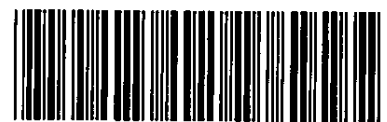


Company No 1967704
Charity No 293419

Community Music Limited
Report & Financial Statements
31 March 2010

WEDNESDAY



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COMPANIES HOUSE

sayer vincent

consultants and auditors

Community Music Limited

Reference & administrative details

For the year ended 31 March 2010

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	Marcia Klincke	
Chair	John Prince Neil Cartwright	(stood down 30 April 2010) (appointed 30 April 2010)
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 2010

The trustees present their report and the audited financial statements for the year ended 31 March 2010

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 charity 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.

Community Music Limited

Report of the trustees

For the year ended 31 March 2010

The organisational structure The Company is overseen by the trustees at a minimum of 4 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 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.

CM has no subsidiaries. It maintains a strong relationship with other similar community music projects and funders through the consortium of like-minded projects established in 2004 called Sound Connections and through its working partnerships.

Objectives and Activities

A summary of the objectives of the charity as in it's 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

Community Music Limited

Report of the trustees

For the year ended 31 March 2010

Ensuring our work delivers our aims

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.

Objectives of the charity

Finance and Governance

- To build and retain reserves totalling 20% of our annual income
- 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

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

Community Music Limited

Report of the trustees

For the year ended 31 March 2010

Details of significant activities

CM continued throughout 2009/10 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 CM 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

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, 3 evenings a week (Mon, Wed and Thurs), fully supported with backline, instruments and an on site technician

8 Bars

6 month project targeting hard to reach young people in the Isle of Dogs area of Tower Hamlets. In Partnership with Youth Music

Going Underground

A 3 month project focusing on the development and support of local Asian bands and musicians. Funded by the London 2012 cultural skills fund

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 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
- ***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 3 days of post-production to create a radio programme

Community Music Limited

Report of the trustees

For the year ended 31 March 2010

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.
- 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

The Foundation Degree in Creative Music Production and Business entered its third year, with its first year of graduate students achieving their degree. From September 2009 our student intake target increased from 18 to 30 as the target number of recruitments. New facilities were built to accommodate the increased intake, which provided a wider range of facilities and resources for student use at minimal cost.

The Arts & Music Leader Training Programme which launched in February 2009 continued to provide a tailor-made programme of short courses for those wishing to gain skills in teaching and workshop leading. CM successfully gained City and Guilds status and students can achieve a full C&G PTLLS qualification through this course. A new intake began in November 09 and another intake is planned for September 2010. Plans for a new foundation degree in Community Music Practice remain, and the course has now been written. We have been delayed somewhat in launching the course due to a cap in university funding due to last for approximately 3 years as a result of the most recent government change and budget cuts, but CM is currently seeking alternative ways of delivering and funding this course.

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. Our partnership with the local authority through 'A' Team Arts, the borough's youth arts service, has flourished, and CM was initially awarded a small contract to expand the Music Space provision to include a second evening per week funded by Tower Hamlets. This has expanded further and from April 2010 CM were awarded a 3-year contract to deliver the youth service's music provision for the borough. This is a huge vote of confidence in CM's provision and in the quality of our delivery and we look forward to continuing this partnership.

Community Music Limited

Report of the trustees

For the year ended 31 March 2010

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. Our Green Shoots showcase in partnership with Rough Trade East ran throughout the year and was successful in bringing the music our young people have created to a wider local audience. Notably, CM continues to run a stage at Underage Festival, and enables local young musicians to feature alongside major industry names.

The public benefit of provision

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work within the last twelve months. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

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 14-19 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 approximately half the cost of 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.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 4 to the accounts.

Financial Review

Policy on reserves

- 1 The Trustees recognise their responsibility to have a transparent policy on managing the resources of the charity, including financial reserves.

