

Registered number: SC312903
Charity number: SC039119

SISTEMA SCOTLAND
(A Company Limited by Guarantee)

DIRECTORS' REPORT and FINANCIAL STATEMENTS

For the year ended 30 June 2022



SISTEMA SCOTLAND
(A Company Limited by Guarantee)

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**SISTEMA SCOTLAND
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**REFERENCE and ADMINISTRATIVE DETAILS of the CHARITABLE COMPANY, its DIRECTORS
and ADVISERS**

For the year ended 30 June 2022

Directors	Fiona Davis (appointed 1 December 2021) Kezia Dugdale Dr Lois Fitch Angiolina Foster CBE Benny Higgins, Chairman Kenny McGhee (appointed 1 September 2021) Fergus McWilliam (resigned 28 September 2021) Catherine Muirden Paul Philbert MBE Irene Tweedie Andrew Wilson
Company Registered Number	SC312903
Charity Registered Number	SC039119
Registered Office	Raploch Community Campus Drip Road Stirling FK8 1RD
Independent Auditor	Chiene + Tait LLP Statutory Auditors and Chartered Accountants 61 Dublin Street Edinburgh EH3 6NL
Bankers	Bank of Scotland 2 nd Floor Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ
Company Secretary	David Sinclair
Chief Executive Officer	Nicola Killean OBE
Director of Music	Peter Nicholson
Patron	Gustavo Dudamel
Big Noise Big Sister	Nicola Benedetti CBE
Ambassador	Dame Evelyn Glennie

**SISTEMA SCOTLAND
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CHAIRMAN'S STATEMENT

The Chairman presents this statement for the period:

This last year has seen extraordinary achievements by the children and young people engaged with the Big Noise programmes which have more than made up for the challenges as we emerged from a long period of Covid-19 restrictions. I pay tribute to the extraordinarily ambitious, resilient and compassionate staff teams who have found imaginative ways to continue to engage with and support the children, young people and communities throughout this period.

It has been rewarding to see the progress made by children and young people across all the Big Noise centres, not only in music but more importantly in the life-changing range of broader skills and personal development that flow from engaging with Big Noise. After so long without the opportunity of coming together in large groups, children and young people have demonstrated their increased confidence as they performed to their families, both in their communities and further afield. We are enormously grateful for the strong partnerships we have developed with the BBC Scottish Symphony Orchestra, the Royal Scottish National Orchestra and others who have provided exceptional opportunities to play alongside professional musicians, learning about the discipline required and benefiting from contributing to a full symphonic sound in concert.

In our longest established centre, Big Noise Raploch 'graduates' have moved on to further and higher education, training and employment including positions within the Sistema Scotland office as Modern Apprentice and under the Kickstart scheme. Seeing older young people return to volunteer and support the younger children at the start of their Big Noise journey is a particular delight. In addition to the gradual expansion of the Big Noise programmes in Govanhill, Torry and Douglas, as we introduce the next generations of young musicians, we have been pleased to bring the benefits of Big Noise to the new community of Fallin in Stirling with an innovative brass-only programme; and establish our first centre in the capital city with Big Noise Wester Hailes in Edinburgh.

In October 2021 a positive debate was held in the Scottish Parliament welcoming the upcoming launch of Big Noise Wester Hailes and members from the constituencies where Big Noise is already embedded into their communities spoke of the benefits to the children and young people. Big Noise 'graduates' are well able to articulate how their engagement with the programme has changed the trajectory of their lives as was seen on BBC News at Ten which reflected on the tenth anniversary of the collaboration with the Simón Bolívar Symphony Orchestra as part of the London 2012 Olympics.

During the last year we welcomed new board members and said goodbye to Fergus McWilliam with thanks for his contribution over the years.

I am hugely grateful to Sistema Scotland staff and volunteers for their unstinting commitment to continue to improve the impacts of our work, and the many public and private funders whose support enables children and young people across Scotland to improve their lives through the fun of Big Noise. As one of our graduates exclaimed "I wouldn't be where I am without Big Noise".

Benny Higgins

Benny Higgins
Chairman

**SISTEMA SCOTLAND
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DIRECTORS' REPORT

For the year ended 30 June 2022

The Directors (who are also charity trustees for the purpose of charity law) present their Annual Report together with the audited financial statements of Sistema Scotland (the 'charitable company') for the year ended 30 June 2022. 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 provision 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 (FRS 102) (effective 1 January 2019).

Since the charitable 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

Purpose: Improving lives and Strengthening Communities

Supporting children, young people and families to realise their potential, improving lives and strengthening communities through music and nurturing relationships.

Vision: Our Big Noise programmes will support children, young people, families and communities in Scotland to sustain and improve their wellbeing, resilience and learning, and to strengthen networks throughout the Covid-19 pandemic and beyond by:

- **Targeting** our long-term, immersive support in communities of greatest need
- **Broadening** impact by sharing resources and creating learning partnerships

Achieving this vision will be through:

Sustaining and adapting existing Big Noise programmes and staff and volunteer teams to ensure maximum support for our communities.

Innovating and testing the adapted Big Noise model to maximise impact and respond to changing needs, both within and beyond our communities.

Growing by exploring opportunities for new Big Noise programmes and further ways of delivering our impact based on the Seven Principles of delivery.

Partnership with other organisations to share our resources and contribute to local and national collective leadership thinking in order to benefit more children, young people, families and communities across Scotland.

ACHIEVEMENTS AND PERFORMANCE

Charitable Activities July 2021 to June 2022

While Covid-19 continued to have an impact on the work of Sistema Scotland throughout 2021-22, requiring the musicians to adapt delivery in response to the varied restrictions and cover absences due to infection, the year has included a wide range of achievements and developments for the charity. Delivery continued without interruption for children and young people throughout the year providing a varied and effective programme, positively impacting children and young people across all Big Noise centres.

