter Nicholson

**Patron**

Gustavo Dudamel

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS DIRECTORS AND ADVISERS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Independent auditor**

French Duncan LLP  
Macfarlane Gray House  
Castlecraig Business Park  
Springbank Road  
Stirling  
FK7 7WT

**Bankers**

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

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**SISTEMA SCOTLAND**  
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**CHAIRMAN'S STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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The Chairman presents his statement for the period.

2019/20 has undoubtedly been a year of challenge for us all. The Covid-19 pandemic has exposed and illuminated the scale of inequalities in our society, and it has clearly shown those individuals and organisations who can be responsive to a changing environment. I pay tribute at the start of my statement to the determination, imagination and compassion shown by the entire Sistema Scotland team in their efforts to continue to support the children and families in the communities where we work throughout the year and particularly since March and the arrival of Covid-19.

The Big Noise programmes now have an even bigger role to play in supporting children, their families, and the communities. You will read in the following pages of the variety of ways in which the inspirational musicians have worked tirelessly to engage with Scotland's children and reveal their potential, encouraging all to participate, collaborate and perform for their families, communities and wider audiences. These activities have been proven to help build confidence, develop life skills and secure emotional wellbeing among a range of impacts.

We are fortunate indeed to have extraordinary friends including Nicola Benedetti and the BBC Scottish Symphony Orchestra who have provided exceptional opportunities for the children and young people and we are most grateful to all who partner with us to help raise the aspirations of all who participate.

I would like to pay tribute to the families who have supported their children to be a part of Big Noise, even when a national lock-down meant this had to be online. The trusted relationships between musician and child/young person and their families has in many cases been strengthened during this extraordinary time. The pace with which the organisation has pivoted to deal with this unimaginable disruption to our lives has been breath-taking. Long-held aspirations to develop a digital Big Noise model were implemented in a matter of weeks to support the emotional well-being of the children and young people. We look forward to building on the lessons learned so that we can be even more impactful in our work going forward.

During the course of the year we said goodbye to a number of our long-standing Board members, all of whom have contributed greatly to the organisation. They leave with our sincere thanks and we are delighted to have welcomed new Board members bringing a range of expertise and skills.

The Black Lives Matter movement has stimulated debate about how society is affected by and deals with racism. It has prompted us to address wider questions of how rigorous and effective our policies and practices are around all issues of diversity, inclusion and the rejection of prejudice within our organisation.

The coming months will require us to continue to be flexible and adapt our programme delivery to support the children and families in an unpredictable world. We are hugely grateful to our funders: the Scottish Government, local authorities and the many trusts, foundations and individuals who support this important work, investing in the lives of some of our most vulnerable children. The Big Noise programmes will play an essential role in supporting the recovery of the families and communities and we will work innovatively and in partnership to secure the continuity of engagement which is proven to be so vital.

Benny Higgins  
Chairman

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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The directors (who are also charity trustees for the purposes of charity law) present their Annual Report together with the audited financial statements of Sistema Scotland (the company) for the year ended 30 June 2020. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law. The directors confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the company qualifies as small under section 383, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 is not required.

**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 within Scotland and with communities across the globe.

**Grow Future Orchestras:**

Inspired by the Venezuelan El Sistema programme, learn from the evaluation of our work and from international best practice.  
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.

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Achievements and performance**

**CHARITABLE ACTIVITIES JULY 2019 - JUNE 2020**

The year 2019-2020 was both a successful and challenging year for Sistema Scotland. While it is tempting to focus primarily on the impact of Covid-19 and its accompanying lockdown, the organisation had an extremely active eight and a half months prior to that point. Over the course of this year, up to mid-March 2020, the charity's Big Noise programmes – in Raploch (Stirling, est. 2008), Govanhill (Glasgow, est. 2013), Torry (Aberdeen, est. 2015) and Douglas (Dundee, est. 2017) - engaged with approximately 2,800 children and young people on a regular basis, from babies to school leavers. These programmes are delivered by Sistema Scotland and funded through a range of partnerships with the private and public sectors.

Sistema Scotland is a community-based, social change charity. It works to support children and young people in some of Scotland's most challenged communities to achieve their full potential, using the teaching and performance of orchestral music and underpinned through nurturing relationships with the Big Noise teams. The organisation's work is intensive, inclusive and, most importantly, long-term.

Key to Sistema Scotland's impact within communities are the Big Noise programmes and their inclusive orchestras. Independent evaluation of Big Noise by the Glasgow Centre for Population Health has shown that participation in the programme supports children and young people to:

1. Increase their confidence, discipline, pride, and aspiration
2. Improve their team-working, communication, and leadership
3. Enhance their academic skills including listening, concentration, and creativity
4. Increase their resilience, happiness, sense of belonging and fulfilment
5. Develop strong musical skills
6. Take up physical activity and healthy eating, while avoiding damaging behaviours
7. Develop positive social groups, peer relationships and cultural engagement.

The children and young people of Big Noise work each day with our team of talented and inspirational musicians, forming trusting relationships that are absolutely vital in delivering the benefits outlined above. The fully developed programme works with children from birth through to adulthood in a seamless pathway and all in the eligible age groups are welcome and encouraged to participate. There is no payment required by participants and no audition or entry requirements; tuition, instruments, healthy snacks, day trips, residential trips, performances and t-shirts are provided.

In typical times, Big Noise programmes are delivered up to four days each week over 43 weeks each year in curriculum time within the schools and nurseries, through after-school and October, Easter and Summer holiday programmes. Sessions include musicianship, instrumental groups and ensembles, large orchestral rehearsals and choirs. Regular concerts within and outwith the communities take place, including Christmas and birthday concerts, at each Big Noise centre. Musicians encourage parents, carers and adults from the wider community to become involved by attending the regular sharing events, special events such as a Burns supper or Big Noise ceilidh, and also by engaging with the adult music-making programmes (such as community choirs and adult orchestras) and through volunteering.

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Achievements and performance (continued)**

**KEY EVENTS AND ACTIVITIES**

In late July and early August 2019, YOLA (Youth Orchestra Los Angeles, the Los Angeles Philharmonic's Sistema-inspired programme) and YOLA National (with participants from across the United States) had a short residency at Big Noise Raploch. The Raploch Residency focused not only on music and performance, but also included a range of activities from sports (introducing the U.S. visitors to the delights of rounders) to a ceilidh at the Engine Shed in Stirling and a community barbeque in the heart of Raploch. Paolo Bortolameoli, Associate Conductor of the LA Phil, also visited to lead rehearsals at the Raploch Campus. The grand finale was an open rehearsal in Edinburgh's Usher Hall during the opening weekend of the Edinburgh International Festival, conducted by none other than Music Director of the LA Phil and longstanding Patron of Sistema Scotland, Gustavo Dudamel. Dudamel's commitment to using music to help children and young people in disadvantaged communities is well-known. A graduate of the original El Sistema programme in Venezuela, he established YOLA in 2007, inspired by his own experience.

