

Company No. 1967704

Charity No. 293419

Community Music Limited
Report & Financial Statements
31 March 2000



Sayer Vincent

chartered accountants registered auditors



Community Music Limited

Legal & Administrative Details

For the Year Ended 31 March 2000

Status	The organisation is a charitable company limited by guarantee, incorporated on 2 December 1985 and registered as a charity on 24 April 1986		
Company Number	1967704		
Charity Number	293419		
Registered Office and Operational Address	35 Union Street London SE1 1SD		
Directors	J Pandit Chair	J Northcote	
	K Venner	A Brett	
	J Prince	H Searle	
	A Macdonald	D Lawrence	
	A Weeks	S Walters	
Secretary	Dave O'Donnell		
Auditors	Sayer Vincent Chartered Accountants Registered Auditors 23 Angel Gate City Road London EC1V 2SJ		

Community Music Limited

Report of the Directors

For the Year Ended 31 March 2000

The directors present their report and the audited financial statements for the year ended 31 March 2000.

Activities Report and Review

Community Music completed a highly successful year of education, training, work with socially excluded young people, higher education partnerships and professional and artistic development for talented musicians.

Notable developments were the new partnerships with Higher Education aiming to create real access routes into Higher Education for musicians without formal qualifications. The collaboration with the University of North London began after a two-year development period. Community Music has always tried to create innovative models of training, which can have a cascade effect in statutory provision. Community Music believes that the most urgent priority in modernising music education is to find ways of training musicians to teach who are from musical and social backgrounds that reflect the multi-cultural nature of London's schools and the musical needs of the students. The 2-year B.Music (Education) degree targets musicians without degrees and other qualifications to train to teach in secondary schools. This is a unique attempt to create an alternative to the normal route for music teachers and effect real change within the music education system.

The two-year Certificate in Higher Education in Music Production and Development with the University of Westminster is a chance for students from Community Music's access courses to move into Higher Education, even if they do not have GCSE or A level qualifications. This again is the only course of its kind in the country and is seen as a prototype for new routes for progression to Higher Education.

The BreakBeat project funded by FOCUS TEC for 16-25 year olds suffering serious social exclusion began its second successful year as part of the Breaking Barriers initiative. A video and CD were produced by FOCUS to show the success of the project and the high success rate of employment creation for young people completing the course.

Musicians and Producers is a professional and artistic development programme for talented young musicians and producers run in close collaboration with the London Arts Board, University of Westminster, SHAPE, Overtones and sponsored by Spirit/Soundcraft. It is funded by the A4E lottery scheme and the London Arts Board. 20 musicians of all musical genres receive financial, personal and professional support for a year including training, studio and pre-production time and mentoring from music business professionals. The first year was successfully completed with a number of deals being signed and records being produced.

Community Music Limited

Report of the Directors

For the Year Ended 31 March 2000

Community Music continued its ground breaking role with music technology by starting an Internet Radio station called Pyrotechnic. This project was conceived and set up by the ex- modern apprentice and is managed and marketed by the young people from the musical community it serves. It has gained an international reputation very quickly for the quality of the music, which is focused on non-mainstream and experimental music.

Community Music promoted live shows of new music at 15 events around London and continued to work closely with Asian Dub Foundation to collaborate on promotions with their sound system.

The development of the new building project continued with the completion of a 2-year feasibility study preceding a submission to Capital Programme 2 of the Arts Council's National Lottery scheme. The study, which investigated a new building for Community Music incorporating a performance, training and production centre on a land site in Union Street donated by Southwark Council, was submitted to the Arts Council and approved. Southwark Council had offered a 125-year lease on the land and funds towards the costs of building the centre, and the project had been developed closely in collaboration with the Regeneration department since 1997. However, the project subsequently foundered when Southwark Planning Department decided not to recommend planning permission.

The Board of Trustees are investigating other possibilities to create a permanent base for Community Music when the lease on the current premises runs out in August 2003.

