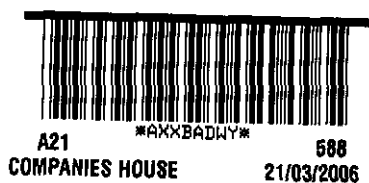


Company No. 1967704
Charity No. 293419

Community Music Limited
Report & Financial Statements
31 March 2005

Sayer Vincent
consultants and auditors



SAYER VINCENT
SV

Community Music Limited

Legal & administrative details

For the year ended 31 March 2005

Status	The organisation is a charitable company limited by guarantee, incorporated on 2 December 1995 and registered as a charity on 24 April 1986.	
Governing document	The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.	
Company number	1967704	
Charity number	293419	
Registered office and operational address	82 Southwark Bridge Road London SE1 0AS	
Secretary	Dave O'Donnell	
Chair	John Northcote John Prince	until 18 November 2005 Acting Chair from 18 November 2005
Bankers	Lloyds TSB 40 Rosslyn Hill London NW3 1NL	
Auditors	Sayer Vincent Chartered Accountants Registered Auditors 8 Angel Gate City Road London EC1V 2SJ	

Community Music Limited

Report of the directors

For the year ended 31 March 2005

The directors present their report and the audited financial statements for the year ended 31 March 2005.

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities.

Community Music exists to advance education through music, particularly for young people who are excluded from opportunities for learning.

The company is a registered charity and limited company. The board of directors are the trustees of the charity and are responsible for the proper and efficient governance of funds and legal liabilities of the company.

The Board recognise their duty to have a stated reserves policy for the company and this is included.

Activities and Review for 2004/05

CM continued throughout 2004/05 to operate a Training and Production Centre for London offering structured access, professional training, artist development projects, artist resources, outreach projects and new music production. During the year the project ran 4 accredited courses from access to postgraduate level, a weekend music club for 7-14 year olds, outreach projects in 4 schools, an internet Radio station, an Artist Development scheme to develop emerging talent, 8 live music promotions across London and a programme of development and advocacy work aiming to raise the profile and capacity of the independent music sector in London.

Notable achievements in the year were:

1. Professional Development

- A comprehensive programme of Professional Development for staff and tutors was undertaken covering both specialist and generic skill areas.
- The Certificate in Higher Education Music Production run in collaboration with University of Westminster was re-validated and updated and recruited a further 20 students. The course completed 16 production projects at the university studios.
- The Certificate in Higher Education Music Tutor Training Course and Soundstart course in Music and Technology ran in partnership with London Metropolitan University with 42 students from a varied mixture of traditional music and non-traditional educational and musical backgrounds.

2. Curriculum Development

- A full independent evaluation by Dr Pat Tunstall of the London Institute of Education was produced on CM Sound Foundation, the three year truancy project. It showed conclusively that working with non-attenders from school in modern music, engages most of them back into learning and increases their personal and study skills. Some of the non-attenders even went on to complete GCSE Music with remarkable grades. The project will now continue to be 'rolled out' to schools across London.

Community Music Limited

Report of the directors

For the year ended 31 March 2005

- A two year Foundation Degree in Commerical Music Production was researched and written and approved by the University of Westminster. This is due to begin in 2007, although the issue of fees for students has yet to be resolved with the university.
- Community Music's internet radio station, Pyrotechnic.com continued to operate sucessfully as a Limited Company. The Chief Executive of Choice FM and XFM joined the board and a new business plan was developed to increase the station's profile and make it profitable.

3. Sector Development

Sound Connections, the company coming from the consortium of music projects established by CM, established itself with major funds being raised for CPD and information service for young people from the Paul Hamlyn Foundation, the Arts Council of England and Youth Music. CM's commitment to raising standards and visibility of music projects continues and will lead to increased consortium funding bids in due course.

4. Premises

CM continued in 2004/05 to negotiate with Rich Mix Foundation on principle Heads of Terms for a lease to occupy the purpose designed music centre built for CM in their Bethnal Green Road complex. CM had the option to give notice to quit their existing lease by July 2005 so continued to press Rich Mix to agree Heads of Terms in time for this notice to be given to the current landlords. However, as the lease for Rich Mix occupation was not determined, this option to quit was not taken. The Board of Trustees are now considering alternative options for when the current lease expires in Southwark Bridge Road July 2008.