Sistema Scotland is a community-based, social change charity which uses music and nurturing relationships to improve the lives of children and young people and strengthen their communities. It does this through the charity's Big Noise programme, as delivered in six of Scotland's most challenged communities: Raploch (Stirling, est. 2008), Govanhill (Glasgow, est. 2013), Torry (Aberdeen, est. 2015), Douglas (Dundee, est. 2017), Fallin (Stirling, est. 2021) and Wester Hailes (Edinburgh, est 2022).

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DIRECTORS' REPORT (continued)

For the year ended 30 June 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

Charitable Activities July 2021 to June 2022 (continued)

The model is place-based in targeted, geographically identified communities, providing early intervention and long-term commitment through a continuous pathway from birth to adulthood. Big Noise sessions are delivered in Baby/Little Noise to pre-nursery aged children, in Nursery and Primary school in curriculum time and in after-school and holiday programmes. The programme is immersive and follows a curriculum designed to encourage continued engagement alongside steady and continuous progress providing an invaluable range of life skills and experiences. Participants develop confidence, teamwork, resilience, pride and aspiration as well as the capacity to work hard, and are supported to reach their potential to lead successful and fulfilled lives.

The Glasgow Centre for Population Health (as well as the most recent research from the University of Dundee) has identified that the impacts of being involved in Big Noise are underpinned by the long-term, encouraging, trusting and supportive relationship between the Big Noise musician and participant, where the musician acts not only as an educator, but also as a mentor and a role model, supporting positive behaviours and life choices. All in the eligible age groups are welcome and encouraged to participate and 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 free of charge.

Key Events and Activities

Reflecting the revised organisational strategy established in early 2021, each Big Noise programme has consolidated delivery as Covid-19 restrictions have eased, built back participation numbers and evolved the model of delivery to be as effective and impactful for the children and young people as possible. Musicians have had particular regard for the well-being of the children and young people many of whom have been particularly affected by the pandemic. As well as a focus on sustaining the existing Big Noise programmes, we have introduced an innovative new model of delivery in Fallin, Stirling and have grown our Big Noise family by establishing a new programme in Wester Hailes, Edinburgh (more details below).

We welcomed two new board members who bring their invaluable experience and expertise to Sistema Scotland: Kenny McGhee is Throughcare & Aftercare Lead at CELCIS the Centre for Excellence for Children's Care and Protection; Fiona Davis's career in the financial services industry included a variety of finance director roles with an emphasis on strategy, business planning and business efficiency.

Programme Reports

We were delighted to deliver 2021 Summer Clubs in Raploch, Govanhill, Torry and Douglas with children and young people taking part in fun, musical activities, crafts and sports, all with appropriate Covid-19 safety measures in place. By October Club each centre was able to work with larger groups of children, mixing age groups within schools and the relaxation of restrictions on singing and playing wind and brass instruments was particularly welcome.

Unfortunately by Christmas 2021 it was not possible for all centres to bring families and communities together to celebrate in person so, where concerts were not possible, the children shared their progress with families and friends through smaller gatherings and online performances.

Easter 2022 saw **residential trips** for the first time since before the pandemic. Concert Bands from Raploch and Govanhill combined forces for a three-day residential at Gartmore House in the Trossachs; and children and young people from Torry and Douglas came together for a three-day trip to Dounans, near Aberfoyle.

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DIRECTORS' REPORT (continued)

For the year ended 30 June 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

Partnership working has been particularly significant over the year. Collaboration with Children 1st in Aberdeen saw a series of outdoor musical wellbeing sessions and musical activities provided by the Big Noise musicians in the 'Fit Like' family wellbeing hubs. Players from the BBC Scottish Symphony Orchestra joined children from Raploch during their Summer School working together on content for the BBC Family Prom – Saint-Saëns' Carnival of the Animals and in September, BBC SSO brass musicians joined musicians and children from Big Noise Raploch to launch Big Noise Fallin. In March, children from Big Noise Douglas were invited to perform side-by-side with the Royal Scottish National Orchestra in the Caird Hall as part of a regular RSNO public concert. This outstanding opportunity was preceded by a visit by RSNO Guest Conductor Kellen Gray and musicians visiting Big Noise Douglas and rehearsing together for what was the children's first public performance in over two years, and for many, the first time ever on stage!

Each Big Noise centre is developing community representation, building stronger relationships with parents/carers and ensuring that community voices are heard. **Community Representative Groups** have been established in order better to enable parents and community members to feed into the development of our work.

Our **Anti-Racism Workgroup** is formed of representatives from across all Big Noise centres, the central team and the Board with a remit to ensure that Sistema Scotland is an actively anti-racist organisation. Over the year it has focused on a range of issues including curriculum, recruitment, professional development and training, ethnicity data collection and repertoire. We encourage all musicians to engage in critical thought about the provenance of songs sung, and provide contextualisation of all repertoire introduced to the children and young people broadening the cultural experience for all. Sistema Scotland joined the organisation Black Lives in Music and continues to explore ways to encourage more diversity within our teams.

Big Noise Raploch is currently the only programme which delivers the full model from babies to adults and typically works with around 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 Baby Noise sessions, an Adult Orchestra and an intergenerational Community Chorus which met online throughout the lockdown and won an award given by Generations Working Together for Creative Use of Technologies.

It has been a particular joy to see the older young people of Raploch take significant roles in the development and delivery of the programme. Raploch Young Leaders, some of the older participants, have joined sessions of younger participants assisting them through demonstration, role modelling and co-delivery with the staff musicians. In addition a group of former Big Noise members aged 18-22 took the initiative to set up informal sessions to meet, share their reflections and provide an input into planning. Three former Big Noise young musicians have joined the Sistema Scotland administration team including one through the UK Government's Kickstart scheme as Communications and Marketing Trainee and another as Modern Apprentice. Other Big Noise 'graduates' have returned as volunteers and support musicians, demonstrating the value they place on their earlier Big Noise experience and providing excellent role models for the younger children.