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 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

Community Music Limited

Report of the Directors

For the Year Ended 31 March 2000

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		A Weeks	(appointed June 2000)
K Venner		J Northcote	(appointed November 1999)
J Pandit		A Brett	(appointed September 1999)
A Macdonald	(appointed June 1999)	H Searle	(appointed August 1999)
D Lawrence	(appointed January 2000)	S Walters	(resigned March 2000)

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 2000 was 10 (1999 - 4). The directors have no beneficial interest in the charitable company.

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 2 November 2000 and signed on their behalf by



J Prince

Auditors' Report

To the Members of

Community Music Limited

We have audited the financial statements on pages 6 to 18 which have been prepared on the basis of the accounting policies set out on pages 9 & 10.

Respective Responsibilities of the Directors and Auditors

As described on page 3, the directors, who are also trustees under charity law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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

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 mis-statement, 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.

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 2000 and of the 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.



6 November 2000

SAYER VINCENT
Chartered Accountants
Registered Auditors
23 Angel Gate
City Road
London
EC1V 2SJ

Community Music Limited

Statement of Financial Activities (Incorporating an Income and Expenditure Account)

For the Year Ended 31 March 2000

	Note	Restricted £	Unrestricted £	2000 Total £	1999 Total £
Incoming Resources					
Grants		413,428	136,918	550,346	351,897
Less: Grants Deferred		<u>(20,258)</u>	<u>-</u>	(20,258)	(25,580)
	2	393,170	136,918	530,088	326,317
Trusts and Foundations	3	27,100	1,500	28,600	12,750
Other Donations		4,650	-	4,650	9,240
Donations in Kind	4	-	-	-	30,000
Workshops, Courses and Studio Hire	5	-	78,130	78,130	70,973
Other Income		-	124	124	2,810
Bank Interest		<u>-</u>	<u>4</u>	4	298
Total Incoming Resources		<u>424,920</u>	<u>216,676</u>	641,596	452,388
Resources Expended					
<i>Direct Charitable Expenditure</i>					
Training Courses		-	77,022	77,022	74,919
Outreach		-	4,887	4,887	5,186
Breakbeat		125,801	-	125,801	109,017
The Project		28,250	-	28,250	2,255
Major Minor		8,798	-	8,798	1,266
Young Producers		73,419	-	73,419	49,626
Virtual Assessment Centre		-	-	-	20,929
Net Gain / Digital Training		-	-	-	3,797
Equipment Funds		-	-	-	404
National Lottery Feasibility Study		186,911	-	186,911	50,865
Support Costs		<u>-</u>	<u>137,725</u>	137,725	46,492
		423,179	219,634	642,813	364,756
<i>Other Expenditure</i>					
Fundraising and Publicity		-	664	664	10,424
Management and Administration		<u>240</u>	<u>9,288</u>	9,528	7,048
Total Resources Expended	6	<u>423,419</u>	<u>229,586</u>	653,005	382,228
Net (Outgoing) / Incoming Resources for the Year before Transfers					
		1,501	(12,910)	(11,409)	70,160

Community Music Limited

Statement of Financial Activities (Incorporating an Income and Expenditure Account)

For the Year Ended 31 March 2000

	Note	Restricted £	Unrestricted £	2000 Total £	1999 Total £
Net (Outgoing) / Incoming					
Resources for the Year brought forward		1,501	(12,910)	(11,409)	70,160
Transfer Between Funds	15	<u>6,740</u>	<u>(6,740)</u>	<u>-</u>	<u>-</u>
Net Movement in Funds		8,241	(19,650)	(11,409)	70,160
Funds at 1 April 1999		<u>11,962</u>	<u>14,758</u>	26,720	(43,440)
Funds at 31 March 2000		<u>20,203</u>	<u>(4,892)</u>	15,311	26,720

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 15 to the financial statements.