In early September, we were delighted to welcome Kezia Dugdale and Andrew Wilson as new members of the Sistema Scotland board, followed in June 2020 by Dr Lois Fitch. They bring a wealth of knowledge and experience to our organisation, as well as a huge commitment to meaningful social change.

From 2nd-5th October, after many months of planning, the BBC Scottish Symphony Orchestra took up residence in Scotland's largest school – Holyrood Secondary – in Govanhill, the country's most diverse community. The professional musicians of the BBC SSO not only performed for, but also played alongside, over a thousand children and young people from across Govanhill, including around 100 young musicians from Big Noise Govanhill. The residency featured a broad array of activities, from specialist performance and composition workshops delivered by music presenter and singer, Lucy Drever, to side-by-side rehearsals and a huge community concert, led by noted French conductor Chloé van Soeterstède. The Govanhill Residency was a truly inspirational experience for the participants from Big Noise Govanhill.

At the end of December, our Chief Executive, Nicola Killean, was awarded an OBE in the New Year Honours List for services to Music, Children and Community Cohesion. Nicola was the very first employee of Sistema Scotland when it was established in 2007. In collaboration with a team of dedicated staff and volunteers, and the ongoing support of the local community, she has led the design and implementation of the original Big Noise programme model and its continuing development since then.

In early March 2020, we were accredited as a Living Wage employer by Living Wage Scotland. We are committed to being a responsible employer by providing support and supervision, fair work opportunities, as well as training and professional development for all staff members. Our Living Wage commitment ensures that everyone working at Sistema Scotland, regardless of whether they are direct employees or third-party contracted staff, receives a minimum hourly wage of £9.30. This rate is higher than the statutory minimum for over 25s of £8.21 per hour introduced in April 2019.

Also in early March, Sistema Scotland received The John Byrne Award for Outstanding Contribution to Social Discourse (for an organisation). Founder and first Chair of Sistema Scotland, Richard Holloway, was awarded The John Byrne Award for Outstanding Contribution (for an individual).

On Wednesday 18th March 2020, in response to Scottish Government guidance relating to Covid-19, we made the difficult decision to pause our face-to-face delivery of the Big Noise programme across our four centres in Raploch, Govanhill, Torry and Douglas. Two days later, schools across Scotland were closed and, as it turned out, would not open again until August. We quickly decided that our first priority was maintaining our network of relationships so that we could continue to support the wellbeing of our children and young people. The entire team immediately started to work from home and we chose not to furlough any staff.



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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Achievements and performance (continued)**

In order to be able to continue to support our communities, we established the Big Noise Virtual After-School Club - a digital version of the after-school programme that our Big Noise centres deliver to children from Primary 3 to S6. We contacted families in our four communities to find out what IT equipment they were able to access (and share with their children), whether they had Wi-Fi, and if they would consent to their children receiving online lessons from Big Noise via video link during the lockdown. The response was overwhelmingly positive. Sistema Scotland provided IT equipment and support directly to a small number of families, who would otherwise have been unable to participate in online lessons. The first Big Noise lessons via video call started in the second week of April 2020.

Adapting the Big Noise programme to a digital form of delivery was not straightforward. The process of doing so highlighted the challenges faced by so many families in our communities: long-term social, economic and health inequalities which pre-date Covid-19 and have been exacerbated by it. Also critical to this shift was identifying, understanding and addressing the safeguarding issues that arise when you create a direct digital link into a child's personal space. We built on our own experience of over 12 years of teaching children and young people, and also sought advice and expertise on the areas that were new to us – particularly the use of video conferencing for teaching. This necessitated a major update of our Safeguarding Policy with detailed procedures for remote teaching through digital channels.

In May 2020, we were able to host virtual visits for Cabinet Secretaries Fiona Hyslop MSP and Aileen Campbell MSP, sharing digital activities and engagement from across our four centres.

By late June 2020, our Big Noise centres had delivered over 3,000 live online lessons and created over 500 pre-recorded teaching videos. The Big Noise centres also worked closely with local schools and councils, providing broader signposting and connection to welfare services as well as food and activity packs during the summer holiday period.

Throughout the year, the management team has worked to develop a refreshed strategy for Sistema Scotland. In the light of the pandemic, this strategy will now run until 2022.

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Achievements and performance (continued)**

**PROGRAMME REPORTS**

**Big Noise Raploch** works with almost 500 children and young people, from babies to school leavers. All children attending Raploch Nursery, Raploch and Our Lady's Primary Schools and Castleview School (for children with additional support needs) participate in Big Noise sessions each week along with older children and young people who live in Raploch and attend Wallace and St Modan's High Schools. It also runs a Community Chorus and an Adult Orchestra.

In September 2019, we were delighted to welcome world-renowned violinist and Big Noise Big Sister, Nicola Benedetti, back to Raploch for a special string players' workshop. In October, Big Noise Raploch ran a Stirling-wide holiday club, culminating in a great sharing concert at Raploch Community Campus. In November, the children and young people performed at the Stirling Arcade Christmas Extravaganza. In February, both Joan McAlpine MSP and Permanent Secretary Lesley Evans visited Big Noise Raploch to see the programme in action.

We have continued to support our Young Leaders strand of activity and, for the first time, in 2019 we helped the children and young people gain official accreditation for their participation in Big Noise Raploch through formal award programmes managed by Youth Scotland. These start with the more informal Hi-5 awards (for children aged five and up), then Dynamic Youth Awards (for young people aged 10 and up, equivalent to a National 3 qualification) through to Youth Achievement Awards (for young people aged 14 and up, equivalent to a range from National 4 to an Advanced Higher qualification, depending on the level undertaken). In the academic year 2019-20, 21 Big Noise children worked towards a Dynamic Youth Award. The team at Big Noise Raploch also helped one of our older young people to complete a Platinum level Youth Achievement Award, which includes leadership and mentoring at Big Noise after-school.

No fewer than 27 Big Noise Raploch children and young people participated during the year in National Youth Choir of Scotland choirs, National Youth Brass Bands of Scotland, National Youth Orchestra and Jazz Orchestras, Royal Conservatoire of Scotland Juniors and National Orchestra For All.

Big Noise Raploch is also continuing its work to engage with the local community. Its community representative group, established in early 2019, is still going strong and has continued to meet by video call.

When Big Noise Raploch had to pause its face-to-face teaching in mid-March 2020, the team moved to supporting children digitally, delivering over 1,000 live online lessons and creating over 150 pre-recorded teaching videos for participants. In addition, the team supported education provision at the local hub for the children of key workers and other priority families.

Sistema Scotland greatly appreciates the continuing commitment by Stirling Council to Big Noise Raploch and the partnership between our two organisations which supports the delivery and the development of the programme to ensure the best outcomes for the children of Stirling.