Reserves Policy

- The directors of Community Music recognise their responsibility to have a transparent policy on managing the resources of the company, including financial reserves. They acknowledge this as a requirement under the Statement of Recommended Practice: Accounting and Reporting by Charities (October 2000).
- The term 'reserves' is defined as that part of the charity's funds that are freely available for general purposes. In the case of Community Music, as almost all of the income usually comes from a variety of grant aid, this would relate to income classified as unrestricted funds, which is available to spend on general charity purposes, once all its commitments have been met and its planned expenditure has been covered.
- The trustees of Community Music believe that it is generally in the interests of the charity to work towards a position of holding reserves of up to 10% of the relevant financial period's turnover. This is to ensure adequate cash flow flexibility to meet emergency measures, delayed payment of grants and unpredictable variations in expected income.
- In the period 04/05 Community Music incurred an operating loss of £79,881 largely due to the costs of moving, legal costs, fulfilling dilapidation schedules and increased rent in new premises. However, this is offset by the brought forward surplus of £62,094 which reduced the deficit at 31 March 2005 to £17,787. It is anticipated that this will be eliminated in 2005/06 and a small reserve built up.

Community Music Limited

Report of the directors

For the year ended 31 March 2005

Risk Statement

The directors actively review the major risks to the charity on a regular basis and believe that maintaining free reserves combined with internal review of financial controls provides sufficient protection against unforeseen financial variations. Other operational risks are assessed annually and effective action taken to mitigate these risks.

Responsibilities of the directors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the year then ended.

In preparing those financial statements which give a true and fair view, the directors should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis

The directors are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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

Directors, who are also trustees under charity law, who served during the year and up to the date of this report were as follows:

J Prince	
J Pandit	(resigned 18 November 2005)
V Redwood Sawyer	(resigned 18 November 2005)
A Weeks	(resigned 18 November 2005)
D Gratton	(resigned 23 March 2005)
P Muir	
J Northcote	(resigned 18 November 2005)
A Hart	(resigned 28 May 2004)
H Searle	
Brian De Lord	(appointed 7 January 2005)

Community Music Limited

Report of the directors

For the year ended 31 March 2005

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2005 was 10 (2004 - 10). The directors have no beneficial interest in the charitable company.

Method of appointment of directors

The directors are able to appoint any person who is a member of the company to be a director. The total number of directors must be at least three but not exceed 30.

At each AGM, one third of the directors shall retire from office and shall be eligible for re-election. The directors to retire in every year shall be those who have been longest in office since their last election.

Auditors

Sayer Vincent were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the directors on 6 March 2006 and signed on their behalf by



J Prince

Independent auditors' report

To the members of

Community Music Limited

We have audited the financial statements of Community Music Limited for the year ended 31 March 2005 which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The responsibilities of the directors for preparing the report of the directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of responsibilities of the directors. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read other information contained in the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

In forming our opinion, we have considered the adequacy of disclosures made in note 1(a) concerning the charity's future income and expenditure. In view of the significance of this uncertainty we consider it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31 March 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

