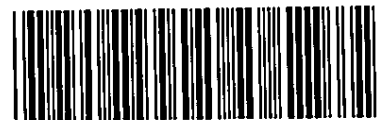


Company No. 1967704  
Charity No. 293419

**Community Music Limited**  
**Report & Financial Statements**  
**31 March 2009**

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## **Community Music Limited**

### **Reference & administrative details**

**For the year ended 31 March 2009**

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<b>Status</b>	The organisation is a charitable company limited by guarantee, incorporated on 2 December 1995 and registered as a charity on 24 April 1986.
<b>Governing document</b>	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.
<b>Company number</b>	1967704
<b>Charity number</b>	293419
<b>Registered office</b>	The Brady Arts Centre 192-196 Hanbury Arts Centre London E1 5HU
<b>Operational address</b>	The Brady Arts Centre 192-196 Hanbury Arts Centre London E1 5HU
<b>Secretary</b>	Maricia Klinke
<b>Chair</b>	John Prince
<b>Bankers</b>	Lloyds TSB 40 Rosslyn Hill London NW3 1NL
<b>Solicitors</b>	Harbottle and Lewis 14 Hanover Square London W1S 1HP
<b>Auditors</b>	Sayer Vincent Chartered Accountants Registered Auditors 8 Angel Gate City Road London EC1V 2SJ

## **Community Music Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2009**

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The trustees present their report and the audited financial statements for the year ended 31 March 2009.

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. The trustees are able to appoint any person who is a member of the company to be a trustee. The total number of trustees must be at least three but not exceed 30. At each AGM, one third of the trustees shall retire from office and shall be eligible for re-election. The trustees to retire in every year shall be those who have been longest in office since their last election.

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.

## **Community Music Limited**

### **Report of the trustees**

**For the year ended 31 March 2009**

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The organisational structure: The company is overseen by the trustees at a minimum of four meetings a year, although in practise this is usually more, and an annual budget including salary levels and staffing changes is proposed by the 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 the creation of new projects to maintain the objectives and fulfil the aims of the trust.

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.

### **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:

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. These are as follows:

1. Overall Strategic Aim: To become the principle provider of 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.

## **Community Music Limited**

### **Report of the trustees**

**For the year ended 31 March 2009**

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Objectives of the charity:

#### **Finance and Governance**

- To build and retain reserves totalling 10% of our annual turnover.
- To increase board membership with two new board members.
- To develop and implement a new and sustainable fundraising strategy.

#### **Local Youth Music Provision**

- To develop new projects and partnerships within east London.
- To provide opportunities for progression for young people entering training at CM™.
- To establish CM™ as the 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.

#### **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™.
- To explore opportunities for senior staff development in European funding and project management.

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 2008/9 to operate a Training and Production Centre in London offering structured access, professional training, artist development projects, artist resources, outreach projects and new music production. During the year the project ran the following:

#### ***Foundation Degree in Creative Music Production & Business***

Two 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 2009

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#### **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.

#### **Rehearsal Space**

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

#### **8 Bars**

Six month project targeting hard to reach young people in the Isle of Dogs area of Tower Hamlets. In Partnership with Youth Music (dates to be confirmed).

#### **Sound Source**

A multi-media project in partnership with Rough Trade East engaging young people in music based activities including a fanzine and live event programming.

#### **Live Showcasing**

- **Underage Festival** - CM™ stage at the premier under 18 live music event in the Country.
- **Rough Trade Live** - Monthly showcase in partnership with Rough Trade East showcasing the best of local young musicians.
- **Music Space Live (Find Your Talent)** - 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 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.
- **Music Production as a career** - A course signposting young people towards academic and business progression routes within music and the music industry.
- **Radio Sounds** - Learning the basics of radio production, attending Underage festival as press, recording live content, interviews and music and finishing with three days of post-production to create a radio programme.

#### **Achievements and performance**

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

- The training courses were all certificated by university partners and successfully reach the target of 100% recruitment every year. There are also waiting lists for enrolment demonstrating the demand.
- Over 80% of students have no formal music qualifications and over 60% are unemployed at point of entry to the courses. This demonstrates success in recruiting target client groups to fulfil the aims of access and improving educational and social inclusion.
- Small business development through resource support, professional development, mentoring and networking are provided through two programmes. Success is measured by creation of successful employment through small businesses and other employment routes.

