

Company No 1967704
Charity No 293419

Community Music Limited
Report & Financial Statements
31 March 2011

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sayer vincent

consultants and auditors

Community Music Limited

Reference & administrative details

For the year ended 31 March 2011

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	The Brady Arts Centre 192-196 Hanbury Street London E1 5HU
Operational address	The Brady Arts Centre 192-196 Hanbury Street London E1 5HU
Trustees	Neil Cartwright Helen Searle John Prince Pauline Muir Brian de Lord Vanessa Chadwick
Managing director	Maricia Klincke
Chair	Neil Cartwright
Bankers	Lloyds TSB 40 Rosslyn Hill London NW3 1NL

Community Music Limited

Reference & administrative details

For the year ended 31 March 2011

Solicitors Harbottle and Lewis
14 Hanover Square
London
W1S 1HP

Auditors Sayer Vincent
Chartered Accountants
Statutory Auditors
8 Angel Gate
City Road
London
EC1V 2SJ

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

The trustees present their report and the audited financial statements for the year ended 31 March 2011

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

Risk Statement

The trustees 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

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

An annual assessment of skills gaps relating to the aims and objectives of the trust is completed by the trustees and new members identified from known professional associates to supply those skills.

Trustees must be appointed by vote of a quorate meeting, first as a member of the company then as a trustee of the company.

New trustees receive an induction pack and session from the Managing Director comprising governing documents, legal and financial responsibilities, detailed financial information, programme and staffing of the company and specific briefing relating to that trustee's 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 trustees.

The Company is overseen by the trustees at a minimum of 4 meetings a year, although in practice this is usually more, and an annual budget including salary levels and staffing changes is proposed by the Managing Director and approved by the Board. Major policy discussions and programme initiatives relating to that policy are discussed and approved by the Board. The Managing Director is responsible for preparing budgets and ensuring financial stability in terms of fundraising and day-to-day cost control. She also is responsible for creation of new projects to maintain the objectives and fulfil the aims of the trust. Trustees also give them time and expertise occasionally by visiting students and speaking on their subject specialism where appropriate.

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

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 and through its working partnerships.

Objectives and Activities

A summary of the objectives of the charity as detailed in the 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

- 1 Overall Strategic Aim
 - To become the principle provider of non-formal youth music opportunities in Tower Hamlets
- 2 Artist & Business Support
 - To support artists and businesses towards independence in their careers
- 3 Youth Music Opportunities
 - To provide opportunities for young people to access and participate in creative music making and production in modern genres
- 4 Professional Training
 - To deliver, and create access routes to, higher education in modern music for aspiring professional artists, and individual training for career development
- 5 Internationalism
 - To create opportunities for music and cultural collaborations between young people across Europe and internationally
- 6 Live Music Promotion
 - To partner closely with professional promoters and festival organisers to promote new talent in successful live music contexts that guarantee audiences
- 7 Ensuring our work delivers our aims

In shaping and reviewing our aims and objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set. We review our aims, objectives and activities each year to assess the success of each key activity, and the benefits they have brought to those groups of people we are set up to help. This ensures our aims, objectives and activities remained focused on our stated purposes.

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

Objectives of the charity

Finance and Governance

- To build and retain reserves totalling 20% of our annual turnover
- To increase & maintain board membership to 8 members
- To implement a sustainable fundraising strategy

Local Youth Music Provision

- To develop and maintain projects and partnerships within east London
- To provide diverse opportunities for progression for young people entering training at CM
- To establish CM as a key facilitator for cross industry music partnerships within Tower Hamlets
- To further develop our participation in major borough projects such as the Cultural Olympiad

Professional Training

- To continue to provide graduate level training in partnership with higher education in creative production, business and music leading and develop new opportunities

Artist and Business Support

- To support the careers and music of emerging artists with professional training, advice, networking and marketing guidance, international opportunities and live music promotion

Live Music Promotion

- To develop and maintain partnerships with key music promoters to promote new talent at well established festivals and venues

Internationalism

- To identify sources of funding for international work
- To develop an achievable project that will create opportunities for music and cultural collaboration, which complements the key priorities of CM

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, HE institutions and NGO's to achieve the objectives

Details of significant activities

CM continued throughout 2010/11 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 opportunities. During the year the project ran the following

Foundation Degree in Creative Music Production & Business

2 year course firstly focusing on industry standard music production skills developing into a full year of business skills training, culminating in the development of a full business plan for a creative business

