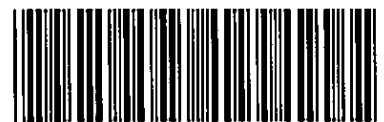


Company No. 1967704
Charity No. 293419

Community Music Limited
Report & Financial Statements
31 March 2008

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COMPANIES HOUSE

sayer vincent

consultants and auditors

Community Music Limited

Reference & administrative details

For the year ended 31 March 2008

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	82 Southwark Bridge Road London SE1 0AS
Operational address	The Brady Arts Centre 192-196 Hanbury Arts Centre London E1 5HU
Secretary	Dave O'Donnell (Chief Executive)
Chair	John Prince
Bankers	Lloyds TSB 40 Rosslyn Hill London NW3 1NL
Solicitors	Harbottle and Lewis 14 Hanover Square London W1S 1HP
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 2008

The directors present their report and the audited financial statements for the year ended 31 March 2008.

Reference 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 (issued March 2005).

Community Music Limited (CM™) 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 directors recognise their duty to have a stated reserves policy for the company and this is included.

Risk statement

The directors actively review the major risks to the company 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.

Structure, governance and management

Nature of governing document: Memorandum and Articles of association

The company is constituted as a company limited by liability and not having a share capital.

Methods of appointing new directors: an annual assessment of skills gap relating to the aims and objectives of the trust is completed by the directors and new members identified from known professional associates to supply those skills.

Name of persons entitled to appoint directors: directors must be appointed by vote of a quorate meeting, first as a member of the company then as a director of the company.

Director induction: new directors receive an induction pack and session from the Chief Executive comprising governing documents, legal and financial responsibilities, detailed financial information, programme and staffing of the company and specific briefing relating to that directors role on the board. They meet with the Chair before appointment and are invited as observer to one meeting before a decision is made for them to join the board of directors.

The organisational structure: The Company is overseen by the directors at a minimum of four meetings a year, although in practise this is usually more, and an annual budget including salary levels and staffing changes is proposed by the Chief Executive and approved by the board. Major policy discussions and programme initiatives relating to that policy are discussed and approved by the board. The Chief Executive is responsible for preparing budgets and ensuring financial stability in terms of fundraising and day to day cost control. He also is responsible for creation of new projects to maintain the objectives and fulfil the aims of the charity.

Community Music Limited

Report of the directors

For the year ended 31 March 2008

Statement of relationship with other parties: CM™ has no subsidiaries. It maintains a strong relationship with other similar community music projects and funders through the consortium of like minded projects established in 2004 called Sound Connections. The Chief Executive was a trustee of this organisation but resigned in 2006.

Objectives and activities

A summary of the objectives of the charity as in governing document:

- 'To promote, maintain, improve and advance education particularly by the improvement and development of public taste, appreciation and understanding of music, particularly of jazz music and the encouragement of the arts including music, singing, dancing, drama, literature, sculpture and painting'.

Aims of the charity:

- To provide opportunities for young people who are excluded from access to creative music making and production in modern genres.
- To address the problems of social and educational disaffection amongst the young through engagement in creative modern music making.
- To modernise music provision in education by creating successful curriculum models and proving they are effective.
- To create access routes for young people suffering barriers to progression to higher education.
- To develop new artists and support them in the early phase of their careers.
- To establish similar models to CM™ in other countries through creating models of good practice, training and strategic independence.
- To create networks in the music industry that assists the support of emerging artists.
- To promote live music to new audiences.

Objectives of the charity:

- Training courses that contact and recruit young musicians who are outside the mainstream of statutory music education and create progression routes to university or employment.
- Continuing music projects with schools and particularly for children who attend school inconsistently or not at all to demonstrate that creative music making in modern genres re-engages educationally disaffected children into learning and has benefit for their whole development.
- Establishing European music networks, particularly in the new European member states, focussing on Roma communities, to create educational opportunities and career development for aspiring professionals.
- Showcasing new artists to create new audiences for music.
- Training in partnership with higher education, music leaders and tutors who can fulfil the needs of the statutory and non-formal learning sectors in music.
- Business development programmes to assist new small and micro businesses in the music industry.