17 March 2006

Sayer Vincent

SAYER VINCENT

Chartered accountants & registered auditors
London

Community Music Limited

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2005

	Note	Restricted £	Unrestricted £	2005 Total £	2004 Total £
Incoming resources					
Donations, legacies and similar incoming resources	2	-	260,604	260,604	245,202
<i>Activities in furtherance of the charity's objects</i>	2, 3				
Accredited courses		33,772	132,037	165,809	254,917
Outreach		46,577	-	46,577	57,865
Youth work		18,200	462	18,662	15,050
Artist development		35,143	-	35,143	20,000
Development & support		2,000	2,306	4,306	-
Interest		-	757	757	682
Other income		-	4,597	4,597	-
Total incoming resources		<u>135,692</u>	<u>400,763</u>	<u>536,455</u>	<u>593,716</u>
<i>Costs of generating funds:</i>					
Fundraising and publicity	4	-	9,630	9,630	2,346
Net incoming resources available for charitable application		<u>135,692</u>	<u>391,133</u>	<u>526,825</u>	<u>591,370</u>
<i>Direct charitable expenditure</i>					
Accredited courses		136,456	157,506	293,962	316,375
Outreach		97,249	-	97,249	26,812
Youth work		23,399	-	23,399	20,596
Artist development		41,825	-	41,825	27,208
Development and support costs		2,000	134,422	136,422	190,275
Management and administration			13,849	13,849	14,198
Total charitable expenditure		<u>300,929</u>	<u>305,777</u>	<u>606,706</u>	<u>595,464</u>
Total resources expended	4	<u>300,929</u>	<u>315,407</u>	<u>616,336</u>	<u>597,810</u>
Net (outgoing)/incoming resources before transfers	5	(165,237)	85,356	(79,881)	(4,094)
Transfers between funds	12	<u>139,796</u>	<u>(139,796)</u>	<u>-</u>	<u>-</u>
Net movement in funds		(25,441)	(54,440)	(79,881)	(4,094)
Funds at 1 April 2004		<u>28,941</u>	<u>33,153</u>	<u>62,094</u>	<u>66,188</u>
Funds at 31 March 2005	12	<u>3,500</u>	<u>(21,287)</u>	<u>(17,787)</u>	<u>62,094</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 12 to the financial statements.

Community Music Limited (Limited by Guarantee)

Balance sheet

As at 31 March 2005

	Note	£	2005 £	2004 £
Tangible fixed assets	8		13,565	<u>3,089</u>
Current assets				
Debtors	9	79,526		57,081
Cash at bank and in hand		<u>30,483</u>		<u>26,383</u>
		110,009		83,464
Creditors: amounts falling due within one year	10	<u>(141,361)</u>		<u>(24,459)</u>
Net current (liabilities)/assets			<u>(31,352)</u>	<u>59,005</u>
Net (liabilities)/assets			<u>(17,787)</u>	<u>62,094</u>
Funds				
Restricted funds	12		3,500	28,941
Unrestricted funds				
General funds			<u>(21,287)</u>	<u>33,153</u>
Total funds	11		<u>(17,787)</u>	<u>62,094</u>

Approved by the directors on 6 March 2006 and signed on their behalf by



J Prince

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2005

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in October 2000) and the Companies Act 1985.

Going concern

The charity's incoming resources have decreased this year. However, the directors are confident that results will improve next year. Should this not be the case, the charity's activities will be curtailed accordingly. As a result the directors consider the preparation of the accounts on a going concern basis to be appropriate.

- b) Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities when receivable.
- c) Grants are recognised in full in the statement of financial activities in the year in which they are receivable.
- d) Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation of fixed assets purchased with such grants is charged against the restricted fund. Where a fixed asset is donated to the charity for its own use, it is treated in a similar way to a restricted grant.
- e) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered. Resources expended are allocated to the particular activity where the cost relates directly to that activity.

The cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the basis shown below which is an estimate, based on staff time, of the amount attributable to each activity.

Premises costs are apportioned on the basis of training space and desk space usage for each activity, on the following basis.

	Staff costs and administrative costs	Premises costs allocations
Cost of generating funds	0.7%	3.3%
Accredited courses	36.9%	56.9%
Outreach	23.2%	10.3%
Youth work	0.6%	5.0%
Artist development	3.4%	7.3%
Development and support costs	34.3%	13.2%
Management and administration	0.9%	4.0%

Management and administration costs include the management of the charitable company's assets, organisational management and compliance with constitutional and statutory requirements.

The costs of generating funds relate to the costs incurred by the charitable company in raising funds, primarily by publicity and fundraising activities.