**Big Noise Govanhill** works with around 1,300 children and young people from six months of age to second year secondary school in Scotland's most diverse community. The programme is delivered in four local primary schools (Annette Street, Cuthbertson, Holy Cross and St Bride's), two local secondary schools (Holyrood Secondary and Shawlands Academy) and two local nurseries (Cuthbertson and Govanhill) as well as Baby Noise drop-in sessions at Forsyth House.

The children and young people of Big Noise Govanhill have been involved in a number of events through 2019-20 in addition to the BBC Scottish Symphony Orchestra residency. In September 2019, string players from the BBC and United orchestras attended a residential in Pitlochry with their counterparts from Big Noise Raploch. Later that month, the Concert Band and United Orchestra performed at the Govanhill Housing Association AGM. In October, the Concert Band played in Glasgow City Chambers for The Children's Panel.

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Achievements and performance (continued)**

In January 2020, Big Noise Govanhill was visited by Anas Sarwar MSP and in February by local councillor, Dr Soryia Siddique. Big Noise Govanhill also began its own community representative group, which has continued to meet by video call during the lockdown period. In mid-March, the United Orchestra took part in the Glasgow Music Festival.

When Big Noise Govanhill had to pause its face-to-face teaching in mid-March 2020, the team moved to supporting children digitally, delivering around 800 live online lessons and creating over 200 pre-recorded teaching videos for participants. In addition, during the Covid-19 lockdown the team helped a number of local families to access vital IT equipment and provided signposting to appropriate local services including support with food poverty, housing problems, or lack of access to benefits.

In April three young musicians from Big Noise Govanhill successfully auditioned remotely for the Royal Conservatoire of Scotland Juniors joining two of their peers who enrolled last year.

Sistema Scotland particularly welcomes the support of Govanhill Housing Association and is grateful to Glasgow City Council for its financial contribution towards Big Noise Govanhill. We look forward to developing a long-term collaboration with the Council to further support investment in this community.

**Big Noise Torry** in Aberdeen welcomed its fifth intake of children and now works with around 600 children from six months up to Primary 7 (age 12). The Big Noise Torry team continued to work across two different sites - Walker Road and Tullos Primary Schools - due to the redevelopment of the former Torry Academy into a new community hub. They also used a dedicated office space in Victoria Road in the heart of Torry.

The children of Big Noise Torry performed at the official re-opening of the Aberdeen Art Gallery & Museum in November 2019. Later that month, they joined the pupils of the International School of Aberdeen for a day of learning and performance, as well as making new friends.

December 2019 saw a new approach to the Big Noise Christmas performance, as Big Noise Torry partnered with Lochside Academy to host a Christmas Ceilidh and Festival, including stalls, dancing and competitions. Choosing this new venue was designed to help familiarise the first cohort of Big Noise to transition to secondary school (in summer 2020) at Lochside Academy.

When Big Noise Torry had to pause its face-to-face teaching in mid-March 2020, the team moved to supporting children digitally, delivering over 1,300 live online lessons and creating over 80 pre-recorded teaching videos for participants. This was facilitated by the strong relationships with the schools who enabled the children's liaison with Big Noise to take place via the school IT platforms. To further keep in touch with children and families the team launched a Facebook Live weekly broadcast featuring songs, activities and star appearances by children performing from their homes. In addition, the team helped a number of local families to access vital welfare support during the Covid-19 lockdown.

In mid-May, Laura Horn, the Big Noise Torry team leader who had been in post since the centre was established in 2015, stepped down from her role to return to Canada. We will be aiming to recruit the Team Leader in Torry by spring 2021.

Big Noise Torry is delivered in partnership with Aberdeen City Council. We are enormously grateful for their financial investment and the practical support which has been provided during this period. In particular we were delighted that the Council demonstrated their confidence in our programmes by deciding at the end of January 2020 to extend their partnership and funding commitment to Big Noise Torry for a further six years.

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Achievements and performance (continued)**

**Big Noise Douglas**, Dundee started working in the community in September 2017. Since then, the programme has expanded to reach over 500 children from Claypotts Castle and St Pius Primary Schools.

In late July 2019, musician Ged Grimes (bassist in the band Simple Minds) came to visit the Big Noise Douglas Holiday Club. He took part in a rehearsal, as well as talking to the children about Big Noise and their hopes for the future. Later in the summer, Big Noise Douglas also received a visit from Jenny Marra MSP.

In October 2019, the children of Big Noise Douglas performed at the Festival of the Future, the University of Dundee's celebration of science, arts and culture. Late January 2020 saw the very first rehearsal of the Big Noise Douglas community orchestra.

When Big Noise Douglas had to pause its face-to-face teaching in mid-March 2020, the team moved to supporting children digitally, delivering over 400 live online lessons and creating over 100 pre-recorded teaching videos for participants. We were particularly pleased to be able to continue teaching one of the Deaf children through three-way online calls including a British Sign Language interpreter and the Big Noise musician. In addition to their work with Big Noise children, musicians from the team also supported the children of key workers and other priority families in the local teaching hub during the lockdown.

Big Noise Douglas is delivered in partnership with Optimistic Sound and Dundee City Council and with the support of Strategic Partner Gannochy Trust. Sistema Scotland would like to pay tribute to these partners for their vision, commitment and support towards developing the programme in this community.

**SUPPORTING OUR STAFF**

Sistema Scotland is committed continually to improve the delivery of the programme and the outcomes for the children and young people, developing its work to ensure best practice in all areas.

On-going professional development and training, particularly in the area of safeguarding, is a strategic priority. All staff receive refresher safeguarding/child protection training annually. Over the course of the year, new staff receive a range of mandatory training including safeguarding/child protection, appropriate touch, de-escalation, health and safety, first aid, manual handling and noise awareness. All staff receive regular supervision sessions: this is protected time with the staff member's line manager and an opportunity to discuss what is going well with his/her work, any issues he/she may be having, identifying areas for professional development and training, and agreeing on actions to take forward. Sessions are scheduled to take place every 8 weeks throughout the year (every 3-4 weeks during their probationary period). Since Covid-19 staff have been supported to work remotely (and flexibly, where appropriate, to take account of childcare/caring responsibilities). Regular online support is in place for all staff, including more frequent check-ins with line managers, wellbeing sessions and more informal gatherings to alleviate feelings of isolation when working from home. This year we have had a particular focus on resilience and Adverse Childhood Experiences (ACEs) during our bi-annual training and development weeks, which have become even more critical following the Covid-19 lockdown period in 2020.

In order to continue the delivery of Big Noise during the lockdown period, our musicians (and a small number of our operations staff, administrative staff and support workers) were challenged to learn basic video editing and production at very short notice. While some of them had significant experience in this area, many more did not, yet all four centres managed to create, edit and share an amazing array of teaching videos which will provide a lasting legacy beyond the epidemic. The Big Noise centres also explored new ways of communicating with communities and their regular Facebook videos became a highlight of this period - one we hope to continue.