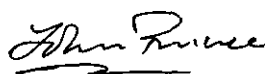
Community Music Limited (Limited by Guarantee)

Balance Sheet

As at 31 March 2000

	Note	£	2000 £	1999 £
Tangible Fixed Assets	10		41,071	<u>44,286</u>
Current Assets				
Debtors and Prepayments	11	33,319		34,975
Cash at Bank and in Hand		<u>49,747</u>		<u>40,406</u>
		83,066		75,381
Creditors: Amounts Falling Due Within One Year	12	<u>(88,826)</u>		<u>67,947</u>
Net Current (Liabilities)/Assets			<u>(5,760)</u>	<u>7,434</u>
Total Assets Less Net Current Liabilities			35,311	51,720
Creditors: Amounts Falling Due After One Year	13		<u>(20,000)</u>	<u>(25,000)</u>
Net Assets			<u>15,311</u>	<u>26,720</u>
Reserves				
Unrestricted Funds			(4,892)	14,758
Restricted Funds			<u>20,203</u>	<u>11,962</u>
Total Funds	15		<u>15,311</u>	<u>26,720</u>

Approved by the directors on 2 November 2000 and signed on their behalf by


J Prince

Community Music Limited

Notes to the Financial Statements

For the Year Ended 31 March 2000

1. Accounting Policies

- a) The financial statements have been prepared in accordance with applicable accounting standards and follow the recommendations in *Statement of Recommended Practice - Accounting by Charities*.
- b) Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when received.
- c) Grants, including grants for the purchase of fixed assets, are credited to the Statement of Financial Activities when they are received or receivable, whichever is earlier. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.
- d) Depreciation on tangible fixed assets is calculated to write off the cost of each asset evenly over its expected useful life as follows:

Studio equipment	- 20% and 33.3% per annum
Computer and musical equipment	- 33.3% per annum
Motor vehicles	- 33.3% per annum
Office equipment and furniture	- 33.3% per annum
Musical Instruments	- 50% per annum

- e) Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund.
- f) Unrestricted funds are donations and other income received or generated for the charitable purposes.
- g) Designated funds are unrestricted funds earmarked by the directors for particular purposes.
- h) Staff costs and overhead expenses are allocated to activities on the basis of staff time spent on those activities.
- i) Fundraising and publicity costs comprise the costs actually incurred in producing materials for promotional purposes, and of raising funds.
- j) Management and administration costs relate to the costs of running the charity.
- k) Donations in kind are included in full in the Statement of Financial Activities when received and are valued by the directors at estimated cost.
- l) All leases of land and buildings and equipment are operating leases, and rentals are charged to the Statement of Financial Activities when incurred. No assets are held under hire purchase agreements.

Community Music Limited

Notes to the Financial Statements

For the Year Ended 31 March 2000

2. Grants

	Restricted	Unrestricted	2000 Total	1999 Total
	£	£	£	£
London Arts Board	6,325	113,620	119,945	166,100
Less: Grant Deferred	-	-	-	(25,580)
London Borough Grants	-	23,298	23,298	23,782
Arts Council of Great Britain	274,111	-	274,111	71,915
Focus	132,992	-	132,992	75,000
Less: Grant Deferred	(20,258)	-	(20,258)	-
SOLOTECH	-	-	-	15,100
Total Grants	<u>393,170</u>	<u>136,918</u>	<u>530,088</u>	<u>326,317</u>

During the year the company received a grant of £23,298 from London Boroughs' Grants for salaries and running costs. The grant was fully utilised in the year.

3. Trusts and Foundations

	Restricted	Unrestricted	2000 Total	1999 Total
	£	£	£	£
The Pilgrim Trust	18,750	-	18,750	6,250
The Fairweather Trust	-	1,500	1,500	-
The Norman Trust	7,000	-	7,000	-
Yapp Fund	1,350	-	1,350	-
The Buxton Trust	-	-	-	50
Allnott Trust	-	-	-	750
Hampstead Wells & Campden Trust	-	-	-	500
Music Foundation	-	-	-	1,000
Christchurch Trust	-	-	-	1,000
Phil Collins Trust	-	-	-	500
Peter Minet Trust	-	-	-	1,500
Thomas Dickinson Charity	-	-	-	1,200
Total Grants	<u>27,100</u>	<u>1,500</u>	<u>28,600</u>	<u>12,750</u>

Community Music Limited

Notes to the Financial Statements

For the Year Ended 31 March 2000

4. Donations in Kind

There were no gifts in kind received during the year (1999 - recording studio equipment valued at £30,000 donated by the Asian Dub Foundation).