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2005

1. Accounting policies (continued)

- f) Depreciation is provided at rates calculated to write down the cost of each asset on a straight line basis over its expected useful life to its estimated residual value. The depreciation rates in use are as follows:

Computer and musical equipment	3 years (33%)
Office equipment and furniture	3 years (33%)
Studio equipment	2 years (50%)

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

- g) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.
- h) Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity.
- i) Transfers from unrestricted funds to restricted funds are made to cover the excess of costs over income. Transfers from restricted funds to unrestricted funds are made to cover the depreciation charges of restricted assets.
- j) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.
- k) The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2005

2. Grants and donations

	Restricted £	Unrestricted £	2005 Total £	2004 Total £
London Arts Board	-	185,000	185,000	180,001
Association of London Government	-	45,404	45,404	44,701
London Borough of Southwark	40,000	-	40,000	49,542
European Social Fund/Metier	29,911	-	29,911	23,982
Coors sponsorship	-	20,000	20,000	20,000
London Metropolitan University	16,500	-	16,500	17,000
National Foundation for Youth Music	12,700	-	12,700	60,550
London Development Agency	-	10,000	10,000	-
Performing Rights Society	10,000	-	10,000	15,000
Creative Partnerships	6,577	-	6,577	8,323
Brit Trust	5,000	-	5,000	5,000
Paul Hamlyn	5,000	-	5,000	-
CHK Charities	3,000	-	3,000	3,000
North Southwark Environment Trust	2,500	-	2,500	-
Music Publishers Association	2,004	-	2,004	-
Sound connections	2,000	-	2,000	-
British Music Rights	500	-	500	-
Esme Fairbairn Charitable Trust	-	-	-	20,000
City and Parochial Foundation	-	-	-	15,000
European Social Fund	-	-	-	10,763
Haberdashers	-	-	-	1,000
Other donations	-	200	200	500
Total	135,692	260,604	396,296	474,362

During the year the charitable company received a grant of £45,404 from Association of London Government for salaries and running costs. The grant was fully utilised in the year.

3. Activities in furtherance of the charity's objects

	Grants restricted £	Fees & courses unrestricted £	2005 Total £	2004 Total £
Accredited courses	33,772	132,037	165,809	254,917
Outreach	46,577	-	46,577	57,865
Youth work	18,200	462	18,662	15,050
Artist development	35,143	-	35,143	20,000
Development & support	2,000	2,306	4,306	-
Total	135,692	134,805	270,497	347,832

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2005

4. Total Resources Expended

	Fundraising and publicity £	Accredited courses £	Outreach £	Youth work £	Artist development £	Development and support costs £	Management and admin £	2005 £	2004 £
Staff costs (note 6)	1,747	189,655	73,160	16,679	20,744	84,887	2,096	388,968	320,757
Redundancy	-	-	-	-	-	5,195	-	5,195	4,989
Freelance and consultants	68	6,176	2,292	55	9,994	3,373	82	22,040	22,753
Other staff costs	39	2,153	1,336	31	186	3,090	47	6,882	7,104
Premises and equipment	2,614	65,143	11,381	4,587	7,558	10,455	3,137	104,875	133,686
Depreciation	-	-	-	-	-	13,516	-	13,516	19,536
Office Overheads	186	9,953	6,140	149	894	9,638	223	27,183	31,843
Project Operating costs	4,976	20,882	2,940	1,898	2,449	6,268	-	39,413	43,527
Audit	-	-	-	-	-	-	4,661	4,661	6,387
Bank charges	-	-	-	-	-	-	703	703	555
Board costs	-	-	-	-	-	-	182	182	122
Insurance	-	-	-	-	-	-	2,718	2,718	1,923
Legal fees	-	-	-	-	-	-	-	-	4,628
	<u>9,630</u>	<u>293,962</u>	<u>97,249</u>	<u>23,399</u>	<u>41,825</u>	<u>136,422</u>	<u>13,849</u>	<u>616,336</u>	<u>597,810</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2005

5. Net (outgoing) / incoming resources for the year

This is stated after charging / crediting:

	2005 £	2004 £
Directors' remuneration	nil	nil
Directors' expenses	nil	nil
Depreciation	13,516	19,536
Audit services		
▪ Auditor's remuneration	4,700	6,363
▪ Overaccrual in prior year	(39)	24
Operating lease costs		
▪ for property	50,000	50,000
▪ for equipment	1,797	784

6. Staff costs and numbers

Staff costs were as follows:

	2005 £	2004 £
Salaries and wages	354,931	288,625
Social security costs	27,822	23,198
Pension contributions	6,215	8,934
	<u>388,968</u>	<u>320,757</u>

No employee earned more than £50,000 during the year.