In June 2022 Big Noise Raploch presented a series of short sharing concerts for their families and friends and older participants from the Big Noise Raploch Symphony Orchestra held a more formal celebratory concert in the Church of the Holy Rude in Stirling. Footage from this performance was aired on BBC's News at 6 and News at 10 marking ten years since children from Raploch performed alongside the Simón Bolívar Symphony Orchestra under the direction of our Patron, Gustavo Dudamel as part of the cultural programme for the 2012 Olympics. The news item profiled three Big Noise 'graduates' who have successfully progressed to music colleges which they believe was possible only because of their Big Noise experience.

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DIRECTORS' REPORT (continued)

For the year ended 30 June 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

In September 2021 we were delighted to expand the impact of the work of Big Noise Raploch to the community of Fallin, a village to the east of Stirling. Building on the expertise of the Raploch team, we launched **Big Noise Fallin** working with children in Primary 5, 6 and 7 in Fallin Primary School. This expansion allows us to work with an additional 95 children, young people and families in the first year in-school, after-school and in the holidays. We are trialling a different model of delivery with Big Noise sessions focusing on teaching only brass instruments alongside a strong grounding in general musicianship. In due course, the children from Fallin will join with those of Raploch to make music in larger ensembles/orchestras across the communities.

The first holiday club was successfully delivered in Fallin over the Easter holidays and by June 2022 the children had made impressive progress on their brass instruments so that their open-air concert and 'fun-day' was enthusiastically celebrated by over 200 family and community members.

Sistema Scotland greatly appreciates **Stirling Council's** continuing financial investment in Big Noise Raploch and Fallin 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 typically works with around 1,250 children and young people from six months of age to fifth 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 delivering Baby Noise sessions for pre-nursery aged children and their parent/carer.

Additional strands which have been successfully pioneered by Big Noise Govanhill include offering a streamlined after-school timetable catering for different levels and abilities, including space and time for a 'nurture' group for a small number of more vulnerable young people who find the often busy and noisy nature of the usual after-school club rather daunting. This year a Kickstart Band for delivery to whole classes of Primary 4 children in-school has been introduced as well as a Beginner Band to boost woodwind, brass and percussion uptake. Responding to the needs of the children and young people *Sunday Socials* have been offered: providing a space to relax, play games or practise instruments for a couple of hours in Forsyth House; and *Inclusion Mondays* for those who had disengaged with the programme but have returned with support from Big Noise musicians.

Big Noise Govanhill has encouraged participants to work towards accreditation of their participation which has resulted in a number of different awards including the Community Achievement Award in partnership with Glasgow Life, equivalent to a National 4 qualification.

The work of Big Noise Govanhill to engage with Youth Voice included asking participants to discuss and rank the "7 principles" of Big Noise delivery in order of importance to them. The top three were identified as 1) Excellence, aspiration and inspiration; 2) Inclusivity and accessibility; 3) Longevity and commitment.

Children and young people from Big Noise Govanhill enjoyed an outdoor performance with the Nevis Ensemble and a visit from local Roma organisation Romanolav. The school year concluded with two large scale summer concerts including all groups of young musicians and the Del Mondo adult orchestra performing a varied repertoire from across the world recognising the diverse nature of the Govanhill community.

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DIRECTORS' REPORT (continued)

For the year ended 30 June 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

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 works with Walker Road and Tullos Primary and Nursery Schools and Lochside Academy. The centre works with over 750 children and young people. Big Noise Torry continues to have a temporary dedicated office space at Victoria Road (as the development of the Torry community hub is still ongoing) and delivers the programme onsite across the three partner schools and St Fittick's Church Hall.

The team at Big Noise Torry has continued to lead the way on vital work with some of our most vulnerable families in the community. As well as providing additional support for young people to access the programme, Big Noise staff have made home visits, supported families to access relevant benefits, supported with EU settlement scheme applications and collaborated with School Liaison Officers, school psychologists and Barnardo's workers to offer the most effective support possible. The Head of Centre for Big Noise Torry attends the Torry Recovery and Resilience Group, working in partnership with Aberdeen City Council liaison officers and other local third sector organisations to ensure the most appropriate support is provided for families; financial inclusion and signposting is high on the agenda.

New developments this year have seen the introduction of a percussionist into the team to develop the programme and explore more varied ways of engaging with the young musicians. In particular a 'nurture' percussion group was formed working with a small group of particularly vulnerable young people in need of bespoke support, helping them with social skills and confidence to support them to integrate into a larger group setting. Work to develop Youth Voice in Torry has seen the introduction of a group of engaged young people at high school called 'Amplify Your Voice'. The group generated a newsletter about Big Noise Torry, distributed at the Summer 2022 concert and composed and recorded their own soundtrack to a Podcast which premiered at the Scottish Parliament in early May.

Further highlights of how Big Noise Torry has raised its profile in Aberdeen include a public recital in the Cowdray Hall in May performed by a group of high school string and percussion players and the staff string ensemble; and a performance on the community stage at the Aberdeen Highland Games. A film created by the team with soundtrack by Big Noise participants and narrated by one of our volunteers was submitted to the Doric Film Festival and awarded a special 'Spirit of the Festival' award!

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.

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. The programme is delivered in these schools, their Nurseries and Baluniefield Nursery as well as in Douglas Community Centre.

One of the unique elements of the delivery of Big Noise Douglas is the work with children who attend the Deaf unit at Claypotts Castle Primary School. The appointment of a percussionist has enabled a bespoke programme to be offered to the older children in the unit, ensuring that Big Noise is available to all in the eligible age group attending these schools. In addition, a percussion band targeted specific children who would benefit from attending Big Noise but who had not engaged previously or who had ceased attending.

Independent evaluation of the positive impacts of our work is crucial and in late 2021 the University of Dundee published a report on the first three years of Big Noise Douglas supporting findings by Glasgow Centre for Population Health that Big Noise has a positive impact on emotional wellbeing, life skills, engagement with learning and positive relationships, as well as highlighting the crucial role of Big Noise during the pandemic.