The Charity's strategies for the above:

- To work in partnership with all the relevant agencies and raise funds from as broad a cross section as possible of government agencies and NGO's to achieve the objectives.

Community Music Limited

Report of the directors

For the year ended 31 March 2008

Details of significant activities:

- CM™ continued throughout 2007/08 to operate a Training and Production Centre in London offering structured access, professional training, artist development projects, artist resources, outreach projects and new music production. During the year the project ran the following: three accredited courses at undergraduate level; an internet Radio station; an Artist Development scheme to develop emerging talent; completed a transnational project with Roma musicians in the UK, Hungary and Czech Republic called ArtParty; and 26 live music promotions across Europe. In addition CM™ successfully delivered the second year of the London Development Agency STEP fund: to lead a consortium of music projects to create new businesses in the music industry.
 - ArtParty ran in Brno, Czech Republic, Budapest Hungary, and London. Funded by the EC through the Culture Department, the project encouraged international cultural awareness and exchange. ArtParty had two strands: firstly, to work with Roma young people to provide opportunities for music education and training; secondly, to develop Roma professional artists through exchange visits, concerts and business development.
 - Creative Business Creation continued into the second year of the LDA funded Step project: to create and assist small and micro-businesses in the music industry through a consortium of music projects, employers and universities.
 - Training courses ran in partnership with University of Westminster and London Metropolitan University at level 3, 4 and 5, with a non examination entry requirement in music business and production, tutor training and music technology and performance skills.
 - Pyrotechnic.com - an Internet radio station to promote live music to a global audience, set up and managed by young people from CM™'s projects, became fully independent and moved to its own studios in the Rich Mix Centre.
 - Live music promotions of new talent were promoted across London and in Europe partner projects.
 - A programme of local music education began in Tower Hamlets with Music Space and Summer University projects attracting over 100 young musicians for workshops and mentored rehearsals.

Achievements and performance

A review of charitable activities and measures or indicators for success.

- The training courses were all certificated by university partners and successfully recruit 100% targets every year. There are also waiting lists for enrolment demonstrating the demand.
- Over 80% of students have no formal music qualifications and over 60% are unemployed at point of entry to the courses. This demonstrates success in recruiting target client groups to fulfil the aims of access and improving educational and social inclusion.
- Small business development through resource support, professional development, mentoring and networking is provided through two programmes. Success is measured by creation of successful employment through small businesses and other employment routes.
- Successful creation of new community music projects in other countries and in UK. Success is measured by their creation and survival.
- Promotion of modern music performances to new audiences is achieved through live promotions across London and in European partner countries, in non-traditional venues.

Community Music Limited

Report of the directors

For the year ended 31 March 2008

Notable achievements in the year were:

Professional Development

- A new Foundation Degree in Creative Music Production and Business was validated by the University of Westminster and began its first intake of students in September 2007.
- The Certificate in Higher Education Music Tutor Training Course and Soundstart course in Music and Technology ran in partnership with London Metropolitan University. This was the last year for these two courses in these formats and the tutor training course will be re-launched as a Foundation Degree in 2010.
- The Creative Business Creation project funded by the LDA STEP programme completed its second and final year with a portfolio of successful small businesses established in the Creative Industries.
- The ArtParty project ran in Hungary, Czech Republic and UK; completed with successful promotions of Roma and other artists at festivals across the four countries, and with workshop projects in special schools in Czech Republic and Hungary. Despite the Norwegian and Czech partners dropping out, due to closure and/or lack of clients, CM™ achieved considerable success with the Roma artists supported by the project. Gipsy.cz, in particular, gained a distribution deal and performed at Glastonbury festival-still the only Czech musician to achieve this status.

Promoting music performance to new audiences

- CM™'s internet radio station, Pyrotechnic.com, became fully independent and relocated to the Rich Mix centre in Tower Hamlets.
- CM™ formed a strong partnership with Underage and Tower Hamlets Arts service to promote live music in the borough and develop the Brady Centre as a venue for young people and new bands.
- 16 new musician led businesses began on the business development project, CBC, and started their schedules of support including training, networking and distribution.
- Four successful start-up businesses continued to flourish from the first year of the project.