Pension costs are payable by the charity of £4,288 at the year end.

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2005 No.	2004 No.
Fundraising and publicity	0.1	0.1
Accredited courses	5.1	5.6
Outreach	1.9	0.4
Youth work	0.5	0.4
Artist development	0.5	0.5
Support and development	2.4	4.4
Management and administration	0.1	0.1
	<u>10.6</u>	<u>11.5</u>

7. Taxation

Community Music is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2005

8. Tangible fixed assets

	Studio equipment £	Computers & musical equipment £	Office equipment & furniture £	Total £
COST				
At 1 April 2004	31,233	43,294	3,460	77,987
Additions in year	22,598	-	1,394	23,992
Disposals	-	(1,959)	-	(1,959)
At 31 March 2005	<u>53,831</u>	<u>41,335</u>	<u>4,854</u>	<u>100,020</u>
DEPRECIATION				
At 1 April 2004	31,233	41,230	2,435	74,898
Charge for the year	11,300	1,032	1,184	13,516
Disposals	-	(1,959)	-	(1,959)
At 31 March 2005	<u>42,533</u>	<u>40,303</u>	<u>3,619</u>	<u>86,455</u>
NET BOOK VALUE				
At 31 March 2005	<u>11,298</u>	<u>1,032</u>	<u>1,235</u>	<u>13,565</u>
At 31 March 2004	<u>-</u>	<u>2,064</u>	<u>1,025</u>	<u>3,089</u>

All tangible fixed assets are used to fulfil the charity's objects.

9. Debtors

	2005 £	2004 £
Trade debtors	1,950	2,094
Other debtors	2,599	7,133
Prepayments	11,577	9,875
Accrued income	63,400	37,979
	<u>79,526</u>	<u>57,081</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2005

10. Creditors : amounts falling due within one year

	2005	2004
	£	£
LAB Loan	5,000	5,000
Trade creditors	21,970	9,241
Taxation & social security	22,582	-
Other creditors	8,310	4,775
Accruals	7,499	5,443
Deferred income	76,000	-
	<u>141,361</u>	<u>24,459</u>

The charity has an overdraft facility of £5,000 although this was not in use at 31 March 2005.

11. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total Funds £
Tangible fixed assets	-	13,565	13,565
Current assets	9,400	100,609	110,009
Current liabilities	<u>(5,900)</u>	<u>(135,461)</u>	<u>(141,361)</u>
Net assets at 31 March 2005	<u>3,500</u>	<u>(21,287)</u>	<u>(17,787)</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2005

12. Movements in funds

	At 1 April 2004 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 March 2005 £
Restricted funds:					
Development	-	2,000	(2,000)	-	-
MTTC	-	6,125	(6,125)	-	-
Step Up	-	20,143	(99,523)	79,380	-
Sound Start	-	5,500	(5,500)	-	-
Sound Foundation	-	2,004	(25,308)	23,304	-
Sound Foundation in Schools	(58)	6,577	(15,562)	9,043	-
Mix It	30,918	40,000	(81,687)	10,769	-
Major Minor	(1,919)	18,200	(23,399)	7,118	-
Extra Time	-	30,143	(40,325)	10,182	-
Musical Futures	-	5,000	(1,500)	-	3,500
Total restricted funds	28,941	135,692	(300,929)	139,796	3,500
Unrestricted funds:					
General funds	33,153	400,763	(315,407)	(139,796)	(21,287)
Total funds	62,094	536,455	(616,336)	-	(17,787)

Transfers between funds

Transfers from unrestricted funds to restricted funds are made to cover the excess of costs, on individual projects, over restricted income.

Purposes of restricted funds

Development

In 2004/05 a substantial amount of time was spent by Development Director, Alison Tickell on advocacy and networking at government and music industry events. This is part of a strategy, combined with the setting up of Sound Connections, to raise the profile of CM amongst potential funders in order to access bigger project funding streams in the future. In addition the Director traveled to the Czech Republic and Hungary to develop a European new talent Roma youth project in order to apply to Culture 2000 from the EC for two year funding. This involved establishing contacts in the respective music industries, Roma communities, education and youth work fields and art galleries. The project concept has the backing of the British Council, Czech Centre and the Arts Council of England and was developed partially to provide programme for the Rich Mix transition.

