

COMPANY REGISTRATION NUMBER 01967704

COMMUNITY MUSIC LIMITED

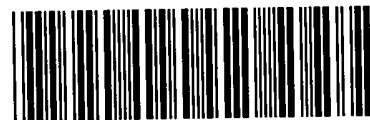
Company limited by guarantee

FINANCIAL STATEMENTS

31 MARCH 2016

Charity Number 293419

THURSDAY



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COMPANIES HOUSE

Jackson & Jackson
A trading name of Jackson Nicholas Assie Limited
Chartered Certified Accountants & Statutory Auditors
6 - 6A Ashley House
Ashley Road
London N17 9LZ

COMMUNITY MUSIC LIMITED

Company limited by guarantee

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

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COMMUNITY MUSIC LIMITED

Company limited by guarantee

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

Registered charity name	Community Music Limited
Charity number	293419
Company registration number	01967704
Registered office	The Brady Centre 192-196 Hanbury Street London E1 5HU
Trustees	John Prince Neil Cartwright (Chair) Pauline Muir Helen Searle Joshua McCarron Eshan Haque
Secretary	Maricia Klincke
Managing director	Maricia Klincke
Auditor	Jackson Nicholas Assie Limited Chartered Certified Accountants & Statutory Auditor 6 - 6A Ashley House Ashley Road London N17 9LZ
Bankers	Lloyds Bank 40 Rosslyn Hill London NW3 1NL
Solicitors	Harbottle and Lewis 14 Hanover Square London W1S 1HP

COMMUNITY MUSIC LIMITED

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TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 MARCH 2016

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 March 2016.

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

THE TRUSTEES

The trustees who served the charity during the period were as follows:

John Prince
Neil Cartwright (Chair)
Pauline Muir
Helen Searle
Joshua McCarron
Eshan Haque

1 STRUCTURE, GOVERNANCE AND MANAGEMENT

- 1.1 Community Music Limited is a charitable company limited by guarantee, incorporated on 2 December 1985 and registered as a charity on 24 April 1986. The Company was established under a Memorandum of Association, which established the objects and the powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.
- 1.2 Methods of appointing new trustees: New trustees are appointed from time to time at the discretion of the existing 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.
- 1.3 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.
- 1.4 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 trustees 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.
- 1.5 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.

COMMUNITY MUSIC LIMITED

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

- 1.6 Statement of relationship with other parties:
CM has no subsidiaries. It maintains a strong relationship with other similar community music projects and funders through its working partnerships.

- 1.7 Statement of benefits received by trustees: none

2 OBJECTIVES AND ACTIVITIES

- 2.1 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’.

- 2.2 Aims of the charity:

1. Overall Strategic Aim

To become the principle provider of non-formal youth music opportunities in Tower Hamlets.

2. Artist and Business Support

To support artists and businesses towards independence in their careers.

3. Youth Music Opportunities

To provide opportunities for young people to access and participate in creative music making and production in modern genres.

4. Professional Training

To deliver, and create access routes to, higher education in modern music for aspiring professional artists, and individual training for career development.

5. Internationalism

To create opportunities for music and cultural collaborations between young people across Europe and internationally.

6. Live Music Promotion

To partner closely with professional promoters and festival organisers to promote new talent in successful live music contexts that guarantee audiences.

COMMUNITY MUSIC LIMITED

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

2.3 Ensuring our work delivers our aims

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

2.4 Objectives of the charity:

Finance and Governance

- To build and retain reserves to cover 6 months operating costs.
- To increase and maintain board membership to 8 members.
- To implement a sustainable fundraising strategy.

Local Youth Music Provision

- To develop and maintain projects and partnerships within east London.
- To provide diverse opportunities for progression for young people entering training at CM.
- To remove barriers to learning for local young people
- To establish CM as a key facilitator for cross industry music partnerships within Tower Hamlets.
- To further develop our participation in major borough projects

Professional Training

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

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.