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Achievements and performance (continued)**

**VOLUNTEERS**

Volunteers at each of the Big Noise centres play a vital role in the smooth running of the programmes and between 1 July 2019 and 18 March 2020 57 volunteers contributed 2,700 hours of support. We welcome volunteers including parents, teachers, students and others from within and outwith the communities all of whom receive training in safeguarding/child protection and an induction into the methods and ethos of Sistema Scotland. They are supported at a local level by an identified member of staff and centrally by the Volunteer Support Coordinator. Volunteering can provide a helpful pathway into employment and builds closer ties with the communities where we work. From mid-March we were not able to offer volunteering opportunities but kept in touch including through weekly 'music appreciation' sessions and 'coffee breaks' via Zoom.

**Financial review**

**GOING CONCERN**

Since March 2020 the UK and the world have faced unprecedented uncertainty and disruption as a result of Covid-19. The trustees have considered the effects of this pandemic on the operations and any going concern implications for the charity post year-end, and full details are noted in section 2.2 in accounting policies.

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these accounts. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**RESERVES POLICY**

The directors are committed to ensuring sustainability of the charitable activities. At the year end the charity held total reserves of £1,829k. This is split between restricted funds totalling £106k, which are to be used in specific Big Noise locations as detailed in note 18 of the financial statements and £1,722k of free reserves. On a quarterly basis the Finance Committee reviews the level of reserves to ensure that the charity always has sufficient available reserves to be able to honour its contractual commitments in the event of an unexpected funding shortfall. The Board believes that the required minimum level of unencumbered reserves for this purpose is 3 months of projected expenditure. This has been maintained throughout the period under review.

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**PRINCIPAL FUNDING**

We are enormously grateful to all who have generously supported the work of Sistema Scotland in this period, those listed here and many others who prefer to remain anonymous:

Aberdeen City Council	Paul Hamlyn Foundation
Aberdeen Solicitors Property Centre Ltd	Richard and Jean Holloway
Amati Global Investors	Nick Hoskins
Baillie Gifford	Inner Wheel Club of Cambuslang
Bank of Scotland Foundation	Mr & Mrs J M B Trust
Binks Trust	The Maple Trust
Lorne Campbell and family	Murdoch Forrest Charitable Trust
Churchill Drilling Tools	The National Lottery Community Fund
City Charitable Trust	Optimistic Sound
Martin Connell Charitable Trust	Players of People's Postcode Lottery awarding funds from Postcode Culture Trust
Creative Scotland's Youth Music Initiative	
Cruden Foundation	Peter Shawdon
The Peter Cundill Foundation	Sigrid Rausing Trust
Jane Dickinson	The Robertson Trust
Dragados UK Community Investment Fund	Scottish Children's Lottery
Ellem Foundation	Scottish Government
Enterprise Holdings Foundation	The Scottish Ministers' Investing in Communities Fund (via Govanhill Housing Association)
Esmée Fairbairn Foundation	The Scottish Ministers' People and Communities Fund (via Govanhill Housing Association)
Gordon Fraser Charitable Trust	The Scottish Government's Wellbeing Fund
Ron and Peggy Finnie	Stirling Council
Gannochy Trust	Trades House of Glasgow Commonweal Fund
Garfield Weston Foundation	University of Stirling
Glasgow City Council	The Thirkleby Trust
Glasgow Children's Holiday Food Programme	Ruth and Robin Woodburn
Fiona Grant	Diana Yates-Watson
William Grant Foundation	
Jane and John Griffiths	

We would like to acknowledge receipt of bequests from Jenny Bogle, Albert Guinn, Betty Annette Harries and Sheila Lydvo, and donations in memory of Alastair 'Breeks' Brodie, Jim Daily and Ruairidh Sandison.

Thanks also to the many individuals and organisations who make single and regular donations; those who have kindly donated instruments to the programme; others who have made donations in lieu of Christmas and birthday gifts and fundraised in a variety of ways on our behalf. Each and every gift is much appreciated.

We are also most grateful to Aberdeen City Council, Arnold Clark, BBC Scottish Symphony Orchestra, Capital Document Solutions, Dundee Bairs, Dundee City Council, Food and Fun Initiative and Stirling Council who have all provided valuable support in kind.

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**INVESTMENT POLICY AND OBJECTIVES**

The reserves of the charity are held in either a current account or interest bearing accounts. This is kept under regular review to ensure that sufficient liquidity is maintained to enable the organisation to manage its commitments.

**Overview**

Total income (excluding gifts in kind) was £3,632k, representing a year-on-year increase of £121k (3%). Covid-19 related grants totalling £73k were secured close to the year end and over half were taken forward as restricted reserves relating to costs incurred in the next financial year.

Overall expenditure was broadly in line with prior year. Sistema Scotland is particularly grateful for the support provided by existing funders who were flexible with the application and timing of use of their funding as our delivery model has adapted and responded to the restrictions imposed by the Covid-19 pandemic. As mentioned in Key Events and Activities above, we did not furlough any staff and we were able to pivot the delivery to an online model and continue to serve the children and families in all four communities.

Given the ongoing uncertainty regarding the impact the pandemic may have on our ability to raise funds in the future and on our delivery costs as we constantly adapt the model to respond to changes in restrictions, the Directors welcomed an increase in free reserves of £155k. The Board is satisfied that the financial position of the charity remains strong, with free reserves which would support a minimum of 3 months future operating costs in keeping with our Reserves Policy.

**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 HM Revenue & Customs. The Board of Directors sets the policies of the company and the day to day running of the company is controlled by the management executives. In 2011 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, the composition of which is reviewed by the Nomination Committee.

**INDUCTION AND TRAINING OF NEW DIRECTORS**

All newly-appointed directors receive a tailored induction programme, managed by the Company Secretary, including briefings from the Chairman and Chief Executive, meetings with other Board members and staff members, and observation visits to the Big Noise programmes, in order to familiarise themselves with the work of the charity.

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Structure, governance and management (continued)**

**PAY POLICY FOR SENIOR STAFF**

All directors give of their time freely and no director received remuneration during the year. The Remuneration Committee reviews the annual salary of all staff, including the key management personnel of Chief Executive Officer and Director of Music, and makes recommendations to the Board of Sistema Scotland. The Committee considers any changes or additional responsibilities in the roles, benchmarking with comparable organisations (which includes both reviewing salary levels and what other comparable organisations are paying as an annual cost of living award) and the affordability to Sistema Scotland of any increases.

**ORGANISATIONAL STRUCTURE**

Sistema Scotland is governed by a Board which meets at least quarterly and is responsible for the strategic direction of the charity. The Board currently comprises ten non-executive members drawn from a variety of professional backgrounds relevant to the work of the charity. The mix of skills and experience on the Board ensures that members are able to maintain robust and effective oversight of the affairs of the organisation.