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2005

12. Purposes of restricted funds (continued)

**MTTC Dip/Ed -
Certificate in Higher
Education Music Tutor
Training**

This teacher training course, which was started up again in 2002/03, was funded by European Social Fund / Metier. The course trains professional musicians to become community musicians and has a high success rate in generating new employment for completers. It requires no formal qualifications for entry but gives a Level 4 undergraduate qualification. Negotiations are underway for the course to be part of a new Teacher Training Agency initiative creating new models for training teachers to deliver modern curricula.

**Step Up - Certificate in
Higher Education
Music Production**

This course provides access route to study of a full degree in music production at University of Westminster for students without formal qualifications. It is designed to deliver industry standard training for those seeking a career in the music industry and is delivered in close partnership with the university.

**Sound Start Music and
Technology Course**

This course, accredited by LOCN at Level 3 is designed for young musicians wanting to increase their skills and understanding of career options open to them. It attracts young people who did not get qualifications in music at school and who want to return to study or open progression routes into the business or higher education. The course acts as a feeder for the certificate in Higher Education Music Production and therefore as a route to degree level training for those with no qualifications.

Sound Foundation

This is an innovative project working with school non-attenders. Funding is provided by National Foundation for Youth Music and the European Social Fund. The project is designed to re-engage teenagers who do not attend school and, through the study of music, raise their self esteem, basic skills and obtain a qualification. It is also designed to be 'rolled out' to schools to become part of permanent provision. It is the subject of a full independent evaluation by Dr Pat Tunstall of The Institute of Higher Education. This will be completed in 2005.

**Sound Foundation in
Schools**

This project designs and delivers an accredited course of modern music study for those not attending school, in the school itself. Funded by the Arts Council through Creative Partnerships, it is working closely with Head Teachers and music teachers to train staff, technicians and provide technical and delivery support to the school until the project is independent and stands alone. The school is Archbishop Micheal Ramsey comprehensive in Southwark which is due to be re-built and should have new music studios designed for the project incorporated into the new design. The project incurred unforeseen costs during the year and less income in fees from the schools due to lack of funds from the schools, than expected. It is expected this will be covered by further funding in 2004/2005.

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2005

12. Purposes of restricted funds (continued)

Bermondsey & Rotherhithe Mix It

Funded by Southwark Council through the Neighborhood Renewal Fund this is part of an urban regeneration initiative to improve facilities in North Southwark. It offers after- school music clubs for 3 primary schools round a central 'hub', training to teachers and technical support. It also delivers an accredited course in music and technology to Bacons College comprehensive as part of their mainstream provision.

Major Minor

This is the third of a three year project, providing a weekend music club for 7-14 year olds from low income families. Funding was provided by National Foundation for Youth Music through Sound Connections, a consortium of community music projects set up and funded by Youth Music to develop the role and capacity of community music projects across London. The project incurred extra costs for tutors due to the number of children with behavioural problems requiring small class sizes. Funding available from Sound Connections is expected to address this in 2004/2005.

Extra Time

This is an artist development project providing free recording studio time, producers and music business advice to emerging and budding young artists. Specially talented musicians and composers from the courses are selected for individual training plans and given a programme of advice, training and studio time to develop their careers. Young musicians without formal music qualifications and from culturally diverse backgrounds are targeted.

Musical Futures

CM assisted Sound Connections to raise funds from the Paul Hamlyn Foundation to conduct research into the musical needs of young people across the UK. Phase one of this research was to investigate the feasibility of setting up a web base information service for young people and music provision in England. Sound Connections requested CM to conduct this research and this was contracted to Gawain Hewitt, one of CM's lead tutors. The research continued into 2005 and has been completed and the information web site is fully operational.

13. Operating lease commitments

The charitable company had annual commitments under operating leases expiring as follows:

	Land & Buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
2 - 5 Years	<u>50,000</u>	<u>50,000</u>	<u>1,797</u>	<u>784</u>
	<u>50,000</u>	<u>50,000</u>	<u>1,797</u>	<u>784</u>