Arts & Music Leader Training Programme

A programme of short courses providing workshop and teaching skills culminating in the achievement of a City and Guilds Preparing to Teach in the Lifelong Learning Sector qualification

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

Music Space

Year round programme of weekly workshops for under-18 bands and musicians in Tower Hamlets, including rehearsal space, performance skills, technology and rehearsal skills. This developed from once weekly to two nights per week (Tuesday and Thursday)

Rehearsal Space

Open rehearsal studios for local youth bands, 2 evenings a week (Mon, Wed), fully supported with backline, instruments and an on site technician

Music Space Academy

Weekly weekend instrumental tuition for 13-19 year olds living or studying in Tower Hamlets. Guitar, Bass, Drums and Keyboard tuition followed by group band rehearsal

Music Space Academy Juniors

A pilot programme teaching guitar to 6-12 year old children referred from a local Bengali arts company every Saturday morning

HOT: Music

Year round programme of Technology, Rap/MC and Vocal tuition for 14-19 year olds living or studying in Tower Hamlets

Live Showcasing

Underage Festival - CM stage at the premier under 18 live music event in the Country

Music Space Live - Live showcase gig to support new talent and encourage the development of live performance skills

Spitalfields Festival - Live music event in collaboration with local live music promoters Spitalfields Music

Rhythm of London - Mayor's campaign to promote music education and activities for young people across London

Summer Programme

Band in a week - project encouraging new musicians to learn instruments, form bands and participate in a live performance and recording. Held at Central Foundation Girls School

Beats from the Streets - A project that encourages young people to use the sounds around them in their music production

Radio Sounds - Learning the basics of radio production, attending Underage festival as press, recording live content, interviews and music and finishing with 3 days of post-production to create a radio programme

Grant making and investment policy Not applicable

Volunteer involvement the charity does not use volunteers

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

Achievements and performance

A review of charitable activities and measures or indicators for success

- The professional training courses were all certificated by university partners and successfully reach the target of 100% recruitment every year. There are also waiting lists for enrolment demonstrating the demand.
- The majority 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 are provided through two programmes. Success is measured by creation of successful employment through small businesses or other employment routes, or further training.
- Successful development of youth and community music projects plus the addition of two new programmes all fully subscribed by those in the local community. Success is measured by their creation and survival, and continued attendance records.
- Promotion of modern music performances to new audiences is achieved through live promotions across London and in European partner countries, in traditional and non-traditional venues.

Notable achievements in the year were

Professional Training

The Foundation Degree in Creative Music Production and Business entered its fourth year from September 2010. Our target for recruitment was 29 which we reached without problem, ensuring we made use of the new facilities which were built the previous year to accommodate the increased intake.

The Arts & Music Leader Training Programme which was launched in Feb 09 increased in popularity significantly, and a marked increase in interest was obvious from the number of enquiries and applications we received. This is partly due to the further establishment of the course, increased marketing and word of mouth promotion, and also the increased Nationwide recognition of the City & Guilds qualification it offers as a requirement to teach in the FE sector. The course ran twice during the year (January 2010 and July 2010) and continued to provide a tailor-made programme of short courses for those wishing to gain skills in teaching and workshop leading. CM successfully gained City and Guilds status and students can achieve a full C&G PTLLS qualification through this course. CM intends to develop this course significantly into a Foundation Degree in Community Music Practice, and we await further developments in the HE sector in order to establish the correct delivery path and funding stream.

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

Local Youth Projects

CM continued its long-term partnership with Tower Hamlets Summer University, now re-branded as Futureversity, 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. Our partnership with the local authority through 'A' Team Arts, the borough's youth arts service, continues to flourish, and CM's small initial contract to expand the Music Space provision to include a second evening per week has now increased significantly. From the start of the Financial year CM were awarded a contract from Tower Hamlets council to deliver the youth service's music provision for the borough. This is a 3 year contract, reviewable on performance at the end of each year. The first year of this contract has been a success overall. Established tutors originally employed by the Youth Arts Service and a new vocal tutor were taken on as CM tutors and trained internally on the Arts and Music Leader Training Course (City & Guilds) course. The programme continues to develop into a more structured guided learning experience for the beneficiaries, and from September 2011 we intend to include a Music Industry business course alongside instrumental, vocal and music technology tuition.

The borough's music service 'Tower Hamlets Arts and Music Education service' (THAMES) continue to work in partnership with CM, as part of the Music Space Partnership and funding in kind the Music Space live events through the provision of staff and support. They have also contributed significantly through allowing the inclusion of a CM staff member at a meeting of the Heads of Music from the borough's secondary schools. This has enabled us to create and develop face to face relationships with key individuals within the schools and promote our programme to their young people.

