

Company No 1967704
Charity No 293419

Community Music Limited
Report & Financial Statements
31 March 2012



sayer vincent

auditors and advisors

Community Music Limited

Reference & administrative details

For the year ended 31 March 2012

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 Centre 192-196 Hanbury Street London E1 5HU
Operational address	The Brady Centre 192-196 Hanbury Street London E1 5HU
Managing director	Maricia Klincke
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 Statutory Auditors 8 Angel Gate City Road London EC1V 2SJ

Community Music Limited

Report of the trustees

For the year ended 31 March 2012

The trustees present their report and the audited financial statements for the year ended 31 March 2012

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

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 trustees: 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.

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

Trustee induction: 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 organisational structure: 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 2012

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 and through its working partnerships.

Statement of benefits received by trustees: none

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

- 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
- 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

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 2012

Objectives of the charity

Finance and Governance

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

Local Youth Music Provision

- To develop and maintain projects and partnerships within east London
- To provide 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 Find Your Talent and 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 design 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

Throughout 2011-12 CM continued to operate a Training and Production Centre in East London offering structured access, professional training, artist development projects, live events, 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 2012

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 (Monday and Wednesday), 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 olds children referred from a local Bengali arts company every Saturday morning

East Beats

A year long project offering outreach music tuition in youth centres across the borough focussing on the themes of the Olympics, culminating in a major final performance for participants

Beast

A year long festival of Asian underground music, featuring 6 live events in 6 months, seminars on the music industry and the careers and pathways into it, and mentoring for new and developing artists

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
- ***Music for Youth Regional and National Festival*** – live performance opportunities for young bands on CM's programme to showcase their skills locally and nationally and the Birmingham National Festival

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

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

Community Music Limited

Report of the trustees

For the year ended 31 March 2012

- 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 are provided through two programmes. Success is measured by creation of successful employment through small businesses or other employment routes, or further training.
- Successful creation of new youth and community music projects. 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.

Notable achievements in the year were

Professional Training

Higher Education has faced the most severe cuts seen in many years, and the University of Westminster has made drastic reductions in the courses on offer in its portfolio. However, CM successfully made the case for retaining the Foundation Degree in Creative Music Production and Business, and continued for a fifth year, albeit with reduced student numbers. We were significantly oversubscribed, and recruited a successful year group into year 1 of the course. During 2011 we were also able to fund a complete upgrade of our production teaching studios.

The interest and level of applications to the Arts & Music Leader Training Programme was increased significantly this year, following the previous years trends. 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 provides a tailor-made programme 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 remain, and we are currently working on the development of a new FE/HE partnership to enable this.

Beast (The East London Bass Fest)

2011 saw the development of the Going Underground project into Beast, a year round festival celebrating the best of new and emerging Asian underground music. The only event of its kind, BEast attracted major artists from across the music scene to take part in 6 live events, seminars, masterclasses and mentoring which celebrated the best this music scene has to offer. We are currently working with ShivaSoundSystem in the development of a funding bid to continue the festival into next year and develop it further as a self sustaining entity.

East Beats

CM successfully fundraised from Transformers for a youth outreach project which developed the work undertaken the previous year under the Find Your Talent banner. The project worked in a number of youth clubs throughout the borough, offering training in music production, songwriting and instrumental skills, all surrounding the themes of the Olympics. The project culminates in July 2012 with a large scale performance event celebrating the projects creative musical output throughout the year.

Community Music Limited

Report of the trustees

For the year ended 31 March 2012

Local Youth Projects

CM continued its long-term partnership with 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 thrive, as CM remains the music delivery partner for the youth arts service in the borough.

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. During the year we were able to take on an additional part time staff member to manage our developing youth programme and schools outreach. Towards the end of the year CM was awarded funding from Youth Music for delivery of youth outreach work across the borough throughout 12-13, with THAMES being the key partner on the project and providing a small amount of match funding to strengthen the bid.