## **Community Music Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2009**

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- 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**

The Foundation Degree in Creative Music Production and Business entered its second year and was given the go ahead to expand its student intake from September 2009. New facilities were planned to accommodate the increased intake and provide a wider range of facilities and resources for student use.

The Arts & Music Leader Training Programme was launched in February 2009 and provided a tailor made programme of short courses for those wishing to gain skills in teaching and workshop leading. CM™ gained City and Guilds status and students can achieve a full C&G PTLLS qualification through this course. Through the evident success of this course and the previous Music Tutor Training Course, the University of Westminster have also given the go ahead to design a new foundation degree in Community Music Practice, the first of its kind, planned to begin in September 2010.

#### **Local Youth Projects**

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

#### **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 Shoots, our regular monthly gig at Rough Trade east showcases the best young bands and artists.

#### **Financial Review**

CM™'s reserves policy:

1. The trustees of CM™ 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 (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 CM™, 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.

## **Community Music Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2009**

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3. The trustees of CM™ believe that it is generally in the interests of the charity to work towards a position of holding reserves of up to 10% of the relevant financial period's turnover, i.e. £43,225. This is to ensure adequate cash flow flexibility to meet emergency measures, delayed payment of grants and unpredictable variations in expected income. The current level of reserves held is £27,921.

#### **Steps to reduce specific fund deficits:**

Staffing is the biggest single expense of the company as is often the case. We have worked hard to review the staff structures in place to ensure CM™ is making the most of its financial and human resources.

At this point in time, staff costs are currently the lowest they have been in some time, with an overall reduction of around 35% since 2007. This has been achieved through a number of voluntary redundancies and the restructuring of the company's management, which has significantly streamlined costs.

Significant cuts were made in tutor costs with the end of the Sound Start course. However, the most significant change in the staffing structure has been in the senior management of the company. The excessive and at times unmanageable workload of one overall director has been divided between a Managing Director, responsible for overseeing the day to day running of the company including finance and fundraising, staff and project management and who has overall responsibility for the company, and a Creative Director, whose responsibility it is to oversee and expand the creative direction of the company and its programme. This restructuring has not only reduced salary costs significantly, but has meant a much more manageable workload for each post, enabled clearer focus for future planning and the achievement of key objectives.

These cuts have not affected the quality of CM™'s work. On the contrary, having been made in the context of appropriate infrastructural change, CM™'s management and staffing structure has been significantly improved by the changes that have been made.

Courses and training programmes are now taught by a dedicated course team for each course and managed by an overall course leader in partnership with the Managing Director. A somewhat large and unwieldy staff structure has now been restructured to ensure CM™ gets the best value for money.

Financial support roles have been outsourced to our new accountancy firm JS2 who also undertake bookkeeping duties for us.

#### **Principal funding sources are:**

- Arts Council of England: to fund core costs of training and artists development
- Higher Education Funding Council (from contracts with the universities): to fund costs of running the partnership training courses
- Youth Music and Tower Hamlets Summer University for local projects.



## **Community Music Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2009**

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##### **2008/09 Financial Review:**

2008/09 yielded the first year's results of the restructured company as laid out in the Strategic Plan of 2007. The combination of staff reductions, low cost premises, cost control and increased fee income for courses resulted in a strong performance of £72,344 surplus for the year, offsetting the deficit incurred by relocation and dilapidation costs from 2007/08. Fee income for courses was up by 29% for the year and premises costs down by 62%.

Although grant-aid income was down generally, this was due to the end of the two-year LDA STEP project and had been anticipated. It should also be noted that the fee income from courses was higher than the annual funding from grants for the first time - thereby moving towards a lower risk structure with less dependency on single income sources. It is anticipated that this pattern will continue with the addition of another fee paying course and more students in the next two years and other sourced from fundraising for new work.

The change of management is now a year into it's full operation and is proving to be an efficient and effective structure resulting in new projects locally and sound relationships with key funders and partners, in both the grant-aid sectors and music industry.

##### **Strategic Planning 2008-11**

###### **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. It has done this by employing a three-year finance strategy, which aimed to reduce costs and ensure stability for the years to come.