2.5 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, private individuals, corporate trusts and NGO's to achieve the objectives.

2.6 Details of significant activities:

Throughout 2015-16 Community Music operated a Training and Production Centre in East London offering structured access, professional training, artist development projects, live events, artist resources, outreach projects and new music production opportunities.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

Community Music's programme is designed to offer participants a thorough, diverse and inspiring experience of creative music making. It's a varied programme offering courses, live events, artist and business support and professional development. It is designed to enable participants, from beginner to professional, to achieve their best at every level, and progress successfully onto the next level of achievement and excellence.

Each programme element has been designed to interlink with each other, providing dynamic pathways of learning and experience that can take the participant from novice to advanced musician, producer or community music leader. However, participants can join the programme at any point. It is completely flexible and intrinsically interlinked.

There are four sections: Youth music and outreach, Showcasing and live events, Professional development and Adult creative learning.

1. Youth Music Outreach Programme

Music Space: a free year-round project established in 2007 led by CM, in partnership with Tower Hamlets Youth Arts Team and Tower Hamlets Music Education Hub. It offers weekly workshops for young bands and musicians from Tower Hamlets aged 13-19, providing rehearsal space in fully equipped rehearsal studios, expert tuition, and live performance opportunities. Arts Award accredited.

Music Space Academy: year-round free tuition in guitar, bass, drums, keyboard, vocals and music technology. Participants access small group tuition, and are encouraged to form their own bands and gain experience in playing together, often for the first time. Open to ages 14-19, all abilities.

Music Space Academy Juniors: Weekly free instrumental tuition for young predominantly Bengali musicians aged 6-12 referred by local Bengali arts group *Udichi*. Currently funded by Children in Need. There remain high levels of disengagement within the Bengali community. CM has proved ideally placed to address the often-encountered misconception that time spent on music making is time misspent, and the demand for this programme is ever increasing.

Tottenham Rehearsal Rooms/ Music Space Haringey: In partnership with Beggar's Group, New River Studios and Homes for Haringey, this project offers two nights a week supported rehearsal for young bands and artists from Tottenham and Haringey.

Off Beat: A Youth Music-funded project working with NEET outreach training provider Tomorrows' People. Off Beat offers training and highlights career opportunities within the creative industries. Students progress to work or further accredited training at Community Music or elsewhere. The project also trains support workers and embeds music training in their mainstream NEET provision. Further funding received from JAC trust.

Summer Provision: A varied programme of short courses to offer a taster of our year round programme. Run with partners such as Futureversity and Spotlight Youth Centre. Open to young people aged 14 – 25, they include *Band in a week* – a project encouraging new musicians to learn an instrument, form band and participate in a live performance and recording.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

2. Showcasing and Live events

We run a variety of live performances that offer artists experience and development in performance skills. Events include the termly Music Space Live gig at Rich Mix open to local young people, regardless of experience or ability. We also offer a whole host of other performance opportunities, and work with performance-focused organisations such as Music for Youth, Spitalfields music and Spotlight youth centre to enable more young people to experience live performance.

3. Professional Development

This large part of our work is aimed at older participants focused on career development. It equips participants with key skills required in their future field of employment and supports the development of talent, artistic output, small businesses, a diverse skills base and excellent leadership abilities. Whilst we aim to develop career possibilities, we are also committed to developing the creative artistic talent of the most promising new artists. Our professional development programme offers two formal accredited learning programmes, a structured creative support programme, and an internship programme.

Foundation Degree in Creative Music Production and Business

A 2-year full-time course run with the University of Westminster and City of Westminster college, targeting participants not traditionally able to access Higher Education for a lack of previous qualifications or financial constraints. Students study music production, musicianship, history, music business, career planning and work-related modules, and gain skills essential for their future careers. Students can progress onto further study at the University of Westminster, or can progress directly into the workplace, with the option of putting into practice their business plan written in the second year of the course.