Local Youth Projects

CM™ began a long-term partnership with Tower Hamlets Summer University and the local authority youth service, music service and arts departments, to provide music workshops, recording studio and rehearsal facilities and performances for young musicians.

Notably CM™ began a partnership with Rough Trade, one of the leading record labels in the world, to promote new talent at their base in Brick Lane, London.

Financial review

Reserves Policy

1. The Directors of CM™ recognise their responsibility to have a transparent policy on managing the resources of the charity, including financial reserves. They acknowledge this as a requirement under the Statement of Recommended Practice: Accounting and Reporting by Charities (March 2005).

Community Music Limited

Report of the directors

For the year ended 31 March 2008

2. 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.
3. The Directors of CM™ 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.

Steps to reduce specific fund deficits:

Staffing and Programme of Activities

- Staffing numbers were reduced to cut costs and a major cost control exercise was conducted for staffing of training courses.
- Projects not covering their costs were cut.
- A new beneficial financial deal with University of Westminster was negotiated to provide substantially better funding for the training courses and, for the first time, fee income for students.

Principal funding sources are:

- Arts Council England: For core costs of training and artists development
- Higher Education funding Council (from fees to the universities) to cover costs of running the partnership training courses
- London Development Agency for the business development project (ended 07/08)
- Youth Music and Tower Hamlets Summer university for local projects.

Strategic planning 2007-2010

Finance strategy

CM™'s overall priority is to ensure the long-term financial viability of the company and to reduce risk. In 2007/08 the three year strategy, which began in 2006/07, continued with the aim of reducing staff and premises costs, the sourcing of new income for courses and the creation of a long-term partnership with Tower Hamlets local authority.

This strategy anticipated the dilapidation costs of the Southwark premises required under the terms of the lease expiry and these are reflected in the end-of-year overall deficit position of £51,772. This is an extraordinary cost to CM™ which will not be repeated as they are not liable for dilapidations or any building maintenance costs for their new premises under their long term agreement with Tower Hamlets council.

CM™ also had to bear the loss of some of the European Commission grant available for the ArtParty project due to the unexpected closure of the Norway partner project from funding cuts, and the withdrawal of the Czech partner project. These both happened after the project had started and costs had been incurred, but did not affect the delivery of the project, as CM™ continued to achieve the aims without the support of either partner.

Community Music Limited

Report of the directors

For the year ended 31 March 2008

In spite of these two factors CM™'s stabilisation strategy is now proceeding to plan and the company is expected to move to an increasingly healthy position of accumulated reserves from 2009/2010 onwards. This period will reflect the first full year of staff and premises cost reductions and the receipt of new fee income for the courses.

The strategy involves three key areas:

1. Cutting staff and lowering programme costs;

Significant cuts were made in tutor costs with the end of the Sound Start course. Financial support roles were outsourced and two full-time administrative/technical support positions were terminated. The succession strategy for the Chief Executive began with his planned departure in October 2008.

2. Securing permanent low cost premises;

In August 2007 CM™ moved permanently to the Brady Arts Centre in Tower Hamlets. The premises provide an opportunity for CM™ to develop a strong role for music provision in the borough. CM™'s lease in Southwark ended in July 2008 and the move to the Brady Centre was completed by Spring 2008, leaving time for the dilapidation schedule to be completed and the Southwark building vacated.

The Brady centre is ideal for CM™'s needs and houses the training studios, rehearsal facilities, offices, small library and an equipment store. It is low cost, in central location, has full disabled access, catering facilities and is a centre of activity for the community in the local area.

Most significant is the effect this move has had on premises costs. These have now been reduced by more than three quarters, with the added advantage of a rent which is inclusive of building, rates and fuel, and a more secure tenancy than in the commercial property market.