The strategy involved three key areas of focus;

1. Cutting staff and lowering programme costs;
2. Securing permanent low cost premises;

In August 2007 CM™ moved permanently to the Brady Arts Centre in Tower Hamlets. The reasons for this move were many, but centred around a need for low cost permanent premises and a significant shift in our focus from being primarily a pan-London project to one which is able to concentrate its energies and expertise on high quality *local* provision in a borough where the need is more than evident. Supported and funded by the local council, The Brady Arts Centre provided an ideal solution to our need for a low cost and permanent base in which CM™ could grow and flourish. Coupled with the forthcoming Olympics and the opportunity for activity and funding this may bring, Tower Hamlets is the most appropriate central London borough for CM™ to be in.

CM™'s lease in Southwark ended in July 2008 and the move to the Brady Centre was completed by Spring 2008, leaving time for the dilapidation schedule to be completed and the Southwark building vacated.

The Brady Arts Centre has proved to be the ideal answer to CM™'s premises needs and now houses our new production training studio, live room, rehearsal facilities, offices, small library and an equipment store. It is low cost, in central location, has full disabled access, catering facilities and is a centre of activity for the community in the local area.

## Community Music Limited

### Report of the trustees

#### For the year ended 31 March 2009

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Most significant however is the effect this move has had on our premises costs. These have now been reduced by more than three-quarters, with the costs for 2009/10 being 78% lower than 2006/07.

#### 3. Securing new income streams & ensuring financial stability

With the first two stages complete, CM™ is now able to concentrate on the final stage of this three-year strategy, securing new income streams and financial stability.

The gradual effect of the staffing and premises cost savings from 2007-2010 will see the project grow its reserves annually and achieve greater financial stability as is evident in the financial projections below. 2009/10 is the first year we will see the true benefit of the cost cutting measures that have been put in place, and sets the path for a significantly healthier outlook over the next three years.

- The Arts Council

CM™ was successful in securing a further two-year funding agreement from April 2009 from the Arts Council for £140,000 per year (rising to £143,780 in year two). The agreement focuses on CM™'s partnership with THAMES and the Find Your Talent programme, something CM™ welcomes wholeheartedly. CM™ will no longer be funded by the Arts Council for its Artist Development programme, and accordingly funding has been reduced by 20% from 2009. In this current financial climate, this is an exceptional result and we are pleased to be able to refocus our attention towards our local music provision and training programmes.

- Higher Education Income

CM™ has a stable and fruitful relationship with the University of Westminster, with whom it has worked for many years to deliver high quality higher education to those who would traditionally not access such opportunities. Having launched a Foundation Degree in Creative Music Production and Business in September 2007, 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.

It is our intention to develop our partnership with this key partner over the next two years. We have been invited to design and develop a second foundation degree in Community Music Practice, which CM™ is due to begin delivery of in September 2010. From September 2011, CM™ will see the full income potential from this course with delivery to two full year groups.

From September 2011, and for the first time, higher education will become CM™'s primary source of income. Our HE partnership courses are financially self sufficient, and therefore do not draw on other sources of funding, and in our opinion is a relatively stable and a fruitful source of income.

- Maintaining a low rent

CM™ now has a lease with the Brady Arts Centre and 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 increases.

## **Community Music Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2009**

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- **Maintaining low salary costs**

Salary and tutor costs are now the lowest they have been for some time. The only additions CM™ intends to make to the current tutor costs is in the area of the new foundation degree in community arts, for which a new course leader and tutors will be employed. The senior management structure has been rationalised and it is now at its most functional.

- **Identifying other sources of income**

The move to Tower Hamlets has enabled us to develop a number of key partnerships which have not only been beneficial in developing new programme and provision, but that have also been financially fruitful. Working in partnership with Tower Hamlets Summer University has enabled us to access funding for a live rehearsal and performance project (Music Space), which is an ongoing and important part of our programme.

It is our key focus to identify other initiatives and sources of funding that may prove fruitful in the coming three years. We are proactively exploring ways in which new income can be generated from our key skills and resources already in place. This includes expanding the number of students we can currently take on our FDA: Creative Music Production and Business course from 18 to 30 per year group which will generate significantly higher income from our HE partner.