**SISTEMA SCOTLAND
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DIRECTORS' REPORT (continued)

For the year ended 30 June 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

This year has included transition planning to support the oldest young people who will move to high school in August 2022. We encourage all to continue to engage with Big Noise as they progress through their school years, deriving increasing benefits as they develop their skills and become role models for the younger children.

As well as presenting five informal Summer sharing concerts, children from Big Noise Douglas performed at WestFest and pop-up groups from across the after-school programme performed at the opening of the refurbished Douglas Park.

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.

In June 2021 we announced that we would be launching **Big Noise Wester Hailes** in Edinburgh and a process commenced to appoint and embed a team of Big Noise musicians in the community. The Head of Centre was recruited with previous experience as Senior Musician at Big Noise Raploch and a talented team of seven musicians and administrative support was put in place. Over the first year we anticipate engaging with over 400 children up to Primary 3 age attending Clovenstone, Canal View and Sighthill Primary and Nursery Schools. A considerable programme of engaging with the local community, the schools, parents and other third sector organisations in the area took place and delivery in the schools started in April. Big Noise musicians worked with all Primary 1 and 2 children attending the three primary schools and, along with their school teachers, the children have enthusiastically welcomed their Big Noise sessions. As in the other Big Noise centres, we will work to continue to engage with these children as they grow through their school years, welcoming the next generations behind them until, as in Raploch, we are working with children from babies to adulthood.

Big Noise Wester Hailes is delivered in partnership with City of Edinburgh Council.

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 sessions every two months: 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 they may be having, identifying areas for professional development and training, and agreeing on actions to take forward. During our bi-annual training and development weeks over this year, we have had a particular focus on reconnection, post Covid-19 recovery, equality & diversity, nurture and young people & community voice.

**SISTEMA SCOTLAND
(A Company Limited by Guarantee)****DIRECTORS' REPORT (continued)****For the year ended 30 June 2022****ACHIEVEMENTS AND PERFORMANCE (continued)****VOLUNTEERS**

All centres have built back their volunteer programmes following the restrictions of the pandemic and across the five programmes in Raploch, Fallin, Govanhill, Torry and Douglas 24 volunteers contributed over 1,600 hours providing invaluable support to the staff teams. We are enormously grateful to all our volunteers who come from within the communities where we operate and from further afield and bring enthusiasm, skills and compassion providing practical assistance in the smooth running of a Big Noise programme as well as supporting the children and young people with their musical and social development. Volunteers have included community members, students and a teacher on sabbatical. We are particularly delighted that some of our Big Noise 'graduates' from Raploch are now returning as volunteers; the current participants identify with these older young people from their community who model determination, commitment and ambition. Volunteers 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. Over the last year we have been pleased to adapt volunteering opportunities to support individuals with autism and poor mental health enabling these volunteers to enjoy a purposeful and much valued role within the team. When told how much his contribution had been appreciated, one volunteer said that this was the first time he had been told he was good at something.

FINANCIAL REVIEW**Going concern**

The board is acutely aware of the challenging economic landscape due to the impact of the Covid-19 pandemic and other world-wide events and the resulting inflationary and resourcing pressures. The Directors have considered the effects on the operations and any going concern implications for the charity post year-end. After making appropriate enquiries, the Directors have a reasonable expectation that the charitable 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 the long-term sustainability of each of our Big Noise centres. On a quarterly basis the Finance Committee reviews the level of reserves to ensure that the charity always has sufficient resources available to be able to honour its contractual commitments in the event of an unexpected funding shortfall. The Board believes that the minimum level of unencumbered reserves is 3 months of projected expenditure.

In addition to inflationary pressures on existing costs, our future costs are expected to increase significantly due to the return to a fuller programme in our existing Big Noise centres, the planned growth of Big Noise Wester Hailes in Edinburgh and the planned expansion to the full orchestral model in Douglas and Torry. At the year end the charity held free reserves of close to £1.9m. This is equivalent to 4 months of our budgeted cost for 2022-23.

Investment policy

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

Income and Expenditure versus the prior year, excluding Gifts in Kind, were up nearly £2m (56%) and £0.8m (23%) respectively. Over £1.4m of the uplift in income related to income received specifically for Big Noise Wester Hailes, including an exceptional private donation of £1.25m to be expensed over a number of years to support the development of our newest centre. The five year funding commitment towards Big Noise Douglas by Optimistic Sound came to a close during the year, replaced by investment by Dundee City Council. We also welcomed a grant from the Creative Scotland Recovery Fund and an uplift in the core grant funding from Scottish Government to support the growth across all Big Noise centres.

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DIRECTORS' REPORT (continued)

For the year ended 30 June 2022

FINANCIAL REVIEW (continued)

Over the course of the year, as Covid-19 restrictions eased, we were able to return to a fuller programme delivery in all our Big Noise centres resulting in higher year-on-year costs. Despite the higher costs, we had a surplus for the year of close to £1.4m, largely driven by the restricted donations to be carried forward for Big Noise Wester Hailes (see note 16). Our level of free reserves is largely unchanged, with only a modest reduction of £30k. Due to inflationary pressures and an expanded delivery model, our costs are expected to increase in the coming year. The Board is satisfied that the financial position of the charity remains sustainable.