The Board has established seven sub-committees:

1. Audit Committee - comprising three non-executive Board members, the Audit Committee meets at least twice per year to oversee the audit of the annual accounts, appointment of auditors, risk management, internal control and financial procedures, IT, compliance and health and safety.
2. Finance Committee - comprising three non-executive Board members, the Finance Committee meets at least quarterly to scrutinise the management accounts, to review any significant investment plans and to monitor cash flow projections and the progress of fundraising activities.
3. Music Committee - comprising the Director of Music and three non-executive Board members, the Music Committee gives independent advice and support to the Director of Music on all musical matters.
4. Remuneration Committee - comprising three non-executive Board members and a co-opted independent member, the Remuneration Committee meets at least twice per year and reviews and makes recommendations to the Board of Sistema Scotland on all salary levels across the organisation including for new posts and the key roles of Chief Executive Officer and Director of Music.
5. Nomination Committee - comprising the Board Chairman, Deputy Chair and two non-executive Board members, the Nomination Committee oversees and makes recommendations regarding the balance of skills on the Board, succession planning, and the recruitment and appointment of Board members.
6. Ethics Committee - comprising three non-executive Board members, the Ethics Committee ensures that new partnerships and major funding commitments meet the ethical standards of the organisation.
7. Public Affairs Committee - comprising four non-executive Board members, the Public Affairs Committee meets as required to oversee the public affairs activities of the organisation.

The executive team is headed by a Chief Executive (part time), Nicola Killean, who reports to the Board. The Director of Music reports to the Chief Executive.

The following specialist areas (through a combination of full and part time posts) report to the Chief Executive: Finance, HR, Communications and Marketing, Fundraising & Business Development, Administration and Evaluation. These functions are supported by officers and administrators as appropriate.

The fundraising function is supported strategically by a freelance specialist contracted by the organisation. IT support is provided by a specialist company under contract.



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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Structure, governance and management (continued)**

The Team Leaders for Big Noise Raploch, Big Noise Govanhill, Big Noise Torry and Big Noise Douglas report to the Director of Music. Each Team Leader is supported by an Operations Manager, administrator(s) and a team comprising musicians, curriculum leaders, support workers and volunteers. Including Team Leaders, Sistema Scotland employs 76 musicians and 24 support workers.

The total number of employees as at end June 2020 was 128 (equating to 80 full time equivalent posts).

**RELATED PARTIES**

Sistema Scotland owns 100% of the share capital of Sistema Scotland (Trading) Limited, which was set up on 22 August 2011. This wholly owned subsidiary is non-trading.

**RISK MANAGEMENT**

A risk register is in place, detailing the key risks facing the organisation and the systems and procedures implemented to mitigate these risks. It includes an assessment of the impact and likelihood of each risk, along with a risk heat map. The Audit Committee maintains an ongoing review of the risk register, which is reviewed biannually by the full Board.

An additional Covid-19 Risk Analysis was compiled to identify the principal risks to the organisation (across a range of areas including programme delivery, staffing, communications, finance and fundraising, and technology), with associated mitigating actions.

The directors consider that the principal risks facing the organisation are safeguarding (including child protection); securing funding to ensure the long-term sustainability of the organisation; and staff capacity and loss of key personnel. A number of detailed mitigating actions have been identified in relation to each of these risks.

Safeguarding and Health and Safety are items on the agenda of every Board meeting. Underpinning the organisation's management of risk is a range of policies and procedures including Safeguarding (encompassing Child Protection, One-to-one and online teaching), Protection of Vulnerable Groups, Health & Safety, Data Protection, Confidentiality and a number of other staffing and operational policies. These are reviewed every two years (every year for Safeguarding and Health & Safety) or sooner if the need to do so is identified. All policies and procedures are communicated to new staff as part of the induction process and via team meetings for existing staff, and copies are available in each workplace.

The expenditure and funding forecasts are scrutinised monthly by the management team and quarterly by the Finance Committee (as previously outlined).

The Audit Committee also oversees the internal control environment to ensure that Sistema Scotland's financial processes and division of responsibilities are robust and appropriate for the growing scale of the organisation.

Throughout the year the Senior Management Team has been undertaking an organisational review to ensure that the organisation is appropriately staffed and structured to deliver on its strategic objectives.

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**FUTURE DEVELOPMENTS (INCLUDING SIGNIFICANT EVENTS AFTER 30 JUNE 2020)**

Delivery in the four Big Noise communities has continued to adapt as restrictions during the pandemic have altered. During the school summer holidays the musicians continued delivering a range of online lessons and group sessions to Big Noise children and young people in all four centres and additional support was provided to community hubs for vulnerable children and children of key workers. A week of online birthday celebrations was held cross-centre including a Bake-Off, digital activity packs for children and Facebook Live programmes from each centre. In Raploch we opened up the online programme for a Stirling-wide week and delivered weekly garden visits for identified families who had not been engaging online. Children from the Raploch Symphony Orchestra recorded themselves for a joint digital performance with recordings from the Youth Orchestra of Los Angeles as part of the Edinburgh International Culture Summit in August. Over the summer Big Noise Govanhill supplemented their online provision with activity and food packs which children and families collected from a socially distanced hub.

When children returned to school in August, the delivery of Big Noise was once again redefined to reflect the new Covid-19 guidelines, ensuring all appropriate risk assessments are carried out and respecting each school's protocols. Musicians have been tireless in their efforts to reach the maximum number of children and young people, delivering a blended programme of online and face to face sessions to Baby Noise, Nursery, Primary Schools and after-school. Pre-recorded videos are being used to deliver in the schools and, in some cases, these are reaching the wider school community over and above those who had previously been attending Big Noise. The pace of change is challenging for all and the strong relationships with schools and local authorities have been critical in supporting the process to resume face to face teaching wherever possible and in a way which keeps children and staff safe.

We are continuing to give active consideration to how the benefits of this programme can be extended to reach new communities in the greatest need across Scotland.

We are continuing work to improve our IT platform, particularly in light of our significantly increased digital activity. Our new participant database is on course to be implemented in late 2020 and we are working on migration to a cloud-based system for our main IT activities.

We are delighted to welcome new board members Catherine Muirden and Paul Philbert MBE who bring a wealth of experience and expertise to the Board.

In view of the uncertain economic environment caused by the pandemic, we anticipate a challenging fundraising period ahead. We are therefore redoubling our fundraising efforts across the whole range of current and potential funders. We continue to work in partnership with Stirling Council towards the refreshing of our long-term partnership agreement; and with Dundee City Council to secure the future funding for Big Noise Douglas. Sistema Scotland continues to work closely with the Scottish Government on their future investment in the programme and with all other public and private sector partners to retain and develop strong relationships with current and new funding partners and donors.