Live Events & Showcasing

CM currently runs a number of showcasing events and opportunities for young people from the local area, and we are keen to develop these further. These are aimed at different levels, from entry-level gigs for those less experienced, to professional events with performance slots alongside professional musicians and performers. CM continues to run a stage at Underage Festival, and enables local young musicians to feature alongside major industry names. The Music Space Live events have become very popular over the past year, and are now a major part of each term's programme for young people.

The public benefit of provision

All our provision is intended to be of public benefit to a variety of people. The majority of our local youth provision is accessible to anyone aged 13-19 living or studying in Tower Hamlets, although some provision is accessible by those living outside the borough and outside this age range. We do not charge fees for any course or activity on the youth programme. Our Higher Education provision is accessible by anyone aged 18 and above and is not restricted geographically. However, we specifically target those people who would not normally be able to access higher education, either through a lack of formal qualification, poor previous academic experience or for financial reasons, and market heavily in the local area to encourage local take-up. Our Higher education tuition fees are significantly lower than the standard degree cost and the FdA Creative Music Production & Business course is fully supported by the student loans system for those who cannot afford the initial tuition cost outright. Weekly or monthly payment schemes are also available for all HE programmes including the Arts and Music Leader course and we work hard to ensure no one is excluded due to financial reasons where possible. Bursaries and scholarships are also available from the University of Westminster for the FdA Creative Music Production & Business course. Our facilities are fully accessible, and have full wheelchair access.

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

Details of performance where fundraising or investment activities are involved

We have been successful this year in achieving the following funds

PRS £12,000 for the 2011-12 financial year followed by a similar level of funding for the 2012-13 financial year

Grants for the Arts £20,000 towards the costs of continuation of the Going Underground Project throughout the 11-12 financial year

Children In Need £20,238 over three years beginning April 2011 towards instrumental tuition for young Bengali people from the local community

Financial Review

Policy on reserves

- 1 The Trustees of Community Music recognise their responsibility to have a transparent policy on managing the resources of the charitable company, including financial reserves
- 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 Trustees of Community Music limited believe that it is generally in the interests of the charity to work towards a position of holding reserves of up to 20% 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

Financial stability

In what has been a very rocky year for most charitable organisations, CM has fared well

Both our main sources of income, the Arts Council RFO funding and The University of Westminster HEFCE funding for the FdA Creative Music Production & Business programme has been under review

Throughout 2010-11, The Arts Council undertook a significant restructuring of their financial support programmes, and replaced their Regularly Funded Organisations programme with a National Portfolio funding programme for which we required to re-apply alongside a great many organisations throughout the UK, both existing Arts Council clients and new. CM was awarded £133,190 for the 2011-12 financial year, and our application to join the National Portfolio was successful. We have been awarded a three year contract from April 2012, receiving £133,190 in year one, £136,253 in year 2 and £139,795 in year 3. This excellent outcome provides some significant stability for the coming three years and allows us to further fundraise where possible as a National Portfolio Organisation. This was a good outcome for CM, as many organisations were cut completely or faced much harsher cuts, so the outcome for CM was very positive. The Arts Council also awarded CM Grants for the Arts funding, short term project funding of £20,000 to develop the Going Underground project, again a huge vote of confidence from the Arts Council in the quality and value of our work.

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

The picture for Higher Education has been changing at a rapid rate over the past year. CM and all other HE delivery agencies faced a mid-year HEFCE rules and protocol change which removed funding for any student failing to complete a module and failing the final assignment in that module. This rule was introduced mid year and has meant an unpredicted loss of funds for the final semester. However, all necessary procedures to minimise the effect of this rule in the following year were taken, including rationalising assessments to avoid final assessment failure and further focus on potentially failing students earlier on in the course by the Programme Manager to try and prevent their failure altogether through early intervention.

The University of Westminster and all Universities also faced a large fine by HEFCE for the number of non-completers the introduction of this new rule brought about. As a result of this, the University had to recover over £6million of HEFCE income from their existing programme. A major rationalisation of programmes and courses was undertaken, with all external provision including the FdA Creative Music Production & Business at CM being considered for closure. However, our previous record of achievement and excellent progression statistics, and the support of the Westminster head of school all ensured that the FdA Creative Music Production & Business course was not cut and remained viable for the next academic year. We are able to recruit 18 students for the 2011-12 academic year, a reduction in number but a good outcome considering the possible alternative.