3. Securing new income streams & ensuring financial stability

The Arts Council

CM™ was successful in securing further funding in 2008 and a further two year funding agreement from April 2009 from the Arts Council for £140,000 per year (rising to £143,780 in year two). The agreement focuses on CM™'s partnership with THAMES and the Find Your talent programme, and gives support for the local music provision. It also clarifies CM™'s role in delivering quality projects for young people in the East End of London.

Higher education income

CM™ has a stable and fruitful relationship with the University of Westminster, with whom it has worked for many years to deliver high quality training. CM™ launched a Foundation Degree in Creative Music Production and Business in September 2007.

It is the intention to develop this partnership by developing a new Foundation Degree in Community Music Teaching and Practice to start in 2010. From Sept 2011, CM™ will see the full income potential from this course with delivery to two full year groups.

Community Music Limited

Report of the directors

For the year ended 31 March 2008

From September 2010, and for the first time, higher education will become CM™'s primary source of income. The higher education partnership courses are financially self sufficient and reduce the dependence on grant aid. CM™ also negotiated receipt of all student fees for the courses; the financial benefit of this will show fully in the 2009/2010 financial year.

The combined effect of the deal with University of Westminster, the new Foundation Degree and the student fees will transform the income base of CM™'s accounts in future years and create a more stable business model.

Identifying other sources of income

The move to Tower Hamlets has enabled CM™ to develop a number of key partnerships such as Tower Hamlets Summer University and Tower Hamlets Arts and Music Education Service (THAMES). These have provided support for local youth music provision in collaboration with Youth Music.

CM™ will continue to research new sources of funding for its local, international and pan-London work.

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.

Community Music Limited

Report of the directors

For the year ended 31 March 2008

Each of the directors confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. Each of the directors also confirms that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

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:

Helen Searle
John Prince
Neil Cartwright
Pauline Muir
Brian de Lord
Crispin Parry (joined 9.11.07) (appointed 11 September 2006)

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 2008 was 8 (2007 - 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 17 July 2009 and signed on their behalf by



Pauline Muir

Community Music Limited

Independent auditor's report to the members of

Community Music Limited

We have audited the financial statements of Community Music Limited for the year ended 31 March 2008 which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005).

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 directors are responsible for preparing the annual report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005). The responsibilities of the directors 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 International Standards on Auditing (UK and Ireland).

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 report to you whether, in our opinion, the information given in the annual report of the directors is consistent with the financial statements. We also report to you 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 other transactions is not disclosed.

We read the annual report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 the 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.

Community Music Limited

Independent auditor's report to the members of

Community Music Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice as modified by the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005), of the charitable company's state of affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the directors is consistent with the financial statements.

Emphasis of matter - going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures in note 1(a) of the financial statements concerning the charitable company's ability to continue as a going concern. At 31 March 2008 the charitable company had net liabilities of £39,652, but secured funding during 2009 to support the charitable company's cashflow requirements. Providing the funding continues to be available to the charitable company, it is appropriate to prepare the financial statements on the going concern basis as described in note 1(a) to the financial statements.



21 July 2009

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 2008

	Note	Restricted £	Unrestricted £	2008 Total £	2007 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	-	234,647	234,647	240,626
Investment income		-	467	467	741
<i>Incoming resources from charitable activities</i>					
Small Business Creation	2	163,755	-	163,755	171,531
Development, Education, Networking	2	-	-	-	7,110
Artist Development	2	-	10,000	10,000	10,000
Internationalism	2	-	704	704	66,081
Accredited Courses	2	-	156,732	156,732	161,948
Local projects	2	3,657	7,567	11,224	-
Other incoming resources	2	-	6,582	6,582	9,618
Total incoming resources		<u>167,412</u>	<u>416,699</u>	<u>584,111</u>	<u>667,655</u>
Resources expended					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income		-	18,530	18,530	5,892
<i>Charitable Activities</i>					
Small Business Creation		163,755	35,598	199,353	190,570
Development, Education, Networking		-	55,669	55,669	91,038
Artist Development		-	76,982	76,982	45,599
Internationalism		-	48,717	48,717	94,362
Accredited Courses		9,042	193,538	202,580	182,229
Governance		-	34,052	34,052	16,372
Total resources expended	3	<u>172,797</u>	<u>463,086</u>	<u>635,883</u>	<u>626,062</u>
Net (expenditure) / income for the year	4	(5,385)	(46,387)	(51,772)	41,593
Reconciliation of funds					
Total funds at 1 April 2007		<u>5,385</u>	<u>6,735</u>	<u>12,120</u>	<u>(29,473)</u>
Total funds at 31 March 2008	11	<u>-</u>	<u>(39,652)</u>	<u>(39,652)</u>	<u>12,120</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 11 to the financial statements.