5. Workshops, Courses and Studio Hire

	2000	1999
	Total	Total
	£	£
Workshops and Courses	76,980	69,236
Training and Consultancy	-	1,737
Music Events	1,150	-
	<hr/>	<hr/>
Total Grants	78,130	70,973
	<hr/>	<hr/>

Community Music Limited

Notes to the Financial Statements

For the Year Ended 31 March 2000

6. Total Resources Expended

	Training Courses £	Outreach £	Breakbeat £	The Project £	Major Minor £	Young Producers £	2000 Sub- Total £
Salaries	61,790	3,344	61,573	13,992	5,503	25,279	171,481
Freelance and Consultants	468	1,543	9,075	100	1,794	5,485	18,465
Other Staff Costs	156	-	499	705	26	319	1,705
Premises	5,112	-	16,702	5,112	852	10,484	38,262
Administration	2,167	-	7,134	2,858	361	4,439	16,959
Operating Costs	7,329	-	20,818	5,483	262	27,413	61,305
Depreciation	-	-	10,000	-	-	-	10,000
Publicity	-	-	-	-	-	-	-
Audit	-	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-	-
Board Costs	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Legal Fees	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-	-
Total Resources Expended	77,022	4,887	125,801	28,250	8,798	73,419	318,177

Community Music Limited

Notes to the Financial Statements

For the Year Ended 31 March 2000

	2000 Sub- Total C/F	Feasibility Study	Support Cost	Fundraising and Publicity	Management and Administration	2000 Total	1999 Total
	£	£	£	£	£	£	£
Salaries	171,481	-	47,836	-	-	219,317	128,220
Freelance and Consultants	18,465	-	6,694	-	-	25,159	47,200
Other Staff Costs	1,705	-	3,831	-	-	5,536	4,695
Premises	38,262	-	27,881	-	-	66,143	41,256
Administration	16,959	-	17,714	-	-	34,673	20,695
Operating Costs	61,305	-	14,883	-	-	76,188	46,971
Depreciation	10,000	-	18,886	-	-	28,886	22,554
Publicity	-	-	-	664	-	664	10,424
Audit	-	-	-	-	4,000	4,000	4,789
Bank Charges	-	-	-	-	1,112	1,112	561
Board Costs	-	-	-	-	856	856	379
Insurance	-	-	-	-	661	661	3,409
Legal Fees	-	-	-	-	2,899	2,899	210
Professional Fees	-	186,911	-	-	-	186,911	50,865
Total Resources Expended	318,177	186,911	137,725	664	9,528	653,005	382,228

Community Music Limited

Notes to the Financial Statements

For the Year Ended 31 March 2000

7. Net Outgoing Resources for the Year

This is stated after charging / crediting:

	2000	1999
	£	£
Directors' Emoluments	Nil	Nil
Depreciation	28,886	22,554
Operating Lease Payments	1,918	1,610
Auditors' Remuneration	4,000	4,789
	<u>28,804</u>	<u>28,953</u>

8. Staff Costs and Numbers

Staff costs were as follows:

	2000	1999
	£	£
Salaries and Wages	202,679	120,049
Social Security Costs	16,638	8,170
	<u>219,317</u>	<u>128,219</u>

No employee earned greater than £40,000 during the year.

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

	2000	1999
	No.	No.
Projects	8.0	5.0
Support	2.0	2.0
	<u>10.0</u>	<u>7.0</u>

9. Taxation

The charity has no corporation tax liability because all income is applied for charitable purposes.