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. 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. Entitled Green Sshoots, our regular monthly gig at Rough Trade east showcases the best young bands and artists. 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 2012

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

Youth Music £59,810 over 15 years beginning June 2012 to provide instrumental and production tuition, and live events for young people across Tower Hamlets, with £5,000 match funding from THAMES

Catalyst £180,000 over 3 years from the Arts Council's Catalyst fund to develop corporate trust and individual giving income

Financial Review

Policy on reserves

- 1 The Trustees of Community Music Ltd recognise their responsibility to have a transparent policy on managing the resources of the company, including financial reserves. They acknowledge this as a requirement under the Statement of Recommended Practice Accounting and Reporting by Charities issued in March 2005)
- 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 of our main sources of income, the Arts Council NPO funding and The University of Westminster HEFCE funding for the FdA Creative Music Production & Business programme have been under review

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. The Arts Council also awarded CM Grants for the Arts funding, short term project funding of £20,000 to develop the Going Underground project into BEast, 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 2012

The picture for Higher Education has been changing at a rapid rate over the past 2 years and the system is in a state of flux. This said, CM has managed to navigate the ever changing landscape well, negotiating a further year of the foundation degree with reduced student numbers rather than facing a complete cut. The course appears stable for the foreseeable future, through the introduction of City of Westminster college to the now three-way partnership, from whom our student number allocation from HEFCE now comes, while the University of Westminster remain responsible for quality control and validation. Financially CM has received a reduced income for the University of Westminster than that predicted in the budget this year. This is due to a change in funding rules brought in mid-year the previous year, which continue to effect our income. It is unlikely in the current climate that the rules and regulations surrounding Higher Education funding will become more relaxed, and it is for us to take into consideration in the new financial years budget how this may effect income and plan for it accordingly. It is, if nothing else, a relatively steady source of income at this time, if not as lucrative as it once was.

CM has increased its surplus significantly over the past four years, from a net asset deficit of £39,652 in 2008 to a net asset surplus of £79,493 in 2011. CM suffered an unexpected blow in 2011 with the recall of a significant amount of funding from a project funded by the EU completed in 2006 under the previous Director. However CMs positive financial position was such that we were able to manage the repayment and despite this loss, CM was able to retain an overall surplus and is now working towards increasing its reserves to pre-loss levels. In response to this learning experience, the board took suitable action to mitigate against any similar issues arising again in future, and feel confident that all has been done to ensure CM does all it can to prevent any recurrence.

The budget for 2012-13 demonstrates a reduction in expenditure with similarly reduced levels of income expected, which enable us to retain and build on our reserves. This ensures CM continues to grow surplus to maintain a 20% annual turnover target. Whilst being CMs biggest cost, CM has pegged salaries and sessional fees to standstill or below inflation rises.

The income pattern and turnover of CM from 2012-015 is

Period	Income	Surplus/(deficit)	Accumulated
12/13	351,696	3,862	97,220
13/14	374,521	16,163	113,383
14/15	397,713	28,603	141,986

This shows a reserve which increases exponentially over the period shown and provides a substantial base on which to build our programme for the future. 2012-15 costs assume an overall increase of 3% inflation in core salaries and key costs.

Despite the financial challenges faced over the past year, CM remains in a strong financial position. Our cash flow remains steady and our overall reserves stood at £103,036 at the end of the financial year, just over our reserves policy of 20% of annual turnover.

Principal funding sources are

- Arts Council of England to core costs of training and artists development
- Futureversity, THAMES & the London Borough of Tower Hamlets for local projects
- Youth Music and Tower Hamlets Summer University for local projects

Community Music Limited

Report of the trustees

For the year ended 31 March 2012

Material investments not applicable

Strategic Planning

2011-12 was the last year in a 3 year strategy business plan that has seen CM move from an unwieldy pan London project to a local facing, strategic organisation with secure premises and diverse income streams. A new strategic plan has been drawn up and agreed by the board for the forthcoming 3 years which features a new fundraising strategy