Other possible areas of income and activity include the Find Your Talent initiative, the Creative Diploma, Youth Music Partnerships, ESF project and continued development of our partnership programme currently delivered with THAMES and Tower Hamlets Summer University.

Further to expanding our more traditional sources of income, CM™ intends to explore a variety of alternative income streams that may be available to us. This includes looking towards corporate responsibility, commercial sponsorship and fee-paying tuition.

#### **Responsibilities of the trustees**

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

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

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

## **Community Music Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2009**

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

The trustees 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.

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 they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

#### **The 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  
Crispin Parry

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 2009 was 6 (2008-8). 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 5 November 2009 and signed on their behalf by



Pauline Muir

## **Community Music Limited**

### **Independent auditor's report to the members of**

#### **Community Music Limited**

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We have audited the financial statements of Community Music Limited for the year ended 31 March 2009 which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005).

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

#### **Respective responsibilities of the trustees and auditors**

The trustees, who are also directors of Community Music Limited for the purposes of company law, are responsible for preparing the annual report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005). The responsibilities of the trustees are set out in the statement of responsibilities of the trustees.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

#### **Basis of opinion**

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

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

**Community Music Limited**

**Independent auditor's report to the members of**

**Community Music Limited**

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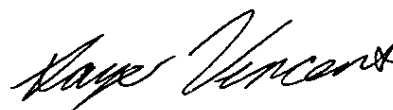
**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice as modified by the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005), of the charitable company's state of affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the trustees is consistent with the financial statements.

**Emphasis of matter - going concern**

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



1 December 2009

**SAYER VINCENT**  
Chartered accountants & registered auditors  
London

**Community Music Limited**

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

**For the year ended 31 March 2009**

	Note	Restricted £	Unrestricted £	2009 Total £	2008 Total £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	8,206	186,351	<b>194,557</b>	234,647
Investment income		-	381	<b>381</b>	467
<i>Incoming resources from charitable activities</i>					
Small Business Creation	2	14,682	-	<b>14,682</b>	163,755
Artist Development	2	-	-	-	10,000
Internationalism	2	-	-	-	704
Accredited Courses	2	-	202,062	<b>202,062</b>	156,732
Local projects & other training	2	-	20,563	<b>20,563</b>	17,806
<b>Total incoming resources</b>		<b>22,888</b>	<b>409,357</b>	<b>432,245</b>	<b>584,111</b>
<b>Resources expended</b>					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income		-	15,627	<b>15,627</b>	18,530
<i>Charitable Activities</i>					
Small Business Creation		14,682	3,751	<b>18,433</b>	199,353
Development, Education, Networking		3,219	104,213	<b>107,432</b>	55,669
Artist Development		-	19,296	<b>19,296</b>	76,982
Internationalism		-	-	-	48,717
Accredited Courses		-	174,389	<b>174,389</b>	202,580
Governance		-	24,724	<b>24,724</b>	34,052
<b>Total resources expended</b>	3	<b>17,901</b>	<b>342,000</b>	<b>359,901</b>	<b>635,883</b>
<b>Net (expenditure) / income for the year</b>	4	<b>4,987</b>	<b>67,357</b>	<b>72,344</b>	<b>(51,772)</b>
<b>Reconciliation of funds</b>					
<b>Total funds at 1 April 2008</b>		<b>-</b>	<b>(39,652)</b>	<b>(39,652)</b>	<b>12,120</b>
<b>Total funds at 31 March 2009</b>	11	<b>4,987</b>	<b>27,705</b>	<b>32,692</b>	<b>(39,652)</b>

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 2009

	Note	£	2009 £	2008 £
<b>Tangible fixed assets</b>	7		-	-
<b>Current assets</b>				
Debtors	8	98,959		92,251
Cash at bank and in hand		287		16,112
		99,246		108,363
<b>Creditors: amounts falling due within one year</b>	9	(66,554)		(148,015)
<b>Net current assets/(liabilities)</b>			32,692	(39,652)
<b>Net assets/(liabilities)</b>			32,692	(39,652)
<b>Funds</b>				
Restricted funds	11		4,987	-
Unrestricted funds				
General funds			27,705	(39,652)
<b>Total funds</b>	11		32,692	(39,652)

Approved by the trustees on 5 November 2009 and signed on their behalf by



Pauline Muir



## **Community Music Limited**

### **Notes to the financial statements**

**For the year ended 31 March 2009**

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#### **1. Accounting policies**

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005) and the Companies Act 1985.