Community Music Limited

Report of the trustees

For the year ended 31 March 2010

- 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 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 incoming resources. This is to ensure adequate cash flow flexibility to meet emergency measures, delayed payment of grants and unpredictable variations in expected income.

Financial stability

CM had undergone a number of cuts during the previous year to ensure the financial long-term stability of the charity. Staff and tutor cuts, partnered with a significant cut in rent and utilities costs ensured that CM remains a viable organisation.

The senior management restructure that took place almost 2 years ago now has been successful. The initial restructuring from Chief Executive to a 2-person senior management team consisting of a Managing Director and Creative Director worked well to embed CM in the borough and enable the delivery of new and existing partnerships and programme alongside smooth overall company management. The Managing Director was responsible for overseeing the day to day running of the company including finance and fundraising, staff and project management and who had overall responsibility for the company, and the Creative Director was responsible for overseeing and expanding the creative direction of the company and its programme.

Since the commencement of these positions, huge improvements have been made to the overall management of the company including streamlined administration systems, financial control and project management, and the programmes creative direction was able to flourish through the establishment of new partnerships and programmes which added to a full and varied calendar of provision. However, as a result of our success, the need for a full time manager of the day-to-day programme became increasingly evident.

In January of 2010 the Creative Director resigned to take up a position as Director of a large national festival, and the decision was taken not to reappoint that position but to replace it with a full time Programme Manager. This post would be responsible for the overall delivery of all programmes and would manage the day to day running of CM's varied educational and artistic programme. The Managing Director remained in place and retains overall responsibility for the company, and now works closely with the Programme Manager to ensure smooth programme delivery and staff management. The recruitment of this post has allowed the Managing Director to focus more long term on CM's future and strategic position within the borough, whilst ensuring the programme is run to the highest quality and standard.

Courses and training programmes continue to be taught by a dedicated course team for each course and are now managed by the Programme Manager.

Financial support roles continue to be outsourced to our accountancy firm JS2 who also undertake bookkeeping duties for us.

Community Music Limited

Report of the trustees

For the year ended 31 March 2010

All the cost saving changes made in the previous year and followed through in this year have ensured that this year CM is in the strongest financial position it has been in for some time. All income was restructured where possible to ensure a steady flow of income over the year, rather than large sums at one or two points throughout the year. This benefited cash flow tremendously, and has ensured that CM remains on a much smoother financial keel. Overall reserves grew from £32,692 to a total of £130,298 at the end of 2009-10 financial year, near in line with our reserves policy of 20% of annual incoming resources. A full fundraising strategy was created and a dedicated fundraiser employed to fulfil the targets set out in the strategy.

Principal funding sources are

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

Strategic Planning 2008-11

Finance Strategy

CM's key priority is to ensure the long-term financial viability of the organisation and its programme. Since 2008-9 we have done and continue to do this by employing a 3-year finance strategy, which aimed to reduce costs and ensure stability for the years to come.

The strategy involved 3 key areas of focus,

- 1 Cutting staff and lowering programme costs,

See previous page

- 2 Securing permanent low cost premises,

In August 2007 CM moved permanently to the Brady Arts Centre in Tower Hamlets. CM's lease in Southwark ended in July 2008 and the move to the Brady Centre was completed by Spring 2008.

The Brady Centre has proved to be the ideal answer to CM's premises needs and now houses our new production training studios, 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.

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 was able to concentrate on the final stage of this 3-year strategy, securing new income streams and financial stability.

Community Music Limited

Report of the trustees

For the year ended 31 March 2010

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 have seen the true benefit of the cost cutting measures that were 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 2-year funding agreement from April 2009 from the Arts Council for £140,000 per year, which rose to £143,780 in year 2

- **Higher Education Income**

CM has a stable and fruitful relationship with the University of Westminster, with whom we have worked for many years to deliver high quality higher education to those who would traditionally not access such opportunities. Our foundation degree in Creative Music Production and Business has expanded enabling us to take on 12 extra students per year, increasing our earning potential from the university by approximately £54,000 (around £4,500 per student)

It is our intention to develop our partnership with this key partner over the next two years. We had been invited to design and develop a second foundation degree in Community Music Practice, which was due to begin in Sept 2010. However, cut in HEFCE funding has meant that this has been postponed indefinitely and we are currently exploring alternative ways in which to fund this programme.