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	Kickstart Scheme
Amati Global Investors Ltd	Ernst Maas Educational Trust
Baillie Gifford	The RS Macdonald Charitable Trust
Bank of Scotland Foundation	Stanley Morrison Charitable Trust
Misses Barrie Charitable Trust	The National Lottery Community Fund
Binks Trust	Optimistic Sound
Lorne Campbell	Parabola Foundation
The WA Cargill Fund	Players of People's Postcode Lottery awarding funds from Postcode Culture Trust
CMS Charitable Trust	Sigrid Rausing Trust
Community Jobs Scotland	Scottish Government
The Cookie Matheson Charitable Trust	The Scottish Ministers' Investing in Communities Fund (via Govanhill Housing Association)
Creative Scotland Recovery Fund for Cultural Organisations	Stevenston Charitable Trust
Creative Scotland – Youth Music Initiative	Stirling Council
Creative Scotland – Youth Arts Targeted Fund	Stirling and Clackmannanshire Fair Work Incentive Scheme
The Peter Cundill Foundation	Stirlingshire Educational Trust
Dundee City Council	The William Syson Foundation
The Ellem Foundation	Tay Charitable Trust
Esmée Fairbairn Foundation	Thirkleby Trust
The Murdoch Forrest Charitable Trust	Trades House of Glasgow
Gordon Fraser Charitable Trust	University of Stirling
Gannochy Trust	Peter Vardy Foundation
Gavin and Kate Gemmell	William Walton Foundation
Glasgow Children's Holiday Food Programme	Garfield Weston Foundation
Glasgow City Council	Ruth and Robin Woodburn
Glasgow City Council/Scottish Government Summer Activities Funding	Diana Yates-Watson
Glasgow Communities Fund	Youthlink Scotland Summer of Play Fund
Fiona Grant	
William Grant Foundation	

We are also grateful for the legacies we have received from Eon Grindlay and others whose legacies were made anonymously, as well as gifts received in memory of friends and family.

Thanks also to the many kind 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.

**SISTEMA SCOTLAND
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DIRECTORS' REPORT (continued)

For the year ended 30 June 2022

Principal funding (continued)

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 Bairns, Dundee City Council, Royal Scottish National Orchestra and Stirling Council who have all provided valuable support in kind.

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) Limited 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

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 organisation 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 financial statements, 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 two non-executive Board members together with the Director of Music, 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, 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.

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

DIRECTORS' REPORT (continued)

For the year ended 30 June 2022

STRUCTURE, GOVERNANCE and MANAGEMENT (continued)

Organisational structure (continued)

5. Nomination Committee - comprising the Board Chairman 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 remit of the Ethics Committee is to ensure that any major new partnerships and 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 & Governance, 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.

The Heads of Centre for Big Noise Raploch & Fallin, Big Noise Govanhill, Big Noise Torry, Big Noise Douglas and Big Noise Wester Hailes report to the Chief Executive. Each Head of Centre is supported by a small team of Senior Musicians, an Operations Manager, administrator(s) and a team comprising musicians, curriculum leaders, support workers and volunteers. Including Heads of Centre, Sistema Scotland employs 87 musicians, 26 support workers and 34 other staff (e.g. administrators, operations managers and central team roles).

The total number of employees as at end June 2022 was 147 (equating to 94.02 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. The 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.

The Directors consider that the principal ongoing 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. During the year the Directors have also recognised principal risks relating to inflationary pressures on budgets and cyber security. 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.

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

DIRECTORS' REPORT (continued)

For the year ended 30 June 2022

STRUCTURE, GOVERNANCE and MANAGEMENT (continued)

Risk management (continued)

The expenditure and funding forecasts are scrutinised monthly by key members of the leadership team and quarterly by the Finance Committee (as previously outlined). The Audit Committee 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 leadership team has been implementing the recommendations of an organisational review undertaken during 2020/21 to ensure that the organisation is appropriately staffed and structured to deliver on its strategic objectives.

Future developments (including significant events after 30 June 2022)

All Big Noise programmes ran successfully, in person summer schools in 2022 for the first time since 2019.

In July 2022 a small group of older participants from Big Noise Raploch and Big Noise Govanhill attended a major funder event in London to perform for guests; and in August a group performed as part of the Edinburgh Festival Fringe in the Pianodrome.

One of the alumni of Big Noise Raploch was selected to perform among 100 other top-tier young musicians from across the globe in a two week long music education programme in Los Angeles as part of Encuentros LA 2022 culminating in a performance under the direction of Gustavo Dudamel at the Hollywood Bowl in August 2022.

After nine years being based in Forsyth House, in September 2022 Big Noise Govanhill moved its headquarters into the Govanhill Neighbourhood Centre where all delivery and the administration can be housed under one roof. With the expansion of the programme and the size of rooms needed to accommodate all participants, Forsyth House became insufficient for our needs. Having the younger children making music in the same building as more experienced young musicians will enable them to see how their skills will develop over time and will bring our Big Noise community together.

Along with many others, Sistema Scotland has experienced a significant reduction in the number of candidates applying for posts within the organisation. Several positions have not been filled in the first round of recruitment and, in particular, the expansion of the programmes in Torry and Douglas to include woodwind and brass teachers has had to be postponed or curtailed for now. Work is underway at Big Noise Douglas to develop the programme to support the first cohort of young musicians who have transitioned to high school in a way that complements the Instrumental Music Service work.

In November 2022 the Glasgow Centre for Population Health published their report on educational outcomes, focusing on cumulative tariff scores and post-school destinations of the first cohorts of Big Noise Raploch young people. The report found that participating in Big Noise had a statistically significant impact on young people achieving improved post-school destinations.

We are delighted to be working closely with the Royal Scottish National Orchestra on future side-by-side collaborations for the children and young people of Big Noise. Opportunities for performance in Aberdeen in October 2022, and Edinburgh and Perth in December 2022 have been offered.

A new role within the organisation, Director for Children, Young People and Communities, was advertised in September. This key leadership position will support the Big Noise Centres to deliver on the organisational strategy.

Sistema Scotland continues to work closely with the Scottish Government on their future investment in the programme and with all local authorities to build on the partnerships and secure the future of each of the Big Noise programmes for the children, young people and communities. We are also committed to retaining and developing strong relationships with all our public and private sector partners and to expanding our support base to new funding partners and donors.

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

DIRECTORS' REPORT (continued)

For the year ended 30 June 2022

Statement of Directors' responsibilities

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each of the persons who are Directors at the time when the 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, Chiene + Tait LLP, has indicated their willingness to continue in office. The Directors will propose a motion reappointing the auditor at a meeting of the Directors.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies.