##### **Going concern**

At 31 March 2009, the balance sheet showed net assets of £32,691, but with a low cash balance of £286. The trustees have a strategy in place to ensure that CM™ is able to continue as a going concern. They are confident that such actions will improve results for the charitable company in 2010. Thus, the trustees consider it appropriate to prepare the financial statements on a going concern basis.

- b) Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities when receivable.
- c) Contractual fee income is recognised to the extent that the charity has provided the services. Where such incoming resources are received in advance, the incoming resources are deferred until the charity becomes entitled to them.
- 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.

## Community Music Limited

### Notes to the financial statements

**For the year ended 31 March 2009**

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#### 1. Accounting policies (continued)

- 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.
- 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 £	2009 Total £	2008 Total £
The Arts Council	-	175,000	175,000	200,594
London Councils	-	11,351	11,351	34,053
Other donations	8,206	-	8,206	-
Total	8,206	186,351	194,557	234,647

During the year the charitable company received a grant of £11,351 from London Councils (previously Association of London Government) for salaries and running costs. The grant was fully utilised in the year.

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2009

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2. Incoming resources (continued)

Incoming resources from charitable activities

	Restricted £	Unrestricted £	2009 Total £	2008 Total £
<b>Small Business Creation</b>				
London Development Agency	<u>14,682</u>	<u>-</u>	<u>14,682</u>	<u>163,755</u>
<b>Internationalism</b>				
Other donations	<u>-</u>	<u>-</u>	<u>-</u>	<u>704</u>
<b>Artist Development</b>				
Performing Rights Society	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<b>Accredited courses</b>				
Fee income	<u>-</u>	<u>202,062</u>	<u>202,062</u>	<u>156,732</u>
<b>Local projects &amp; other training</b>				
Grants and fees	<u>-</u>	<u>20,563</u>	<u>20,563</u>	<u>17,806</u>

**Community Music Limited**

**Notes to the financial statements**

**For the year ended 31 March 2009**

**3. Total resources expended**

	Fundraising and publicity £	Small Business Creation £	Development, Education, Networking £	Artist Development £	Accredited Courses £	Governance £	Support Costs £	2009 £	2008 £
Staff costs (note 5)	13,988	2,506	29,102	11,100	54,532	1,901	105,974	219,103	247,094
Freelance and consultants	-	-	-	-	-	-	16,242	16,242	26,303
Other staff costs	-	-	-	-	-	-	2,282	2,282	25,012
Premises and equipment	-	-	7,264	-	24,214	-	16,950	48,428	127,528
Provision for dilapidations	-	-	-	-	-	-	13,467	13,467	40,651
Depreciation	-	-	-	-	-	-	-	-	6,973
Office overheads	-	-	-	-	-	-	9,006	9,006	13,977
Project operating costs	-	12,649	5,497	-	13,682	-	-	31,828	132,823
Audit	-	-	-	-	-	16,546	-	16,546	11,690
Bank charges	-	-	-	-	-	939	-	939	2,891
Board costs	-	-	-	-	-	-	-	-	391
Legal fees	-	-	-	-	-	2,060	-	2,060	550
	13,988	15,155	41,863	11,100	92,428	21,446	163,921	359,901	635,883
Reallocation of support costs	1,639	3,278	65,569	8,196	81,961	3,278	(163,921)	-	-
	15,627	18,433	107,432	19,296	174,389	24,724	-	359,901	635,883

# Community Music Limited

## Notes to the financial statements

For the year ended 31 March 2009

### 4. Net outgoing resources for the year

This is stated after charging / crediting:

	2009 £	2008 £
Trustees' remuneration	Nil	Nil
Trustees' expenses	Nil	Nil
Depreciation	Nil	6,974
Audit services		
▪ Auditor's remuneration	6,950	6,750
▪ Under provision from prior year	9,596	4,940
Operating lease costs		
▪ For property	<u>30,912</u>	<u>68,470</u>