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for preparing the Directors' Report 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. Under company law, the directors 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume the charitable company will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

**AUDITORS**

The auditor, French Duncan LLP, has indicated their willingness to continue in office. The directors will propose a motion reappointing the auditor at a meeting of the directors.

This report was approved by the directors, on 7 December 2020 and signed on their behalf by:

**Mr D A Lamont**  
Director

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS OF SISTEMA SCOTLAND**

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**Opinion**

We have audited the financial statements of Sistema Scotland (the 'charitable company') for the year ended 30 June 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2020 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS OF SISTEMA SCOTLAND**  
**(CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS OF SISTEMA SCOTLAND**  
**(CONTINUED)**

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**Responsibilities of trustees**

As explained more fully in the Directors' Responsibilities Statement, the trustees (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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS OF SISTEMA SCOTLAND**  
**(CONTINUED)**

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**Use of our report**

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, as a body, in accordance with 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 members and directors 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, its members, as a body, and its trustees, as a body for our audit work, for this report, or for the opinions we have formed.

**Antony J Sinclair (Senior Statutory Auditor)**

For and on behalf of  
French Duncan LLP  
Statutory Auditors & Chartered Accountants  
Macfarlane Gray House  
Castle Craig Business Park  
Springbank Road  
Stirling  
FK7 7WT

Date: 15 December 2020

French Duncan LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

**SISTEMA SCOTLAND**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>					
Donations and legacies	3	2,900,809	838,663	3,739,472	3,608,616
Charitable activities	4	420	-	420	1,000
Investments	5	-	4,939	4,939	4,698
<b>Total income</b>		<u>2,901,229</u>	<u>843,602</u>	<u>3,744,831</u>	<u>3,614,314</u>
<b>Expenditure on:</b>					
Raising funds	6	96,648	44,044	140,692	127,513
Charitable activities	7	2,743,802	645,032	3,388,834	3,400,848
<b>Total expenditure</b>		<u>2,840,450</u>	<u>689,076</u>	<u>3,529,526</u>	<u>3,528,361</u>
<b>Net movement in funds</b>		<u>60,779</u>	<u>154,526</u>	<u>215,305</u>	<u>85,953</u>
<b>Reconciliation of funds:</b>					
Total funds brought forward		45,464	1,567,967	1,613,431	1,527,478
Net movement in funds		60,779	154,526	215,305	85,953
<b>Total funds carried forward</b>		<u>106,243</u>	<u>1,722,493</u>	<u>1,828,736</u>	<u>1,613,431</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 25 to 40 form part of these financial statements.



**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: SC312903**

**BALANCE SHEET**  
**AS AT 30 JUNE 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	12	100	100
<b>Current assets</b>			
Debtors	13	5,116	89,442
Investments	14	107,136	107,036
Cash at bank and in hand		1,873,791	1,682,264
		<u>1,986,043</u>	<u>1,878,742</u>
Creditors: amounts falling due within one year	15	(157,407)	(265,411)
<b>Net current assets</b>		<b>1,828,636</b>	<b>1,613,331</b>
<b>Total net assets</b>		<b>1,828,736</b>	<b>1,613,431</b>
<b>Charity funds</b>			
Restricted funds	16	106,243	45,464
Unrestricted funds	16	1,722,493	1,567,967
<b>Total funds</b>		<b>1,828,736</b>	<b>1,613,431</b>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the directors on 7 December 2020 and signed on their behalf by:

**Mr D A Lamont**  
Director

The notes on pages 25 to 40 form part of these financial statements.

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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	<b>Note</b>	<b>2020</b> £	<b>2019</b> £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	18	<b>186,688</b>	36,834
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Dividends, interests and rents from investments		<b>4,939</b>	4,698
Additional money held on deposit		<b>(100)</b>	-
		<hr/>	<hr/>
<b>Net cash provided by investing activities</b>		<b>4,839</b>	<b>4,698</b>
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		<b>191,527</b>	<b>41,532</b>
Cash and cash equivalents at the beginning of the year		<b>1,682,264</b>	1,640,732
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	18	<b>1,873,791</b>	<b>1,682,264</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 25 to 40 form part of these financial statements

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**1. General information**

The charity is a company limited by guarantee and the registered office is Raploch Community Campus, Drip Road, Stirling, FK8 1RD. The members of the company are the Directors named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Sistema Scotland meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**2.2 Going concern**

In common with other charitable organisations, Sistema Scotland is dependent on income from its donors, grant givers and other supporters to ensure its objectives continue to be achieved for the longer term. The directors have reviewed and updated the charity's forecasts and cashflows in light of the ongoing Covid-19 pandemic and the potential impact on future income streams and activities including actions that could be taken should income reduce. The charity has good relationships with its suppliers and funders and has no reason to believe that this will not continue in the current and future years. After taking all these factors into account, the directors are of the opinion that Sistema Scotland has and will have adequate financial resources to continue its activities for at least the next 12 months from when the accounts are approved and hence the accounts are prepared on a going concern basis.

**2.3 Group financial statements**

The company does not prepare consolidated group financial statements as it is entitled for the year ended 30 June 2020 to the exemption conferred by Section 405 of the Companies Act 2006, as the exclusion of the subsidiary company is not considered by the directors to be material for the purpose of giving a true and fair view. Information is therefore presented for the individual company and not its group. The principal activity, net assets and results of the subsidiary company are detailed in note 13.

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)**

**2.4 Income**

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of a probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donated professional services and facilities are recognised on the basis of the value of the gift to the Company which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**2.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Raising funds expenditure comprises costs incurred in attracting voluntary income.

Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

All expenditure is inclusive of irrecoverable VAT.

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**SISTEMA SCOTLAND**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)**

**2.6 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

**2.7 Tangible fixed assets and depreciation**

For accounting purposes Sistema Scotland establishes £15,000 as the threshold amount for minimum capitalisation of fixed assets and instruments. Any item costing below this amount will be expensed in the Statement of financial activities incorporating income and expenditure account.

**2.8 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities incorporating income and expenditure account.

**2.9 Taxation**

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

**2.10 Investments**

**Fixed asset investments**

Investments in subsidiaries are valued at cost less provision for impairment.

**Current asset investments**

Monies held on deposit with a maturity date exceeding three months are classified as current asset investments.

**2.11 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.12 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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**2. Accounting policies (continued)**

**2.13 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**2.14 Financial instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**2.15 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.16 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**2.17 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**2.18 Critical accounting estimates and areas of judgement**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the trustees to exercise judgement in applying the charity's accounting policies. The trustees have reviewed these and concluded there are no areas requiring a higher degree of judgement, or complexity, and no areas where assumptions or estimates are most significant to the financial statements.