Community Music Limited

Notes to the Financial Statements

For the Year Ended 31 March 2000

10. Tangible Fixed Assets

	Studio Equipment £	Computers & Musical Equipment £	Motor Vehicles £	Musical Instruments £	Office Equipment & Furniture £	Total £
COST						
At 1 April 1999	55,000	43,218	2,854	9,020	1,903	111,995
Additions in Year	-	25,137	-	-	534	25,671
Disposals in Year	-	(21,026)	-	-	(584)	(21,610)
At 31 March 2000	<u>55,000</u>	<u>47,329</u>	<u>2,854</u>	<u>9,020</u>	<u>1,853</u>	<u>116,056</u>
DEPRECIATION						
At 1 April 1999	20,000	34,154	2,854	9,020	1,681	67,709
Charge for the Year	15,000	13,581	-	-	305	28,886
Disposals in Year	-	(21,026)	-	-	(584)	(21,610)
At 31 March 2000	<u>35,000</u>	<u>26,709</u>	<u>2,854</u>	<u>9,020</u>	<u>1,402</u>	<u>74,985</u>
NET BOOK VALUE						
At 31 March 2000	<u>20,000</u>	<u>20,620</u>	<u>-</u>	<u>-</u>	<u>451</u>	<u>41,071</u>
At 31 March 1999	<u>35,000</u>	<u>9,064</u>	<u>-</u>	<u>-</u>	<u>222</u>	<u>44,286</u>

Community Music Limited

Notes to the Financial Statements

For the Year Ended 31 March 2000

11. Debtors

	2000 £	1999 £
Prepayments	2,565	2,200
Accrued Income:		
▪ Arts Council of Great Britain	15,407	31,145
▪ Workshops	9,509	1,360
Other debtors	5,838	270
	<u>33,319</u>	<u>34,975</u>

12. Creditors : Amounts Falling Due Within One Year

	2000 £	1999 £
Grants in Advance	20,258	25,580
Taxation and Social Security	10,701	5,540
Accruals	17,145	8,798
Other Creditors	40,722	28,029
	<u>88,826</u>	<u>67,947</u>

13. Creditors : Amounts Falling Due After One Year

	2000 £	1999 £
2 - 5 Years	<u>20,000</u>	<u>25,000</u>

The above represents:

- i) an interest free loan from the London Arts Board for £30,000 repayable over 7 years.

	2000 £	1999 £
Within One Year	5,000	5,000
2 - 5 Years	20,000	20,000
After 5 Years	-	5,000
	<u>25,000</u>	<u>30,000</u>

Community Music Limited

Notes to the Financial Statements

For the Year Ended 31 March 2000

14. Analysis of Net Assets Between Funds

	Restricted Funds £	Unrestricted Funds £	Total Funds £
Fund Balances at 31 March 2000 are represented by:			
Tangible Fixed Assets	10,000	31,071	41,071
Current Assets	39,818	43,248	83,066
Current Liabilities	(29,615)	(59,211)	(88,826)
Liabilities: Amounts Falling Due After One Year	-	(20,000)	(20,000)
Total Net Assets at 31 March 2000	20,203	(4,892)	15,311

15. Movements in Funds

	At 1 April 1999 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2000 £
Restricted Funds:					
Breakbeat	583	124,384	(125,801)	900	66
The Project	3,995	19,135	(28,490)	5,360	-
Major Minor	6,935	1,350	(8,798)	480	(33)
Young Producers	-	93,140	(73,419)	-	19,721
Solotech Equipment Fund	449	-	-	-	449
National Lottery Bid	-	186,911	(186,911)	-	-
Princes Trust Equipment Fund	-	-	-	-	-
Total Restricted Funds	11,962	424,920	(423,419)	6,740	20,203
General Funds	14,758	216,676	(229,586)	(6,740)	(4,892)
Total Unrestricted Funds	14,758	216,676	(229,586)	(6,740)	(4,892)
Total Funds	26,720	641,596	(653,005)	-	15,311

For ongoing projects, transfers have been made from the General Fund to restricted funds in the amounts of unrestricted income generated by the projects funded by restricted funds. For finished projects, transfers have been made from the General Fund to cover the closing deficit.

Community Music Limited

Notes to the Financial Statements

For the Year Ended 31 March 2000

16. Operating Lease Commitments

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

	2000	1999
	£	£
Leases of Land and Buildings:		
In one to two years	-	-
In two to five years	<u>45,000</u>	<u>45,000</u>
	<u>45,000</u>	<u>45,000</u>

17. Leasehold Dilapidations

The property lease for 35 Union Street is due to expire in August 2003. On expiry of the lease a dilapidation review of the premises will be performed resulting in a potential liability for Community Music. The amount of any liability is at the current time uncertain.