Financial support roles continue to be outsourced to our accountancy firm JS2 who also undertake bookkeeping duties for us. This relationship has developed well, with monthly accounts being produced to support the financial management systems internally.

CM remains in the strongest financial position it has been in for some time. Our cash flow remains steady and our overall reserves stood at £79,493 at the end of the financial year, just over our reserves policy of 20% of annual turnover.

A full fundraising strategy was created and a dedicated fundraiser employed to fulfil the targets set out in the strategy. To date we have had considerable success of achieving a number of individual grants and awards most notably from the PRS For Music Foundation, Grants for the Arts and Children In Need.

Principal funding sources are

- Arts Council of England to core costs of training and artists development
- Higher Education Funding Council (from contract with the university) for costs of running the partnership training courses
- Futureversity & the London Borough of Tower Hamlets for local projects

Strategic Planning 2010-11

Finance Strategy

CM's key priority is to ensure the long-term financial viability of the company and its programme. Since 2009 we have done and continue to do this by employing a 3-year finance strategy, which aimed to reduce costs and ensure stability for the years to come.

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

The strategy involved 3 key areas of focus,

- 1 Cutting staff and lowering programme costs,
- 2 Securing permanent low cost premises,
- 3 Securing new income streams & ensuring financial stability

With the first two stages complete, CM is able to continue to concentrate on the final stage of this 3-year strategy, securing new income streams and financial stability. This focuses on our two key funders and identifying new income streams and alternative ways of generating income for CM. We have also continued to look inwards on the organisation and management of the company, to ensure we are operating a best value operation in this difficult climate.

- **The Arts Council**

CM was successful in securing a further 4-year funding agreement from April 2010 from the Arts Council for £133,190 per year, rising each year as discussed previously.

- **Higher Education Income**

CM has a stable and fruitful relationship with the University of Westminster, with whom we have worked for many years to deliver high quality higher education to those who would traditionally not access such opportunities. Our foundation degree in Creative Music Production and Business has remained successful and retained its validation status with the University of Westminster. We are about to complete a validation for the next 5 years, which will enable us to build upon this relationship and develop it further where possible.

- **Identifying other sources of income**

Our base in Tower Hamlets and our partnership with the council has enabled us to develop a number of key partnerships and access alternative sources of funding.

We are now 1 year into a 3-year contract with the local council to deliver the music provision of the youth arts service within the borough. This continues to be a positive and fruitful partnership for both partners and a new programme for the coming academic year is being developed.

From 2010 our focus was also to identify other initiatives and sources of funding that may prove fruitful in the coming years. From April 2010 we employed a dedicated fundraiser with clear fundraising targets for the following 9 months. This contract was extended, reviewable every 3 months, and continues today. It has been successful in gaining funding for the current financial year from a variety of sources, and worked towards the development of new project ideas and initiatives.

It was also our intention to exploit our current resources and facilities as much as possible to generate further income. The 2010-11 academic year saw our highest intake of FdA Creative Music Production & Business students to date, increasing our income potential significantly.

Other new sources of funding accessed this year include PRS, London Borough of Tower Hamlets, Children In Need and Grants for the Arts.

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

Further to expanding our more traditional sources of income, CM continues to explore a variety of alternative income streams that may be available to us. This includes looking towards corporate social responsibility, commercial sponsorship and fee-paying tuition. The Arts and Music Leader Training Course (City & Guilds) course is our first full fee paying course, and generates just under £10,000 per intake of 18.

- Maintaining a low rent

The Brady Arts Centre continues to be an ideal base for its activities. It is not envisaged that CM will need to move to other premises in the near future and the rental costs of the Brady Arts Centre will remain low with only rate of inflation increase.

- Maintaining low salary costs

Salary and tutor costs remain the lowest they have been for some time. We have taken on an additional salary, in the form of an outreach youth worker, employed specifically to develop relationships within schools with heads of music and relevant teachers, and within youth clubs and youth workers.

Statement of the trustees' responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the net income or expenditure, of the charitable company for that period.

In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards (United Kingdom Generally Accepted Accounting 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 presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Community Music Limited

Report of the trustees

For the year ended 31 March 2011

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

Each of the trustees 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 trustees also confirms that he/she has taken all necessary steps to ensure that he/she is aware of all relevant audit information and that this information has been communicated to the auditors.