This year for the first time, higher education has 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 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. We have taken on one extra office, at an increase of £2,000 per year to the overall rental costs. However, this has ensured we are able to run to capacity and are not limited by the one office space previously held. It is not envisaged that CM will need to move to other premises in the near future and the rental costs of the Brady Arts Centre will remain low with only rate of inflation increase.

- **Maintaining low salary costs**

Salary and tutor costs remain the lowest they have been for some time. This year additional tutor costs were incurred from the 8 bar project and London 2012 Cultural Skills project, projects which were awarded post budget. The additional project funding covered all related tutor costs. The management team is streamlined and functional and no further senior management posts are anticipated in the coming year.

- **Identifying other sources of income**

As stated in the previous years' report, the move to Tower Hamlets has enabled us to develop a number of key partnerships and access alternative sources of funding.

Community Music Limited

Report of the trustees

For the year ended 31 March 2010

This year has seen the development of our partnership with London Borough of Tower Hamlets Youth Arts Department ('A' Team Arts) go from strength to strength. We have moved from small project funding given to expand the Music Space project, to being awarded a 3-year contract to deliver all the music provision for the department beginning April 2010, a big success for CM in terms of embedding ourselves fully within the borough's higher profile provision.

It remains our key focus to identify other initiatives and sources of funding that may prove fruitful in the coming years. From April 2010 we have employed a dedicated fundraiser with clear fundraising targets for the following 9 months.

It is also our intention to exploit our current resources and facilities as much as possible to generate further income. This year we have expanded the number of students we can take on our FDA Creative Music Production and Business course from 18 to 30 per year group. At capacity this will generate a significant increase in income from the University of Westminster and 09-10 has already seen a marked rise in income. Over the past year we recruited and retained 24 new year-1 students, and our target for this coming September is to recruit the full 30 to receive maximum funding from the University.

Other new sources of funding accessed this year include Find Your Talent, London Borough of Tower Hamlets, PRS, London 2012 Cultural Skills (Arts Council and LDA) and youth music.

Further to expanding our more traditional sources of income, CM continues to explore a variety of alternative income streams that may be available to us. This includes looking towards corporate 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

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 2006.

Community Music Limited

Report of the trustees

For the year ended 31 March 2010

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 (resigned 3 November 2009)

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 2010 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 28 July 2010

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 2010 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.

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 the trustees and auditors

The responsibilities of the trustees (who are also the directors of Community Music Limited for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the trustees' annual report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the trustees' 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 charity's circumstances, consistently applied and adequately disclosed.

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

Community Music Limited

Independent auditor's report to the members of

Community Music Limited

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the trustees' annual report is consistent with the financial statements

Pamela Craig, Senior Statutory Auditor
for and on behalf of Sayer Vincent, Statutory Auditors