Finance Strategy

In this current period of financial uncertainty, CM's key priority is to ensure the long-term financial viability of the company and its programme

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 now 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 3-year funding agreement from April 2010 from the Arts Council for £133,190 per year, rising each year as mentioned previously

- Higher Education Income

CM has a good 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 otherwise. Having launched a Foundation Degree in Creative Music Production and Business in Sept 07, this year sees full potential income from this course, as two-year groups run simultaneously for the first time, and costs and expenses remain stable. Our foundation degree in Creative Music Production and Business has remained successful and retained its validation status with the University of Westminster. We have this year completed a validation for the next 5 years, which will enable us to build upon this relationship and develop it further where possible. We have identified a new additional partner to ensure the financial future of the course in City of Westminster College.

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. We intend to run this course twice in the coming year.

Community Music Limited

Report of the trustees

For the year ended 31 March 2012

- 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 2 years 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 partnership for both partners.

We continue to employ a part time fundraiser, and he has been successful in gaining funding for the current financial year from a variety of sources, and contributed towards the development of new project ideas and initiatives.

The security of the Arts Council and HE income along with trusts and project grants, has this year allowed us to focus much more on alternative sources of funding. CM has forged links with the local Business alliance and presented to a number of business leaders from the area, in attempts to source support of a more local nature. CM also successfully applied to the Arts Council's Catalyst fund, which offers match funding for funding obtained from corporate trusts and individual giving, the first year with no match funding requirements. This was a significant application, and its success heralds the start of a new future for CM, which will see a shift from dependency on grant aid to one that also includes earned income and corporate/private sponsorship. A new full time member of staff will begin in June 2012, with responsibility for this new area of work.

This is the start of a new period for CM, one that it is hoped will bring with it a new way of funding our work and one that will decrease our overall dependence on grant aid. We want to move forward as a more resilient, self-sufficient organisation, and see the next three years as the development of this new model. At the same time, we intend to explore the possibilities of offering new fee paying tuition and the provision of corporate training days which will allow us to access other alternative sources of income with which we can deliver and meet our charitable aims. It is a positive time for CM, with lots of opportunity on the horizon.

Statement of trustees' responsibilities

The trustees (who are also directors of Community Music Limited for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and 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,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

Community Music Limited

Report of the trustees

For the year ended 31 March 2012

The trustees are responsible for keeping proper accounting records that 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.

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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 financial statements may differ from legislation in other jurisdictions.

Approved by the trustees on 15 October 2012 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 2012 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 Statement of Trustees' responsibilities 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 2012 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 report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Community Music Limited

Independent auditor's 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)

30 October 2012

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 2012

	Note	Restricted £	Unrestricted £	2012 Total £	2011 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	38,907	154,450	193,357	75,601
<i>Incoming resources from charitable activities</i>					
Accredited Courses	2	-	177,380	177,380	213,562
Local projects & other training	2	-	19,766	19,766	44,014
Other incoming resources		-	3,790	3,790	5,705
Total incoming resources		38,907	355,386	394,293	338,882
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income		-	31,844	31,844	30,802
<i>Charitable Activities</i>					
Artist & business support		-	-	-	7,349
Youth music opportunities		18,590	97,212	115,802	125,043
Professional training		-	171,255	171,255	172,168
Live music promotion		17,070	50,012	67,082	37,779
Governance		-	15,088	15,088	16,546
Total resources expended	3	35,660	365,411	401,071	389,687
Net income / (expenditure) for the year before Transfers	4	3,247	(10,025)	(6,778)	(50,805)
Transfer between funds		68,856	(68,856)	-	-
Net income / (expenditure) for the year after transfers		72,103	(78,881)	(6,778)	(50,805)
Reconciliation of funds					
Total funds at 1 April 2011		(80,000)	159,493	79,493	130,298
Total funds at 31 March 2012	11	(7,897)	80,612	72,715	79,493