This report was approved by the Directors, on 05 January 2023..... and signed on their behalf by:

Angiolina Foster

**Angiolina Foster CBE
Director**

INDEPENDENT AUDITOR'S REPORT to the DIRECTORS and MEMBERS of**SISTEMA SCOTLAND
(A Company Limited by Guarantee)****Opinion**

We have audited the financial statements of Sistema Scotland (the 'charitable company') for the year ended 30 June 2022 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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 2022, 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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' annual report, other than the financial statements and our auditors' 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.

INDEPENDENT AUDITOR'S REPORT to the DIRECTORS and MEMBERS of**SISTEMA SCOTLAND (continued)
(A Company Limited by Guarantee)****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; and
- 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 the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement (set out on page 15), the Directors 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 regulations made under those Acts.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the charitable company and the industry in which it operates and considered the risks of acts by the charitable company which were contrary to applicable laws and regulations, included fraud. These included but were not limited to the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

INDEPENDENT AUDITOR'S REPORT to the DIRECTORS and MEMBERS of**SISTEMA SCOTLAND (continued)
(A Company Limited by Guarantee)****Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of Board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Board that represented a material misstatement due to fraud.

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. This description forms part of our auditor's report.

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 Directors, 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, the charitable company's members as a body and the charitable company's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Malcolm R Beveridge

Malcolm Beveridge (Senior Statutory Auditor)

For and on behalf of
Chiene + Tait LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street, Edinburgh, EH3 6NL

Date: 05 January 2023

Chiene + Tait LLP are eligible to act as an auditor 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 2022

	Note	Restricted 2022 £	Un- restricted 2022 £	Total Funds 2022 £	Total Funds 2021 £
Income from:					
Donations and legacies	3	4,718,340	910,510	5,628,850	3,632,056
Charitable activities	4	-	300	300	2,589
Investments	5	-	1,021	1,021	1,558
		-----	-----	-----	-----
Total income		4,718,340	911,831	5,630,171	3,636,203
		-----	-----	-----	-----
Expenditure on					
Raising fund	6	120,286	49,437	169,723	147,305
Charitable activities	7	3,181,984	892,743	4,074,727	3,289,493
		-----	-----	-----	-----
Total expenditure		3,302,270	942,180	4,244,450	3,436,798
		-----	-----	-----	-----
Net income / (expenditure) and net movement in funds		1,416,070	(30,349)	1,385,721	199,405
		=====	=====	=====	=====
Reconciliation of funds					
	16				
Total funds brought forward		125,213	1,902,928	2,028,141	1,828,736
Net movement in funds		1,416,070	(30,349)	1,385,721	199,405
		-----	-----	-----	-----
Total funds carried forward		1,541,283	1,872,579	3,413,862	2,028,141
		=====	=====	=====	=====

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

The notes on pages 22 to 32 form part of these financial statements.

SISTEMA SCOTLAND
(A Company Limited by Guarantee)

BALANCE SHEET

For the year ended 30 June 2022

	Notes	£	2022 £	£	2021 £
Fixed assets					
Investments	12		100		100
Current assets					
Debtors	13	353,128		89,582	
Investments	14	109,157		108,278	
Cash at bank and in hand		3,547,495		2,049,219	
		-----		-----	
		4,009,780		2,247,079	
Creditors: amounts falling due within one year	15	(596,018)		(219,038)	
		-----		-----	
Net current assets			3,413,762		2,028,041
			-----		-----
Total net assets			3,413,862		2,028,141
			=====		=====
Charity funds					
Restricted funds	16		1,541,283		125,213
Unrestricted funds	16		1,872,579		1,902,928
			-----		-----
Total funds			3,413,862		2,028,141
			=====		=====

The Directors acknowledge their responsibilities for complying with the requirements of the Act 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 05 January 2023 and signed on their behalf by:

Angiolina Foster

Angiolina Foster CBE
Director

The notes on pages 22 to 32 form part of these financial statements.

SISTEMA SCOTLAND
(A Company Limited by Guarantee)

STATEMENT of CASH FLOWS

For the year ended 30 June 2022

	Notes	2022	2021
		£	£
Cash flows from operating activities			
Net cash provided by operating activities	18	1,498,134	175,012
		-----	-----
Cash flows from investing activities			
Dividends, interest and rents from investments		1,021	1,558
Additional money held on deposit		(879)	(1,142)
		-----	-----
Net cash provided by investing activities		142	416
		-----	-----
Change in cash and cash equivalents in the year		1,498,276	175,428
Cash and cash equivalents at the beginning of the year		2,049,219	1,873,791
		-----	-----
Cash and cash equivalents at the end of the year	18	3,547,495	2,049,219
		=====	=====

The notes on pages 22 to 32 form part of these financial statements.

SISTEMA SCOTLAND
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

Basis of preparation of the 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.

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 considered the charity's forecasts and cashflows in the context of current inflationary and resourcing pressures 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.

Group financial statements

The company does not prepare consolidated group financial statements as it is entitled for the year ended 30 June 2022 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 12.

Income

All income is recognised once the charitable 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 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.

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

NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

2. Accounting policies (continued)

Income (continued)

Donated professional services and facilities are recognised on the basis of the value of 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.

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 requirement.

All expenditure is inclusive of irrecoverable VAT.

Interest receivable

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

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.

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.

Taxation

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

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.

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

NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

2. Accounting policies (continued)

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.

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.

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.

Financial instruments

The charitable 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.

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.

Pensions

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

Fund accounting

General funds are unrestricted fund which are available for use at the discretion of the Directors in furtherance of the general objectives of the charitable 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 charitable 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.

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 Directors to exercise judgements in applying the charity's accounting policies. The Directors 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.