Community Music Limited

Balance sheet

As at 31 March 2008

	Note	£	2008 £	2007 £
Tangible fixed assets	7		-	6,974
Current assets				
Debtors	8	92,251		88,607
Cash at bank and in hand		<u>16,112</u>		<u>18</u>
		108,363		88,625
Creditors: amounts falling due within one year	9	<u>(148,015)</u>		<u>(83,479)</u>
Net current liabilities			<u>(39,652)</u>	<u>5,146</u>
Net liabilities			<u>(39,652)</u>	<u>12,120</u>
Funds				
Restricted funds	11		-	5,385
Unrestricted funds				
General funds			<u>(39,652)</u>	<u>6,735</u>
Total funds	11		<u>(39,652)</u>	<u>12,120</u>

Approved by the directors on 17 July 2009 and signed on their behalf by



Pauline Muir

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2008

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 March 2005) and the Companies Act 1985.

Going concern

At 31 March 2008, the balance sheet showed net liabilities of £39,652. As directors, we have put a recovery plan in place to ensure that CM™ is able to continue as a going concern. We are confident that such actions will improve results for the charitable company in 2009 and 2010. Thus we consider it appropriate to prepare the financial statements on a going concern basis.

- 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) Contractual fee income is recognised to the extent that the charity has provided the services. Where such incoming resources are received in advance, the incoming resources are deferred until the charity becomes entitled to them.
- 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	
	2008	2007	2008	2007
Cost of generating funds	1.6%	1.5%	5.0%	5.0%
Development, education and networking	1.6%	1.5%	9.1%	9.1%
Artist development	6.3%	6.0%	17.7%	17.7%
Accredited courses	42.9%	40.3%	56.1%	56.1%
Governance	1.6%	1.5%	5.0%	5.0%
Internationalism	6.3%	11.9%	0.0%	0.0%
Small business creation	39.7%	37.3%	0.0%	0.0%
Support			7.1%	7.10%

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2008

1. Accounting policies (continued)

Governance 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.

- 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.

2. Incoming resources

Voluntary income

				centences
	Restricted £	Unrestricted £	2008 Total £	2007 Total £
London Arts Board	-	200,594	200,594	195,225
London Councils	-	34,053	34,053	45,401
Total	-	234,647	234,647	240,626

During the year the charitable company received a grant of £34,053 from London Councils (previously Association of London Government) for salaries and running costs. The grant was fully utilised in the year.

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2008

2. Incoming resources (continued)

Incoming resources from charitable activities

	Restricted £	Unrestricted £	2008 Total £	2007 Total £
<i>Small Business Creation</i>				
London Development Agency	<u>163,755</u>	<u>-</u>	<u>163,755</u>	<u>171,531</u>
<i>Internationalism</i>				
Other donations	<u>-</u>	<u>704</u>	<u>704</u>	<u>-</u>
	<u>-</u>	<u>704</u>	<u>704</u>	<u>-</u>
<i>Development, Education, Networking</i>				
Lloyds TSB Foundation	-	-	-	4,860
Paul Hamlyn	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,250</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,110</u>
<i>Artist Development</i>				
Performing Rights Society	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
<i>Accredited courses</i>				
Fee income	-	156,732	156,732	151,948
Sound Connections	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
	<u>-</u>	<u>156,732</u>	<u>156,732</u>	<u>161,948</u>
<i>Local projects</i>				
Grants and donations	<u>3,657</u>	<u>7,567</u>	<u>11,224</u>	<u>-</u>
	<u>3,657</u>	<u>7,567</u>	<u>11,224</u>	<u>-</u>
Other incoming resources				
Music events	-	922	922	-
Online filing rebate	-	-	-	250
Insurance claim income	-	-	-	9,368
Other income	<u>-</u>	<u>5,660</u>	<u>5,660</u>	<u>-</u>
	<u>-</u>	<u>6,582</u>	<u>6,582</u>	<u>9,618</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2008