Music Leader Training Course

This remains a vital part of our programme and trains professional standard musicians, vocalists and producers to be effective community music leaders. The course develops a resilient and self-perpetuating workforce of trained musicians and artists who are able to become arts leaders themselves and encourage the next generation. We welcome those with no previous qualifications and keep costs low to ensure all can enter the arts workforce. This year we have been able to offer both weekly delivery and intensive delivery patterns which has allowed more people to take up this course.

Creative Support Programme

Each year we support a small number of emerging/mid-career artists to build their own career within the music industry. Support includes industry mentors, legal/financial advice and guidance, rehearsal space, networking, and production facilities. We aid in the transition from aspiring to professional artist, and offer support as their career takes shape.

4. Adult Creative Learning

Now Time: a programme of short interlinking evening and weekend courses available at low cost and payable in instalments. Demand has been high. Students begin with an Introduction to creative music production, and can progress onto more advanced activities.

We now offer courses in varying delivery formats with start points throughout the year. The income generated enables us to increase the amount of locally focused work we can offer.

Jackson Nicholas Assie Limited Chartered Certified Accountants

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

3. ACHIEVEMENTS AND PERFORMANCES

Notable achievements in the year were:

1. The Music Leader Training course has grown from strength to strength over the year and demand continues to grow. In response to this demand, we have established a programme to be delivered from Central Bristol from October 2016. This is in response to growing demand from across the country, and it has really highlighted a need for quality music leader training outside of the London area.

2. Our partnerships with Deutsche Bank, Nomura, Mintel, Open Source Foundation, Burberry, We Are Social, Mayer Brown, Barclays, and the BBC have continued throughout 2015-16. We have been working with the corporate social responsibility teams at these organisations to make a case for supporting the grass roots community work we do. This year we were invited to submit an application to Nomura's small grants fund (up to £30k) and their digital team are currently building our new website and working with us to further develop our online presence, all as in kind donations. This year we also secured £20,000 of investment from Mintel. And lastly Burberry have redeveloped our studio areas with a full redesign and refurbishment, which has enabled us to offer better facilities for all users at no cost to us.

3. This year we successfully applied to the Arts Council for a Small Capital grant. We were awarded a grant of just over £130,000 with which we plan to improve our current offer and facilities and develop a whole new area of work and income in the form of a live sound hire business. This project will offer two apprentices per year the chance to learn and develop a high standard of live sound engineering skills, and work towards building a business which will generate an income that contributes to Community Music's overall turnover and funds our charitable aims and objectives. The funding has allowed us to respect our teaching studios and offer the best facilities for students on all our programmes.

4. We were successful in applying to Youth Music for funding to build on our Haringey and Beggars group project established last year. On top of band rehearsal opportunities, we are now able to offer full instrumental tuition in guitar, bass, drums, vocals and keyboards, as well as radio show production and live performances. This is a fantastic development of our work and partnerships in the Haringey and surrounding areas, and secured our presence in the borough for the next three years.

5. The Off Beat project, which targets young people who are not in education, employment or training (NEET) has continued throughout 2015-16, predominantly working with young people from Tomorrow's People this year. We were able to secure additional funding from the JAC trust to develop our offer to include progression activities and further support to existing students, which has been a really positive addition to the programme. The programme continues into 2016-17.

6. We continue to be a member of Tower Hamlets Hub, and work closely with Hub leader THAMES to ensure we reach as many young people as possible. We also work closely with hub partners to ensure diverse provision. This includes providing cross genre and cross art form activities which draw in two or more partners to enable a multi-disciplinary experience for the young people involved.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

7. We have built and further developed excellent partnerships throughout the year. Key partners include THAMES, the music hub leader for Tower Hamlets (We remain a hub member), Spotlight youth centre, The Orchestra of the Age of Enlightenment, Continental Drifts and Grand Union to name but a few. A particular highlight this year has been the further development of our partnership with the Musicians Union, and together with Sound Connections we have built a great year round programme of professional development courses for adults in the Community Music Sector. A popular part of this has become training in "working as a Community Musician", which are regularly over-subscribed and have become a popular part of our offer and a great way of recruiting people onto our music leader training course.