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

NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
3. Income from donations and legacies				
Grants				
Local authority funding	1,592,410	-	1,592,410	1,085,409
Scottish government funding	1,100,000	-	1,100,000	943,000
Other public funding	328,850	-	328,850	221,725
Private sector funding	302,646	662,450	965,096	1,140,096
	-----	-----	-----	-----
	3,323,906	662,450	3,986,356	3,390,230
	-----	-----	-----	-----
Donations	1,128,390	115,105	1,243,495	145,016
Legacies	16,044	19,688	35,732	1,000
Gifts in kind (note 11)	-	102,253	102,253	81,493
Gift Aid	250,000	11,014	261,014	14,317
	-----	-----	-----	-----
	1,394,434	248,060	1,642,494	241,826
	-----	-----	-----	-----
	4,718,340	910,510	5,628,850	3,632,056
	=====	=====	=====	=====
	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
4. Income from charitable activities				
Other income	-	300	300	2,589
	=====	=====	=====	=====
5. Investment income			Unrestricted Funds 2022 £	Total funds 2021 £
Deposit account interest			1,021	1,558
			=====	=====
	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
6. Raising funds				
Fundraising	2,246	2,472	4,718	4,549
Staff costs (note 9)	118,040	46,966	165,006	142,756
	-----	-----	-----	-----
	120,286	49,438	169,724	147,305
	=====	=====	=====	=====
	Activities Undertaken Directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
7. Analysis of expenditure by activities				
Restricted funds	2,486,589	695,395	3,181,984	2,630,984
Unrestricted	578,190	314,553	892,743	658,509
	-----	-----	-----	-----
	3,064,779	1,009,948	4,074,727	3,289,493
	=====	=====	=====	=====

SISTEMA SCOTLAND
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NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Activities Undertaken Directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
7. Analysis of expenditure by activities				
Analysis of direct costs				
Staff costs (note 9)	2,247,804	502,821	2,750,625	2,066,732
Evaluation	-	-	-	15,030
Room hire	10,234	5,723	15,957	9,792
Miscellaneous programme costs	63,175	17,963	81,138	29,760
Children's catering	44,569	10,012	54,581	9,811
Performances and events	7,179	7,383	14,562	2,966
Staff training	31,743	15,549	47,292	38,684
Instruments	81,885	18,739	100,624	71,954
	-----	-----	-----	-----
	2,486,589	578,190	3,064,779	2,244,729
	=====	=====	=====	=====
Analysis of support costs				
Staff costs (note 9)	447,861	111,541	559,402	673,243
Insurance	6,820	3,144	9,964	9,589
Telephone and IT	66,026	38,186	104,212	95,855
Postage and stationery	3,125	10,980	14,105	6,762
Sundries	10,663	4,411	15,074	6,740
Recruitment costs	25,730	8,077	33,807	11,881
Training and development	4,500	2,937	7,437	23,511
Translation	257	246	503	384
Bank charges	141	1,595	1,736	1,392
Marketing, brand and promotion	3,173	2,893	6,066	4,177
Office expenses	21,220	10,677	31,897	16,884
Property costs	52,752	96,207	148,959	135,036
Travel subsistence	5,213	3,890	9,103	949
Governance costs	47,914	19,769	67,683	58,361
	-----	-----	-----	-----
	695,395	314,553	1,009,948	1,044,764
	=====	=====	=====	=====

Governance costs include staff costs of £43,019 (2021: £43,396).

8. Auditor's remuneration

The auditor's remuneration amounts to an auditor fee of £7,800 (2021: £7,800) and non-audit fees of £1,920 (2021: £6,600).

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NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

9. Staff costs	2022	2021
	£	£
Wages and salaries	3,150,975	2,613,817
Social security costs	225,773	192,408
Other pension schemes	141,304	119,902
	-----	-----
	3,518,052	2,926,127
	=====	=====

Staffing costs above include £106,377 (2021: £54,447) 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 £Nil (2021: £Nil).

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

	2022	2021
	No.	No.
Management and administration staff	35	31
Musicians and support workers	108	88
	-----	-----
	143	119
	=====	=====

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 £123,022 (2021: £118,171).

10. Directors' remuneration and expenses

During the year, no Directors received any remuneration or other benefits (2021: £Nil).

During the year ended 30 June 2022, travel and subsistence expenses totalling £320 (2021: £Nil) were reimbursed to three Directors (2021: no Directors).

11. Gifts in kind

Gifts in kind included the following:

Stirling Council provided services and accommodation to the value of £33,446 (2021 - £30,911). Aberdeen City Council provided services and accommodation to the value of £8,903 (2021 - £5,180). Dundee City Council provided services and accommodation to the value of £27,313 (2020 - £25,243). Musical instruments were gifted from a variety of sources worth approximately £10,649 (2021 - £7,071). Arnold Clark provided a people carrier and vans for a FOC value £1,188 (2021 - £Nil). In addition, they provided reconditioned iPads worth approximately £Nil (2021 - £2,400). Capital Document Solutions provided printing services worth approximately £9,862 (2021 - £3,004). G-Suite Licensing provided licensing services worth approximately £6,748 (2021 - £6,845). BBC SSO provided musicians to the value of £1,755 (2021 - £Nil). Other gifts in kind totalled £2,389 (2021 - £839).