### 5. Staff costs and numbers

Staff costs were as follows:

	2009 £	2008 £
Salaries and wages	133,175	193,320
Sessional Staff	70,862	34,521
Social security costs	<u>15,066</u>	<u>19,253</u>
	<u>219,103</u>	<u>247,094</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:

	2009 No.	2008 No.
Fundraising and publicity	0.4	0.1
Development, Education, Networking	1.5	0.1
Artist development	0.1	0.4
Internationalism	-	0.4
Accredited courses	2.2	2.7
Small Business Creation	0.1	2.5
Governance	<u>0.4</u>	<u>0.1</u>
	<u>4.7</u>	<u>6.3</u>

# Community Music Limited

## Notes to the financial statements

For the year ended 31 March 2009

### 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 £
<b>COST</b>				
At 1 April 2008	29,156	42,485	4,854	<b>76,495</b>
Additions in year	-	-	-	-
At 31 March 2009	<u>29,156</u>	<u>42,485</u>	<u>4,854</u>	<u><b>76,495</b></u>
<b>DEPRECIATION</b>				
At 1 April 2008	29,156	42,485	4,854	<b>76,495</b>
Charge for the year	-	-	-	-
At 31 March 2009	<u>29,156</u>	<u>42,485</u>	<u>4,854</u>	<u><b>76,495</b></u>
<b>NET BOOK VALUE</b>				
At 31 March 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

### 8. Debtors

	2009 £	2008 £
Trade debtors	<b>31,929</b>	-
Other debtors	<b>2,092</b>	1,400
Prepayments	<b>2,802</b>	3,581
Accrued income	<b>89,252</b>	114,386
Less: provision for changes in rules for ESF Culture 2000 claims	<u><b>(27,116)</b></u>	<u>(27,116)</u>
	<u><b>98,959</b></u>	<u>92,251</u>

**Community Music Limited**

**Notes to the financial statements**

**For the year ended 31 March 2009**

**9. Creditors : amounts falling due within one year**

	2009 £	2008 £
Trade creditors	24,590	23,264
Taxation & social security	3,571	43,390
Other creditors	-	35,242
Accruals	37,333	46,119
Deferred income	1,060	-
	<u>66,554</u>	<u>148,015</u>

**10. Analysis of net assets between funds**

	Restricted funds £	Unrestricted funds £	Total Funds £
Current assets	4,987	94,259	99,246
Current liabilities	-	(66,554)	(66,554)
Net assets at 31 March 2009	<u>4,987</u>	<u>27,705</u>	<u>32,692</u>

**11. Movements in funds**

	At 1 April 2008 £	Incoming resources £	Outgoing resources £	At 31 March 2009 £
<b>Restricted funds:</b>				
Musical equipment	-	8,206	(3,219)	4,987
Small Business Creation	-	14,682	(14,682)	-
<b>Total restricted funds</b>	<u>-</u>	<u>22,888</u>	<u>(17,901)</u>	<u>4,987</u>
<b>Unrestricted funds:</b>				
General funds	<u>(39,652)</u>	<u>409,357</u>	<u>(342,000)</u>	<u>27,705</u>
<b>Total funds</b>	<u>(39,652)</u>	<u>432,245</u>	<u>(359,901)</u>	<u>32,692</u>

## Community Music Limited

### Notes to the financial statements

For the year ended 31 March 2009

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#### 11. Movements in funds (continued)

##### Purposes of restricted funds

<b>Music Space Equipment</b>	Funding was provided to purchase music equipment for primary use of the Music Space project.
<b>Small Business Creation</b>	Small Business Creation is a small and micro business creation project aiming to create new employment in the music industry through the development and support of new businesses. The project is initiated and managed by CM™ through a consortium of delivery partners: Raw Material Brixton, Overtones Studios Camden, Sound Connections Southwark. The project supports performing artists, sound engineers, music producers and other young entrepreneurs in the first stages of establishing their businesses by providing networking, showcasing, training, workspaces, studio access; legal, business and marketing mentoring; international contacts and personal help.

#### 12. Operating lease commitments

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

Finances:	Land & Buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
2 - 5 Years	<u>18,000</u>	<u>-</u>	<u>1,845</u>	<u>-</u>