3. Total Resources Expended

	Fundraising and publicity £	Small Business Creation £	Development £	Artist development £	Internationalism £	Accredited courses £	Governance £	Support Costs £	2008 £	2007 £
Staff costs (note 5)	10,534	65,369	42,094	15,535	11,924	73,456	10,534	17,648	247,094	290,294
Freelance and consultants	-	10,920	350	250	2,760	1,100	-	10,923	26,303	23,278
Other staff costs	-	10	-	20,513	1,599	33	-	2,857	25,012	13,996
Premises and equipment	6,376	-	11,605	22,572	-	71,543	6,376	9,056	127,528	80,597
Provision for dilapidations	-	-	-	-	-	-	-	40,651	40,651	-
Depreciation	-	-	-	-	-	-	-	6,973	6,973	9,555
Office Overheads	-	-	-	-	-	-	-	13,977	13,977	24,426
Project Operating costs	-	82,544	-	11,630	25,952	12,697	-	-	132,823	173,098
Audit	-	-	-	-	-	-	11,690	-	11,690	8,406
Bank charges	-	-	-	-	-	-	2,891	-	2,891	1,968
Board costs	-	-	-	-	-	-	391	-	391	414
Legal fees	-	-	-	-	-	-	550	-	550	30
	16,910	158,843	54,049	70,500	42,235	158,829	32,432	102,085	635,883	626,062
Reallocation of support costs	1,620	40,510	1,620	6,482	6,482	43,751	1,620	(102,085)	-	-
	18,530	199,353	55,669	76,982	48,717	202,580	34,052	-	635,883	626,062

Community Music Limited**Notes to the financial statements****For the year ended 31 March 2008****4. Net outgoing resources for the year**

This is stated after charging / crediting:

	2008 £	2007 £
Directors' remuneration	Nil	Nil
Directors' expenses	-	-
Depreciation	6,974	9,554
Audit services		
▪ Auditor's remuneration	6,750	6,600
▪ Under/(Overaccrual) in prior year	4,940	1,806
Operating lease costs		
▪ for property	<u>68,470</u>	<u>50,000</u>

5. Staff costs and numbers

Staff costs were as follows:

	2008 £	2007 £
Salaries and wages	193,320	191,091
Sessional Staff	34,521	76,298
Social security costs	<u>19,253</u>	<u>22,905</u>
	<u>247,094</u>	<u>290,294</u>

No employee earned more than £60,000 during the year.

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

	2008 No.	2007 No.
Fundraising and publicity	0.1	0.1
Development, Education, Networking	0.1	0.1
Artist development	0.4	0.4
Internationalism	0.4	0.8
Accredited courses	2.7	2.7
Small Business Creation	2.5	2.5
Governance	<u>0.1</u>	<u>0.1</u>
	<u>6.3</u>	<u>6.7</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2008

6. Taxation

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

7. Tangible fixed assets

	Studio equipment £	Computers & musical equipment £	Office equipment & furniture £	Total £
COST				
At 1 April 2007	29,156	42,485	4,854	76,495
Additions in year	-	-	-	-
At 31 March 2008	29,156	42,485	4,854	76,495
DEPRECIATION				
At 1 April 2007	22,949	41,718	4,854	69,521
Charge for the year	6,207	767	-	6,974
At 31 March 2008	29,156	42,485	4,854	76,495
NET BOOK VALUE				
At 31 March 2008	-	-	-	-
At 31 March 2007	6,207	767	-	6,974