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

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NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Investments In subsidiary companies
	£
12. Fixed asset investments	
Cost or valuation	
At 1 July 2021	100
	=====
At 30 June 2022	100
	=====

Principal subsidiaries

The following was subsidiary undertaking of the charitable company:

Name	Holding
	%
Sistema Scotland (Trading) Limited – Dormant	100
	=====

The aggregate of the share capital and reserves at 30 June 2022 of the subsidiary undertaking was as follows:

Name	Aggregate of share capital and reserves
	£
Sistema Scotland (Trading) Limited – Dormant	45
	=====

13. Debtors	2022	2021
	£	£
Due within one year		
Trade debtors	62,978	84,787
Other debtors	284,725	-
Prepayments and accrued income	5,425	4,795
	-----	-----
	353,128	89,582
	=====	=====

14. Current asset investments	2022	2021
	£	£
Monies held on deposit	109,157	108,278
	=====	=====

15. Creditors: amounts falling due within one year	2022	2021
	£	£
Trade creditors	91,325	22,401
Other taxation and social security	73,859	53,961
Other creditors	41,307	19,822
Accruals and deferred income	389,527	122,854
	-----	-----
	596,018	219,038
	=====	=====

SISTEMA SCOTLAND
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NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

15. Creditors: amounts falling due within one year (continued)	2022	2021
	£	£
Deferred income		
Balance as at 1 July 2021	53,805	47,805
Amount released to income in year	(19,931)	-
Amount deferred in year	246,636	6,000
	-----	-----
	280,510	53,805
	=====	=====

Included in deferred income is £33,874 from Aberdeen City Council to support the Big Noise Torry project; £25,000 from Ernst Maas for the salary of Big Noise Govanhill Musician; £209,136 unrestricted funds and £12,500 to support the purchase of woodwind and brass instruments in Big Noise Douglas.

16. Statement of funds

Current year	Balance at 1 July 2021	Income	Expenditure	Transfers	Balance at 30 June 2022
	£	£	£	£	£
Unrestricted funds					
General	1,902,928	911,831	(942,180)	-	1,872,579
Restricted funds					
Big Noise Raploch & Fallin	5,000	795,202	(752,055)	-	48,147
Big Noise Govanhill	95,037	836,598	(863,505)	-	68,130
Big Noise Torry	12,230	723,794	(711,694)	-	24,330
Big Noise Douglas	12,946	616,329	(578,599)	-	50,676
Big Noise Wester Hailes	-	1,444,671	(94,671)	-	1,350,000
Core costs	-	301,746	(301,746)	-	-
	-----	-----	-----	-----	-----
	125,213	4,718,340	(3,302,270)	-	1,541,283
	-----	-----	-----	-----	-----
Total funds	2,028,141	5,630,171	(4,244,450)	-	3,413,862
	=====	=====	=====	=====	=====

Prior year	Balance at 1 July 2020	Income	Expenditure	Transfers	Balance at 30 June 2021
	£	£	£	£	£
Unrestricted funds					
General	1,722,493	878,190	(697,755)	-	1,902,928
Restricted funds					
Big Noise Raploch & Fallin	-	621,430	(616,430)	-	5,000
Big Noise Govanhill	76,836	892,822	(874,621)	-	95,037
Big Noise Torry	-	558,907	(546,677)	-	12,230
Big Noise Douglas	4,866	327,244	(319,164)	-	12,946
Core costs	24,541	357,610	(382,151)	-	-
	-----	-----	-----	-----	-----
	106,243	2,758,013	(2,739,043)	-	125,213
	-----	-----	-----	-----	-----
Total funds	1,828,736	3,636,203	(3,436,798)	-	2,028,141
	=====	=====	=====	=====	=====

SISTEMA SCOTLAND
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

16. Analysis of net assets between funds

Current year	Restricted 2022 £	Un- restricted 2022 £	Total 2022 £
Fixed asset investments	-	100	100
Current assets	1,541,283	2,468,497	4,009,780
Creditors due within one year	-	(596,018)	(596,018)
Total	1,541,283	1,872,579	3,413,862
	=====	=====	=====
Prior year	Restricted 2021 £	Un- restricted 2021 £	Total 2021 £
Fixed asset investments	-	100	100
Current assets	125,213	2,121,866	2,247,079
Creditors due within one year	-	(219,038)	(219,038)
Total	125,213	1,902,928	2,028,141
	=====	=====	=====

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

	2022 £	2021 £
Net income for the year (as per Statement of Financial Activities)	1,385,721	199,405
Adjustments for:		
Dividends, interest and rents from investments	(1,021)	(1,558)
Increase in debtors	(263,546)	(84,466)
Increase in creditors	376,980	61,631
	-----	-----
	1,498,134	175,012
	=====	=====

Analysis of cash and cash equivalents

Cash in hand	797	1,175
Bank accounts	3,546,698	2,048,044
	-----	-----
Total cash and cash equivalents	3,547,495	2,049,219
	=====	=====

18. Analysis of change in net debt	At 1 July 2021 £	Cash flows £	At 30 June 2022 £
Cash at bank and in hand	2,049,219	1,498,276	3,547,495
	=====	=====	=====

SISTEMA SCOTLAND
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NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

19. Pension commitments

The charitable company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the charitable company. Contributions payable are charged in the income and expenditure as incurred. Contributions of £141,304 were payable (2021: £119,902). Payments of £23,508 (2021: £325) were due at the year end.

20. Operating lease commitments

At 30 June 2022 the charitable company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£	£
Within one year	13,791	13,444
	=====	=====

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

	2022	2021
	£	£
Operating lease rentals	43,265	43,665
	=====	=====

21. Indemnity insurance

The Directors and officers of the charitable company are indemnified out of the assets of the charitable company 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 charitable company.

22. 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 2012. Sistema Scotland received all outstanding amounts for this from Sistema Scotland (Trading) Limited. There was no activity in 2022 but it is expected there will be activity in the future.

Payments totalling £Nil (2021: £4,800) were made to Charlotte Street Partners in respect of media and communications consultancy services. Donations totalling £1,000 (2021: £Nil) were received from Charlotte Street Partners during the year. Andrew Wilson, who is a Director of Sistema Scotland, is a founding partner of Charlotte Street Partners.

23. Contingent assets

As at the year end, the charity has been notified of a legacy where the value of the estate was uncertain as the executor had not yet compiled the final estate accounts. The estate accounts had not been finalised as there was still a property, which formed part of the estate, to be sold. As at the year end no amount has been accrued into the financial statements in respect of this legacy, as it cannot be quantified accurately but is estimated to be in excess of £378,000.