SAYER VINCENT
8 Angel Gate
City Road
LONDON
EC1V 2SJ

10 August 2010

Community Music Limited

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

For the year ended 31 March 2010

	Note	Restricted £	Unrestricted £	2010 Total £	2009 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	1,800	140,345	142,145	194,557
Investment income		-	-	-	381
<i>Incoming resources from charitable activities</i>					
Small Business Creation	2	-	-	-	14,682
Artist Development	2	29,496	7,500	36,996	-
Accredited Courses	2	-	210,376	210,376	202,062
Local projects & other training	2	10,000	21,900	31,900	20,563
Total incoming resources		<u>41,296</u>	<u>380,121</u>	<u>421,417</u>	<u>432,245</u>
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income		-	15,074	15,074	15,627
<i>Charitable Activities</i>					
Small Business Creation		-	-	-	18,433
Development, Education, Networking		16,787	85,766	102,553	107,432
Artist Development		24,255	37,932	62,187	19,296
Accredited Courses		-	126,726	126,726	174,389
Governance		2,291	14,980	17,271	24,724
Total resources expended	3	<u>43,333</u>	<u>280,478</u>	<u>323,811</u>	<u>359,901</u>
Net (expenditure) / income for the year	4	(2,037)	99,643	97,606	72,344
Reconciliation of funds					
Total funds at 1 April 2009		<u>4,987</u>	<u>27,705</u>	<u>32,692</u>	<u>(39,652)</u>
Total funds at 31 March 2010	11	<u><u>2,950</u></u>	<u><u>127,348</u></u>	<u><u>130,298</u></u>	<u><u>32,692</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 11 to the financial statements.

Community Music Limited

Company No. 1967704

Balance sheet

As at 31 March 2010

	Note	£	2010 £	2009 £
Tangible fixed assets	7		<u>3,854</u>	<u>-</u>
Current assets				
Debtors	8	85,154		98,959
Cash at bank and in hand		<u>67,174</u>		<u>287</u>
		152,328		99,246
Creditors' amounts falling due within one year	9	<u>(25,884)</u>		<u>(66,554)</u>
Net current assets			<u>126,444</u>	<u>32,692</u>
Net assets			<u>130,298</u>	<u>32,692</u>
Funds				
Restricted funds	11		2,950	4,987
Unrestricted funds				
General funds	11		<u>127,348</u>	<u>27,705</u>
Total funds			<u>130,298</u>	<u>32,692</u>

Approved by the trustees on

and signed on their behalf by

Neil Cartwright

n. e
28.7.10

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2010

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 2010

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 £	2010 Total £	2009 Total £
The Arts Council	-	140,000	140,000	175,000
London Councils	-	-	-	11,351
Other donations	1,800	345	2,145	8,206
Total	1,800	140,345	142,145	194,557

Incoming resources from charitable activities

	Restricted £	Unrestricted £	2010 Total £	2009 Total £
<i>Small Business Creation</i>				
London Development Agency	-	-	-	14,682
<i>Artist Development</i>				
Going Underground	29,496	-	29,496	-
Performing Rights Society	-	7,500	7,500	-
<i>Accredited courses</i>				
Fee income	-	210,376	210,376	202,062
<i>Local projects & other training</i>				
Grants and fees	10,000	21,900	31,900	20,563

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2010

3 Total resources expended

	Fundraising and publicity £	Development, Education, Networking £	Artist Development £	Accredited Courses £	Governance £	Support Costs £	2010 £	2009 £
Staff costs (note 5)	14,000	47,095	34,999	57,569	1,950	42,725	198,338	219,103
Freelance and consultants	-	3,415	4,480	2,775	3,501	14,214	28,385	16,242
Other staff costs	-	502	-	-	29	4,349	4,880	2,282
Premises and equipment	-	1,758	1,346	4,671	-	19,911	27,686	48,428
Provision for dilapidations	-	-	-	-	-	-	-	13,467
Depreciation	-	-	-	-	-	1,927	1,927	-
Office overheads	-	1,527	3,420	1,103	851	14,089	20,990	9,006
Project operating costs	-	5,299	10,425	6,913	-	9,711	32,348	31,828
Audit	-	-	-	-	8,459	-	8,459	16,546
Bank charges	-	-	-	-	-	465	465	939
Board costs	-	-	-	-	333	-	333	-
Legal fees	-	-	-	-	-	-	-	2,060
	14,000	59,596	54,670	73,031	15,123	107,391	323,811	359,901
Reallocation of support costs	1,074	42,957	7,517	53,695	2,148	(107,391)	-	-
	15,074	102,553	62,187	126,726	17,271	-	323,811	359,901