The trustees

Trustees, who are also directors under company 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

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 2011 was 6 (2010: 6). 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 trustees on 28 September 2011 and signed on their behalf by



Pauline Muir

Community Music Limited

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 2011 which comprise the statement of financial activities, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out in the report of the trustees, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Community Music Limited

Independent auditors' report to the members of

Community Music Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Pamela Craig (Senior statutory auditor)

17 October 2011

for and on behalf of Sayer Vincent, Statutory Auditors

Sayer Vincent, 8 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 2011

	Note	Restricted £	Unrestricted £	2011 Total £	2010 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	(80,000)	155,601	75,601	142,145
Other income	2	-	-	-	-
<i>Incoming resources from charitable activities</i>					
Artist & Business Support	2	-	-	-	36,996
Accredited Courses	2	-	213,562	213,562	210,376
Local projects & other training	2	-	44,014	44,014	31,900
Other incoming resources		-	5,705	5,705	-
Total incoming resources		(80,000)	418,882	338,882	421,417
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income		-	30,802	30,802	16,148
<i>Charitable Activities</i>					
Artist & business support		2,950	4,399	7,349	59,211
Youth music opportunities		-	125,043	125,043	74,275
Professional training		-	172,168	172,168	138,393
Live music promotion		-	37,779	37,779	19,587
Governance		-	16,546	16,546	16,197
Total resources expended	3	2,950	386,737	389,687	323,811
Net (expenditure) / income for the year	4	(82,950)	32,145	(50,805)	97,606
Reconciliation of funds					
Total funds at 1 April 2010		2,950	127,348	130,298	32,692
Total funds at 31 March 2011	11	(80,000)	159,493	79,493	130,298

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


Company No. 1967704

Balance sheet

As at 31 March 2011

	Note	£	2011 £	2010 £
Tangible fixed assets	7		<u>10,636</u>	<u>3,854</u>
Current assets				
Debtors	8	130,483		85,154
Cash at bank and in hand		<u>55,041</u>		<u>67,174</u>
		185,524		152,328
Creditors: amounts falling due within one year	9	<u>(116,667)</u>		<u>(25,884)</u>
Net current assets			<u>68,857</u>	<u>126,444</u>
Net assets			<u>79,493</u>	<u>130,298</u>
Funds				
Restricted funds	11		(80,000)	2,950
Unrestricted funds				
General funds	11		<u>159,493</u>	<u>127,348</u>
Total funds			<u>79,493</u>	<u>130,298</u>

Approved by the trustees on 28/09/11

and signed on their behalf by 
JOHN PRINCE

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2011

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 2006.
- 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.
- d) Grants are recognised in full in the statement of financial activities in the year in which they are receivable.

- e) 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.

- f) 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 of staff time.

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.

- g) 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.

- h) 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.
- i) Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity.

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2011

1. Accounting policies (continued)

- j) 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.
- k) 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.
- l) The comparatives for 2009/10 have been re-stated to reflect a change in the activities of Community Music. The change in activities aim to reflect the changes in funding.

2. Incoming resources

Voluntary income

	Restricted £	Unrestricted £	2011 Total £	2010 Total £
The Arts Council	-	143,061	143,061	140,000
Other grants and donations	-	12,540	12,540	-
Repayment of ESF Culture 2000 grant	(80,000)	-	(80,000)	-
Other donations	-	-	-	2,145
Total	(80,000)	155,601	75,601	142,145

During the year the charity negotiated settlement of a dispute with the EC on ESF Culture 2000 funding. A payment plan has been put in place and provision has been made in full in these accounts for the settlement.

Incoming resources from charitable activities

	Restricted £	Unrestricted £	2011 Total £	2010 Total £
Accredited courses				
Fee income	-	213,562	213,562	210,376
Local projects & other training				
Grants and fees	-	44,014	44,014	31,900
Artist Development				
Going Underground	-	-	-	29,496
Performing Rights Society	-	-	-	7,500