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 2012

	Note	£	2012 £	2011 £
Tangible fixed assets	7		8,818	<u>10,636</u>
Current assets				
Debtors	8	69,621		130,483
Cash at bank and in hand		<u>37,252</u>		<u>55,041</u>
		106,873		185,524
Creditors: amounts falling due within one year	9	<u>(42,976)</u>		<u>(116,667)</u>
Net current assets			<u>63,897</u>	<u>68,857</u>
Net assets			<u>72,715</u>	<u>79,493</u>
Funds				
Restricted funds in deficit			(14,246)	(80,000)
Restricted funds in surplus	11		6,349	
Unrestricted funds				
General funds	11		<u>80,612</u>	<u>159,493</u>
Total funds			<u>72,715</u>	<u>79,493</u>

Approved by the trustees on 15 October 2012 and signed on their behalf by


 NEIL CARTWRIGHT
 CHAIR

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2012

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 2012

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.

2 Incoming resources

Voluntary income

	Restricted £	Unrestricted £	2012 Total £	2011 Total £
The Arts Council	-	133,190	133,190	143,061
London Councils	2,570	150	2,720	-
Repayment of ESF Culture 2000 grant	(1,779)	-	(1,779)	(80,000)
Other donations	38,116	21,110	59,226	12,540
Total	38,907	154,450	193,357	75,601

Incoming resources from charitable activities

	Restricted £	Unrestricted £	2012 Total £	2011 Total £
Accredited courses				
Fee income	-	177,380	177,380	213,562
Local projects & other training				
Grants and fees	-	19,766	19,766	44,014

Community Music

Notes to the financial statements

For the year ended 31 March 2012

3 Total resources expended

	Fundraising and publicity £	Youth Music Opportunities £	Professional Training £	Live Music Promotion £	Governance £	Support Costs £	2012 £	2011 £
Staff costs (note 5)	27,187	54,023	76,654	30,282	2,367	69,746	260,259	254,113
Freelance and consultants	-	790	4,064	2,949	-	15,688	23,491	21,129
Other staff costs	-	280	-	418	-	3,329	4,027	1,022
Premises and equipment	-	1,928	1,674	-	-	27,012	30,614	32,739
Depreciation	-	-	-	-	-	8,513	8,513	6,282
Office overheads	-	887	2,409	1,910	133	24,459	29,798	24,440
Project operating costs	-	3,557	8,829	15,998	-	6,502	34,886	41,349
Audit	-	-	-	-	8,540	-	8,540	8,200
Bank charges	-	-	-	-	943	-	943	393
Legal fees	-	-	-	-	-	-	-	-
	27,187	61,465	93,630	51,557	11,983	155,249	401,071	389,687
Reallocation of support costs	4,657	54,337	77,625	15,525	3,105	(155,249)	-	-
	31,844	115,802	171,255	67,082	15,088	-	401,071	389,687

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2012

4. Net incoming resources for the year

This is stated after charging / crediting

	2012 £	2011 £
Trustees' remuneration	-	-
Trustees' expenses		20
Depreciation	8,513	6,281
Audit services		
▪ Auditor's remuneration	6,950	6,950
Operating lease costs		
▪ For property	20,908	20,128

No trustees received reimbursement for expenses during the year (2011 1)

5 Staff costs and numbers

Staff costs were as follows

	2012 £	2011 £
Salaries and wages	129,789	112,442
Sessional Staff	109,502	121,875
Social security costs	20,968	19,796
	<u>260,259</u>	<u>254,113</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

	2012 No	2011 No
Fundraising and publicity	0.6	0.6
Development, Education, Networking	1.3	1.3
Artist development	0.5	0.5
Accredited courses	3.2	3.6
Governance	0.1	0.1
	<u>5.7</u>	<u>6.1</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2012