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

8. Debtors

	2008 £	2007 £
Trade debtors	-	585
Other debtors	1,400	1,500
Prepayments	3,581	11,423
Accrued income	114,386	75,099
Less: provision for changes in rules for ESF Culture 2000 claims	(27,116)	-
	92,251	88,607

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2008

9. Creditors : amounts falling due within one year

	2008 £	2007 £
LAB Loan	-	5,000
Bank overdraft	-	27,994
Trade creditors	23,264	8,615
Taxation & social security	43,390	8,192
Other creditors	35,242	2,209
Accruals	46,119	7,711
Grant advance repayable	-	23,758
	<u>148,015</u>	<u>83,479</u>

In 1994 The London Arts Board gave financial assistance to CM™ following the collapse of European Social Fund grants that year. CM™ had been awarded ESF funding for its tutor training course but due to a bureaucratic error by the Department of Employment the funds were not drawn down to be distributed to the voluntary sector. As ESF funding is delivered after actual costs have been incurred, this caused a serious problem for CM™ and a number of other LAB funded clients. The advance was deducted from future grant payments and was subsequently repaid.

10. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total Funds £
Tangible fixed assets	-	-	-
Current assets	-	108,363	108,363
Current liabilities	-	(148,015)	(148,015)
Net assets at 31 March 2008	-	(39,652)	(39,652)

11. Movements in funds

	At 1 April 2007 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 March 2008 £
Restricted funds:					
Small Business Creation	-	163,755	(163,755)	-	-
Accredited courses					
Fuse	5,385	-	(5,385)	-	-
Community project support	-	3,657	(3,657)	-	-
Total restricted funds	<u>5,385</u>	<u>167,412</u>	<u>(172,797)</u>	<u>-</u>	<u>-</u>
Unrestricted funds:					
General funds	<u>6,735</u>	<u>416,699</u>	<u>(463,086)</u>	<u>-</u>	<u>(39,652)</u>
Total funds	<u>12,120</u>	<u>584,111</u>	<u>(635,883)</u>	<u>-</u>	<u>(39,652)</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2008

11. Movements in funds (continued)

Purposes of restricted funds

FUSE	The FUSE project is a music course for young people at high risk of offending behaviour, in partnership with Youth Inclusion Teams locally and Crime Concern
Creative Business Creation	Creative Business Creation is a small and micro business creation project aiming to create new employment in the music industry through the development and support of new businesses. The project is initiated and managed by CM™ through a consortium of delivery partners: Raw Material Brixton, Overtones Studios Camden, Sound Connections Southwark. The project supports performing artists, sound engineers, music producers and other young entrepreneurs in the first stages of establishing their businesses by providing networking, showcasing, training, workspaces, studio access; legal, business and marketing mentoring; international contacts and personal help. CBC is part of the London Development Agency's STEP (Supporting Talent and Enterprise) programme and is two year contract ending in 2008.
Community Project Support	Funds were raised from Lloyds TSB Foundation and Paul Hamlyn Foundation to support the setting up of a community music project started by a CM™ music course graduate.

12. Operating lease commitments

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

Finances:	Land & Buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
2 - 5 Years	-	50,000	-	-

13. Related party transactions

Pyromaniacs Limited (which runs Pyroradio.com) is a related party to CM™ as the Chief Executive is a member of the board of directors of Pyromaniacs Limited.

CM™ provides Pyroradio.com with free rent and studio facilities, and strategic management support. Pyroradio.com in turn provides CM™ with links to contacts and artists in the music industry, and also free publicity and branding for CM™ in the youth urban music market.

The value of the transactions from CM™ is not valued as the office space used is a small section of the surplus unused space in the Southwark office, and the strategic support and studio time is difficult to estimate due to its adhoc nature.

The value of the contact and publicity and branding from Pyroradio.com is not valued due to the difficulty in estimating the monetary worth of the economic benefits derived from the use of such information and publicity.

Therefore, there are no financial transactions between Pyromaniacs Limited and CM™ and therefore no outstanding balances between the two parties existed at the year end.