Community Music

Notes to the financial statements

For the year ended 31 March 2011

3 Total resources expended

	Fundraising and publicity £	Artist & Business Support £	Youth Music Opportunities £	Professional Training £	Live Music Promotion £	Governance £	Support Costs £	2011 £	2010 £
Staff costs (note 5)	28,989	3,348	54,799	65,992	5,712	2,000	93,273	254,113	198,338
Freelance and consultants	-	125	84	3,355	829	2,700	14,036	21,129	28,385
Other staff costs	-	-	-	-	73	-	949	1,022	4,880
Premises and equipment	-	-	3,112	339	300	-	28,988	32,739	27,686
Depreciation	-	-	-	-	-	-	6,282	6,282	1,927
Office overheads	-	-	101	-	964	-	23,375	24,440	20,990
Project operating costs	-	250	3,489	11,827	11,770	-	14,013	41,349	32,348
Audit	-	-	-	-	-	8,200	-	8,200	8,459
Bank charges	-	-	-	-	-	-	393	393	465
Board costs	-	-	-	-	-	20	-	20	333
	28,989	3,723	61,585	81,513	19,648	12,920	181,309	389,687	323,811
	1,813	3,626	63,458	90,655	18,131	3,626	(181,309)	-	-
Reallocation of support costs	30,802	7,349	125,043	172,168	37,779	16,546	-	389,687	323,811

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2011

4. Net outgoing resources for the year

This is stated after charging / crediting

	2011 £	2010 £
Trustees' remuneration	-	-
Trustees' expenses	20	300
Depreciation	6,281	1,928
Audit services		
▪ Auditor's remuneration	8,200	8,459
Operating lease costs		
▪ For property	20,128	19,146

One trustee member received reimbursement for expenses incurred in connection with board meetings during the year (2010 1)

5 Staff costs and numbers

Staff costs were as follows

	2011 £	2010 £
Salaries and wages	112,442	79,559
Sessional Staff	121,875	103,268
Social security costs	19,796	15,511
	<u>254,113</u>	<u>198,338</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

	2011 No.	2010 No
Fundraising and publicity	0 60	0 40
Development, Education, Networking	1 27	1 40
Artist development	0 50	0 10
Accredited courses	1 10	1 50
Small Business Creation	0 00	0 05
Governance	0 10	0 09
	<u>3 6</u>	<u>3 5</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2011

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 2010	29,156	46,561	6,560	82,277
Additions in year	-	11,763	1,300	13,063
At 31 March 2011	<u>29,156</u>	<u>58,324</u>	<u>7,860</u>	<u>95,340</u>
DEPRECIATION				
At 1 April 2010	29,156	43,844	5,423	78,423
Charge for the year	-	5,279	1,002	6,281
At 31 March 2011	<u>29,156</u>	<u>49,123</u>	<u>6,425</u>	<u>84,704</u>
NET BOOK VALUE				
At 31 March 2011	<u>-</u>	<u>9,201</u>	<u>1,435</u>	<u>10,636</u>
At 31 March 2010	<u>-</u>	<u>2,717</u>	<u>1,137</u>	<u>3,854</u>

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

8. Debtors

	2011 £	2010 £
Trade debtors	28,758	2,253
Other debtors	2,742	1,674
Prepayments	2,800	3,696
Accrued income	96,183	77,531
	<u>130,483</u>	<u>85,154</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2011

9. Creditors - amounts falling due within one year

	2011	2010
	£	£
Trade creditors	13,141	5,936
Taxation & social security	-	7,684
Other creditors	80,000	-
Accruals	12,322	12,264
Deferred income	11,204	-
	<u>116,667</u>	<u>25,884</u>

10 Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total Funds £
Tangible fixed assets	-	10,636	10,636
Current assets	(80,000)	265,524	185,524
Current liabilities	-	(116,667)	(116,667)
Net assets at 31 March 2011	<u>(80,000)</u>	<u>159,493</u>	<u>79,493</u>

11 Movements in funds

	At 1 April 2010 £	Incoming resources £	Outgoing resources £	At 31 March 2011 £
Restricted funds:				
ESF Culture 2000	-	(80,000)	-	(80,000)
Going Underground	2,950	-	(2,950)	-
Total restricted funds	<u>2,950</u>	<u>(80,000)</u>	<u>(2,950)</u>	<u>(80,000)</u>
Unrestricted funds.				
General funds	127,348	418,882	(386,737)	159,493
Total funds	<u>130,298</u>	<u>338,882</u>	<u>(389,687)</u>	<u>79,493</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2011

11 Movements in funds (continued)

Purposes of restricted funds

ESF Culture 2000	The ESF funding was used to run Art Party, an international project across 4 countries that supported and celebrated creative music making and art for Roma young people
Going Underground	A three month project focusing on the development and support of local Asian bands and musicians Funded by the London 2012 cultural skills fund

12 Operating lease commitments

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

Finances	Land & Buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
2 - 5 Years	<u>20,000</u>	<u>20,000</u>	<u>1,845</u>	<u>1,845</u>