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 2011	29,156	58,324	7,860	95,340
Additions in year	-	4,645	2,050	6,695
At 31 March 2012	<u>29,156</u>	<u>62,969</u>	<u>9,910</u>	<u>102,035</u>
DEPRECIATION				
At 1 April 2011	29,156	49,123	6,425	84,704
Charge for the year	-	6,828	1,685	8,513
At 31 March 2012	<u>29,156</u>	<u>55,951</u>	<u>8,110</u>	<u>93,217</u>
NET BOOK VALUE				
At 31 March 2012	<u>-</u>	<u>7,018</u>	<u>1,800</u>	<u>8,818</u>
At 31 March 2011	<u>-</u>	<u>9,201</u>	<u>1,435</u>	<u>10,636</u>

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

8 Debtors

	2012 £	2011 £
Trade debtors	10,372	28,758
Other debtors	1,724	2,742
Prepayments	2,807	2,800
Accrued income	54,718	96,183
	<u>69,621</u>	<u>130,483</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2012

9. Creditors - amounts falling due within one year

	2012	2011
	£	£
Trade creditors	6,439	13,141
Taxation & social security	5,344	-
Other creditors	12,923	80,000
Accruals	13,087	12,322
Deferred income	5,183	11,204
	<u>42,976</u>	<u>116,667</u>

10 Analysis of net assets between funds

	Restricted funds	Unrestricted funds	Total Funds
	£	£	£
Tangible fixed assets	-	8,818	8,818
Current assets	(7,897)	114,770	106,873
Current liabilities	-	(42,976)	(42,976)
Net assets at 31 March 2012	<u>(7,897)</u>	<u>80,612</u>	<u>72,715</u>

11 Movements in funds

	At 31 March 2011	Incoming resources	Outgoing resources	Transfer between funds	At 31 March 2012
	£	£	£	£	£
Restricted funds.					
ESF Culture 2000	(80,000)	(1,779)	-	68,856	(12,923)
Going Underground 2	-	20,000	(16,000)	-	4,000
East Beats	-	10,870	(12,193)	-	(1,323)
Music Space Academy Juniors	-	6,746	(5,397)	-	1,349
Youth Music	-	2,000	(1,000)	-	1,000
Live Music	-	1,070	(1,070)	-	-
Total restricted funds	(80,000)	38,907	(35,660)	68,856	(7,897)
Unrestricted funds.					
General funds	<u>159,493</u>	<u>355,386</u>	<u>(365,411)</u>	<u>(68,856)</u>	<u>80,612</u>
Total funds	<u>79,493</u>	<u>394,293</u>	<u>(401,071)</u>	<u>-</u>	<u>72,715</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2012

11. Movements in funds (continued)

Purposes of restricted funds

ESF Culture 2000

A music and art project entitled ArtParty which partnered CM with 3 EU countries to deliver a long term project encouraging creative art and music making workshops and live events with Roma youth. The project aimed to leave a long term legacy in each country that we worked in, through the provision of a fully kitted out music making facilities and trained tutors.

Going Underground 2

Funded by Grants for the Arts and Otherwise known as BEast (the East London Bass Fest), this was a year long project which celebrated and encouraged new music made by local Asian underground producers and musicians. The project included workshops, seminars on breaking into and working in the music industry, and a festival of 6 gigs in 6 months showcasing the music created on the project and that of its genre.

East Beats

Funded by the Lottery money through the Transformers fund, East Beats was a year long outreach project working with 2 youth centres in the east of the borough to encourage participation and progression onto CMs in house programme.

Music Space Academy Juniors

A 3 year programme of small group instrument tuition funded by Children In need, for young people aged 6-13 from Tower Hamlets and East London.

Can Play, Will Play (Youth Music)

A 15 year project working with local youth groups from Tower Hamlets and East London to encourage participation in creative music making and live events, progressing onto CMs in house programme. Run in partnership with THAMES.

Live Music

A termly live event run in partnership with THAMES, Futureversity and A Team Arts, celebrating the diversity of local young bands, artists and producers.

12. Operating lease commitments

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

Finances	Land & Buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
2 - 5 Years	<u>20,000</u>	<u>20,000</u>	<u>1,845</u>	<u>1,845</u>