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**3. Income from donations and legacies**

	<b>Restricted funds 2020 £</b>	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
<b>Grants</b>				
Local Authority Funding	1,112,010	-	<b>1,112,010</b>	1,153,565
Scottish Government Funding	850,000	-	<b>850,000</b>	780,000
Other Public Funding	222,221	-	<b>222,221</b>	220,637
Private Sector Funding	689,043	545,000	<b>1,234,043</b>	1,163,777
	<u>2,873,274</u>	<u>545,000</u>	<u><b>3,418,274</b></u>	<u>3,317,979</u>
Donations	27,535	85,242	<b>112,777</b>	160,089
Legacies	-	85,706	<b>85,706</b>	6,466
Gifts in kind	-	112,618	<b>112,618</b>	102,738
Gift aid	-	10,097	<b>10,097</b>	21,344
	<u>27,535</u>	<u>293,663</u>	<u><b>321,198</b></u>	<u>290,637</u>
	<u>2,900,809</u>	<u>838,663</u>	<u><b>3,739,472</b></u>	<u>3,608,616</u>
<i>Total 2019</i>	<u><u>2,748,452</u></u>	<u><u>860,164</u></u>	<u><u>3,608,616</u></u>	

**4. Income from charitable activities**

	<b>Restricted funds 2020 £</b>	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Other income	420	-	<b>420</b>	1,000
	<u>420</u>	<u>-</u>	<u><b>420</b></u>	<u>1,000</u>
<i>Total 2019</i>	<u><u>-</u></u>	<u><u>1,000</u></u>	<u><u>1,000</u></u>	

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**5. Investment income**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Deposit account interest	4,939	<b>4,939</b>	4,698
<i>Total 2019</i>	4,698	4,698	

**6. Raising funds**

	<b>Restricted funds 2020 £</b>	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Fundraising	6,143	3,113	<b>9,256</b>	8,147
Staff costs	90,505	40,931	<b>131,436</b>	119,366
	96,648	44,044	<b>140,692</b>	127,513
<i>Total 2019</i>	87,745	39,768	127,513	



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**7. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2020 £</b>	<b>Support costs 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Restricted funds	1,996,662	747,140	<b>2,743,802</b>	2,649,382
Unrestricted funds	319,037	325,995	<b>645,032</b>	751,466
	<u>2,315,699</u>	<u>1,073,135</u>	<u><b>3,388,834</b></u>	<u>3,400,848</u>
<i>Total 2019</i>	<u><u>2,356,265</u></u>	<u><u>1,044,583</u></u>	<u><u>3,400,848</u></u>	

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	<b>Restricted funds 2020 £</b>	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Staff costs	1,877,519	223,116	<b>2,100,635</b>	2,080,607
Evaluation	2,229	7,000	<b>9,229</b>	19,904
Room hire	6,958	87	<b>7,045</b>	9,582
Misc programme costs	33,192	6,724	<b>39,916</b>	48,187
Children's trips	4,903	1,322	<b>6,225</b>	3,499
Children's catering	32,685	6,755	<b>39,440</b>	53,006
Performances and events	9,266	24,528	<b>33,794</b>	21,613
Staff training	14,310	30,206	<b>44,516</b>	47,799
Instruments	15,600	19,299	<b>34,899</b>	72,068
	<u>1,996,662</u>	<u>319,037</u>	<u><b>2,315,699</b></u>	<u>2,356,265</u>
<i>Total 2019</i>	<u><u>1,918,171</u></u>	<u><u>438,094</u></u>	<u><u>2,356,265</u></u>	

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Restricted funds 2020 £</b>	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Staff costs	520,825	216,214	<b>737,039</b>	638,771
Insurance	1,345	117	<b>1,462</b>	8,856
Telephone and IT	51,606	15,016	<b>66,622</b>	71,060
Postage and stationery	6,183	7,817	<b>14,000</b>	16,431
Sundries	6,852	742	<b>7,594</b>	12,005
Recruitment costs	4,070	1,031	<b>5,101</b>	17,764
Training and development	295	3,186	<b>3,481</b>	33,019
Translation	1,923	-	<b>1,923</b>	2,606
Bank charges	825	32	<b>857</b>	860
Marketing, brand and promotion	4,367	2,060	<b>6,427</b>	8,997
Office expenses	17,552	2,392	<b>19,944</b>	22,527
Property costs	67,393	64,080	<b>131,473</b>	132,272
Travel and subsistence	11,725	584	<b>12,309</b>	16,899
Governance costs	52,179	12,724	<b>64,903</b>	62,516
	<u>747,140</u>	<u>325,995</u>	<u><b>1,073,135</b></u>	<u>1,044,583</u>
<i>Total 2019</i>	<u>731,211</u>	<u>313,372</u>	<u>1,044,583</u>	

Governance costs include staff costs of £39,082 (2019 - £29,668).

**8. Auditor's remuneration**

The auditor's remuneration amounts to an auditor fee of £6,500 (2019 - £6,170), and non audit fees of £7,338 (2019 - £6,340).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. Staff costs**

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,712,019</b>	<i>2,595,213</i>
Social security costs	<b>181,135</b>	<i>177,701</i>
Other pension schemes	<b>115,038</b>	<i>95,498</i>
	<b><u>3,008,192</u></b>	<i><u>2,868,412</u></i>

Staffing costs above include £95,196 (2019 - £123,201) in relation to external consultants and self-employed musicians used for cover.

Payments in respect of compensation for loss of office are provided in the financial statements in the year of termination of office. The aggregate compensation payable for the year was £23,778 (2019 - £Nil).

The average number of persons employed by the company during the year was as follows:

	<b>2020</b>	<i>2019</i>
	<b>No.</b>	<i>No.</i>
Management & administration staff	<b>31</b>	<i>29</i>
Musicians & support workers	<b>101</b>	<i>98</i>
	<b><u>132</u></b>	<i><u>127</u></i>

No employee received remuneration amounting to more than £60,000 in either year.

The company considers its key management personnel comprise the directors, the Chief Executive Officer and the Director of Music. The total employer benefits of the key management personnel were £114,665 (2019 - £101,308).

**10. Directors' remuneration and expenses**

During the year, no directors received any remuneration or other benefits (2019 - £NIL).

During the year ended 30 June 2020, travel and subsistence expenses totalling £1,601 were reimbursed to 3 directors (2019 - 4 directors - £3,409).

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**11. Gifts in kind**

Gifts in kind included the following:

Stirling Council provided services and accommodation to the value of £28,000 (2019 - £28,000).  
Aberdeen City Council provided services and accommodation to the value of £6,580 (2019 - £7,280).  
Dundee City Council provided services and accommodation to the value of £24,000 (2019 - £24,000).  
Musical instruments were gifted from a variety of sources worth approximately £17,978 (2019 - £20,470).  
Arnold Clark provided a people carrier and vans for a FOC value £1,462 (2019 - £4,042).  
Capital Document Solutions provided printing services worth approximately £7,071 (2019 - £9,241).  
G-Suite Licensing provided licensing services worth approximately £6,409 (2019 - £5,175).  
BBC SSO provided musicians to the value of £13,424 (2019 - £nil).  
Other gifts in kind totalled £7,695 (2019 - £4,530).