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2010

4. Net incoming resources for the year

This is stated after charging / crediting

	2010 £	2009 £
Trustees' remuneration	Nil	Nil
Trustees' expenses	300	Nil
Depreciation	1,928	Nil
Audit services		
▪ Auditor's remuneration	8,459	6,950
▪ Under provision from prior year	-	9,596
Operating lease costs		
▪ For property	<u>19,146</u>	<u>30,912</u>

One trustee member received reimbursement for out of pocket expenses incurred during the year (2009 NIL)

5 Staff costs and numbers

Staff costs were as follows

	2010 £	2009 £
Salaries and wages	79,559	133,175
Sessional Staff	103,268	70,862
Social security costs	<u>15,511</u>	<u>15,066</u>
	<u>198,338</u>	<u>219,103</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

	2010 No.	2009 No
Fundraising and publicity	0 40	0 4
Development, Education, Networking	1 40	1 5
Artist development	0 10	0 1
Accredited courses	1 50	2 2
Small Business Creation	0 05	0 1
Governance	<u>0 09</u>	<u>0 4</u>
	<u>3.5</u>	<u>4 7</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2010

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 2009	29,156	42,485	4,854	76,495
Additions in year	-	4,076	1,706	5,782
At 31 March 2010	<u>29,156</u>	<u>46,561</u>	<u>6,560</u>	<u>82,277</u>
DEPRECIATION				
At 1 April 2009	29,156	42,485	4,854	76,495
Charge for the year	-	1,359	569	1,928
At 31 March 2010	<u>29,156</u>	<u>43,844</u>	<u>5,423</u>	<u>78,423</u>
NET BOOK VALUE				
At 31 March 2010	<u>-</u>	<u>2,717</u>	<u>1,137</u>	<u>3,854</u>
At 31 March 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

8 Debtors

	2010 £	2009 £
Trade debtors	2,253	31,929
Other debtors	1,674	2,092
Prepayments	3,696	2,802
Accrued income	77,531	89,252
Less provision for changes in rules for ESF Culture 2000 claims	-	(27,116)
	<u>85,154</u>	<u>98,959</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2010

9 Creditors . amounts falling due within one year

	2010	2009
	£	£
Trade creditors	5,936	24,590
Taxation & social security	7,684	3,571
Other creditors	-	-
Accruals	12,264	37,333
Deferred income	-	1,060
	<u>25,884</u>	<u>66,554</u>

10 Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total Funds £
Tangible fixed assets	-	3,854	3,854
Current assets	2,950	149,378	152,328
Current liabilities	-	(25,884)	(25,884)
Net assets at 31 March 2010	<u>2,950</u>	<u>127,348</u>	<u>130,298</u>

11 Movements in funds

	At 1 April 2009 £	Incoming resources £	Outgoing resources £	At 31 March 2010 £
Restricted funds.				
Musical equipment	4,987	-	(4,987)	-
Going Underground	-	29,496	(26,546)	2,950
Total restricted funds	<u>4,987</u>	<u>29,496</u>	<u>(31,533)</u>	<u>2,950</u>
Unrestricted funds:				
General funds	<u>27,705</u>	<u>380,121</u>	<u>(280,478)</u>	<u>127,348</u>
Total funds	<u>32,692</u>	<u>409,617</u>	<u>(312,011)</u>	<u>130,298</u>

Community Music Limited

Notes to the financial statements

For the year ended 31 March 2010

11 Movements in funds (continued)

Purposes of restricted funds

Music Space Equipment Funding was provided to purchase music equipment for primary use of the Music Space project

Going Underground A three month project focusing on the development and support of local Asian bands and musicians. Funded by the London 2012 cultural skills fund

12 Operating lease commitments

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

Finances	Land & Buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
2 - 5 Years	<u>20,000</u>	<u>18,000</u>	<u>1,845</u>	<u>1,845</u>