These have been entered as gifts in kind in income and in the appropriate expenditure category.

**12. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 July 2019 and 30 June 2020	<u><u>100</u></u>

**Principal subsidiaries**

The following was a subsidiary undertaking of the company:

<b>Name</b>	<b>Holding</b>
Sistema Scotland (Trading) Limited - Dormant	100%

The aggregate of the share capital and reserves at 30 June 2020 and the profit or loss of the subsidiary undertaking for the year ended 30 June 2020 was as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves £</b>
Sistema Scotland (Trading) Limited - Dormant	45

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**13. Debtors**

	2020 £	2019 £
<b>Due within one year</b>		
Trade debtors	1,879	87,755
Other debtors	1,457	-
Prepayments and accrued income	1,780	1,687
	<b>5,116</b>	<b>89,442</b>
	<b>5,116</b>	<b>89,442</b>

**14. Current asset investments**

	2020 £	2019 £
Monies held on deposit	107,136	107,036
	<b>107,136</b>	<b>107,036</b>
	<b>107,136</b>	<b>107,036</b>

**15. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	20,374	30,935
Other taxation and social security	51,169	51,699
Other creditors	193	30,712
Accruals and deferred income	85,671	152,065
	<b>157,407</b>	<b>265,411</b>
	<b>157,407</b>	<b>265,411</b>

	2020 £	2019 £
<b>Deferred Income</b>		
Balance as at 1 July 2019	70,671	70,616
Amount released to incoming resources	(70,671)	(70,616)
Amount deferred in year	47,805	70,671
	<b>47,805</b>	<b>70,671</b>
	<b>47,805</b>	<b>70,671</b>

Included in deferred income is £47,805 from Aberdeen City Council to support the Big Noise Torry project.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. Statement of funds**

**Statement of funds - current year**

	Balance at 1 July 2019 £	Income £	Expenditure £	Balance at 30 June 2020 £
<b>Unrestricted funds</b>				
General	1,567,967	843,602	(689,076)	1,722,493
<b>Restricted funds</b>				
Charitable	45,464	2,901,229	(2,840,450)	106,243
<b>Total of funds</b>	<b>1,613,431</b>	<b>3,744,831</b>	<b>(3,529,526)</b>	<b>1,828,736</b>

**Statement of funds - prior year**

	<i>Balance at</i> <i>1 July 2018</i> £	<i>Income</i> £	<i>Expenditure</i> £	<i>Balance at</i> <i>30 June</i> <i>2019</i> £
<b>Unrestricted funds</b>				
General	1,493,339	865,862	(791,234)	1,567,967
<b>Restricted funds</b>				
Charitable	34,139	2,748,452	(2,737,127)	45,464
<b>Total of funds</b>	<b>1,527,478</b>	<b>3,614,314</b>	<b>(3,528,361)</b>	<b>1,613,431</b>

Income received for a specific purpose is generally spent in the year. The restricted funds at year end include 2 grants from the Bank of Scotland Foundation totalling £70,099, to be spent on musicians in 2020/21, £12,171 from the Scottish Government's Wellbeing Fund towards salary costs in 2020/21 and £23,974 from a variety of donors specifically for delivering the Big Noise Programme in Govanhill.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Restricted funds 2020 £</b>	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Fixed asset investments	-	100	<b>100</b>
Current assets	106,243	1,879,800	<b>1,986,043</b>
Creditors due within one year	-	(157,407)	<b>(157,407)</b>
<b>Total</b>	<b>106,243</b>	<b>1,722,493</b>	<b>1,828,736</b>

**Analysis of net assets between funds - prior year**

	<i>Restricted funds 2019 £</i>	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Fixed asset investments	-	100	<i>100</i>
Current assets	45,464	1,833,278	<i>1,878,742</i>
Creditors due within one year	-	(265,411)	<i>(265,411)</i>
<b>Total</b>	<b>45,464</b>	<b>1,567,967</b>	<b>1,613,431</b>

**18. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2020 £</b>	<b>2019 £</b>
Net income for the year (as per Statement of Financial Activities)	<b>215,305</b>	<i>85,953</i>
<b>Adjustments for:</b>		
Dividends, interest and rents from investments	<b>(4,939)</b>	<i>(4,698)</i>
Decrease/(increase) in debtors	<b>84,326</b>	<i>(19,114)</i>
Decrease in creditors	<b>(108,004)</b>	<i>(25,307)</i>
<b>Net cash provided by operating activities</b>	<b>186,688</b>	<i>36,834</i>



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**Analysis of cash and cash equivalents**

	<b>2020</b>	<i>2019</i>
	<b>£</b>	<b>£</b>
Cash in hand	<b>836</b>	<i>1,245</i>
Bank accounts	<b>1,872,955</b>	<i>1,681,019</i>
<b>Total cash and cash equivalents</b>	<b><u>1,873,791</u></b>	<i><u>1,682,264</u></i>

**19. Analysis of changes in net debt**

	<b>At 1 July</b>	<b>Cash flows</b>	<b>At 30 June</b>
	<b>2019</b>	<b>£</b>	<b>2020</b>
	<b>£</b>		<b>£</b>
Cash at bank and in hand	<b>1,682,264</b>	<b>191,527</b>	<b>1,873,791</b>
Liquid investments	<b>107,036</b>	<b>100</b>	<b>107,136</b>
	<b><u>1,789,300</u></b>	<b><u>191,627</u></b>	<b><u>1,980,927</u></b>

**20. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. Contributions payable are charged in the income and expenditure as incurred. Contributions of £118,365 were payable (2019 - £98,504). Payments of £nil (2019 - £19,545) were due at the year end.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. Operating lease commitments**

At 30 June 2020 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Within 1 year	15,513	18,013
Between 1 and 5 years	-	7,500
	<u>15,513</u>	<u>25,513</u>

The following lease payments have been recognised as an expense in the Statement of Financial Activities:

	2020 £	2019 £
Operating lease rentals	<u>42,947</u>	<u>42,221</u>

**22. Indemnity insurance**

The trustees and officers of the charity are indemnified out of the assets of the charity against any liability incurred in that capacity in defending any proceedings in which judgement is given in favour or in which there is an acquittal or in connection with any application in which relief is granted by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the charity.

**23. Related party transactions**

A limited company called Sistema Scotland (Trading) Limited was set up on 22 August 2011. This was primarily for running the Big Concert in June 2019. Sistema Scotland received all outstanding amounts for this from Sistema Scotland (Trading) Limited. There was no activity in 2020 but it is expected there will be activity in future years.