8. Every year we take part in the Music for Youth performance series, and this year were pleased to see one of our young bands get the opportunity to perform live at the Royal Albert Hall as part of the schools proms, and also in Birmingham at their National festival. It's been a great year for youth performance at Community Music, with Music Space Live seeing some excellent performances and many other live performances taking place throughout the year.

3.1 The public benefit of provision

All our provision is intended to be of public benefit to a variety of people. The majority of our local youth provision is accessible to anyone aged 13-19 living or studying in Tower Hamlets, although some provision is accessible by those living outside the borough and outside this age range. We do not charge fees for any course or activity on the youth programme. Our Higher Education provision is accessible by anyone aged 18 and above and is not restricted geographically. However, we specifically target those people who would not normally be able to access higher education, either through a lack of formal qualification, poor previous academic experience or for financial reasons, and market heavily in the local area to encourage local take-up. Our Higher education tuition fees are significantly lower than the standard degree cost and the FdA: Creative Music Production and Business course is fully supported by the student loans system for those who cannot afford the initial tuition cost outright. Monthly payment schemes are also available for all HE programmes including the 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 and Business course. Our facilities are fully accessible, and have full wheelchair access.

3.2 Details of performance where fundraising or investment activities are involved:

We have been successful this year in achieving the following grant funds:

BBC Children in Need: £9720 grant towards the delivery of the Music Space Juniors project.

Youth Music: £79056 grant towards the delivery of Music Space North in Haringey.

JAC Trust: an additional £7500 for Off Beat delivery development.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

4. FINANCIAL REVIEW

4.1 Policy on reserves

1. The Trustees of Community Music Ltd. recognise their responsibility to have a transparent policy on managing the resources of the company, including financial reserves. They acknowledge this as a requirement under the Statement of Recommended Practice: Accounting and Reporting by Charities (April 2005).
2. The term 'reserves' is defined as that part of the charity's funds that are freely available for general purposes. In the case of Community Music, as almost all of the income usually comes from a variety of grant aid, this would relate to income classified as unrestricted funds, which is available to spend on general charity purposes, once all its commitments have been met and its planned expenditure has been covered.
3. The Trustees of Community Music limited believe that it is generally in the interests of the charity to work towards a position of holding reserves that would cover 6 months operating costs. This is to ensure adequate cash flow flexibility to meet emergency measures, delayed payment of grants and unpredictable variations in expected income.

4.2 Financial Stability and Position

The past year has been a time of great opportunity and positive change for CM. We have worked to embed and strengthen existing sources of income, and build a long-term business plan that increases stability and secures our longer-term future.

Our income now comes from a variety of sources, including grants and donations, earned income (Now Time programme), CSR support, the Friends Scheme and tuition fees. We continue to work hard to lessen our dependency on any one income stream.

4.3 Principal funding sources this year were:

- Arts Council of England: to core costs of training and artists development
- Tuition fees from FdA: Creative Music Production and Business
- London Borough of Tower Hamlets Youth Arts Department
- London Borough of Haringey

We remain an Arts Council National portfolio client, and our current funding stands at £133961 per year. This essential funding allows us to develop our core work whilst leveraging in funding from other sources. For every £1 we receive from the Arts Council we generate £2.9 of other income.

Tower Hamlets Borough Council remains a key partner, and we retain a regular funding agreement as the music provider for the Youth Arts team. We receive approximately £75,000 from London Borough of Tower Hamlets, through a combination of in-kind support (highly subsidised rent etc) and also receive direct funding for arts programme delivery.

Funding From Higher Education

A large proportion of our income comes from the Foundation Degree programme. Student demand remains high, and this income not only covers the cost of delivery but also enables us to offer more free music provision to the community through other parts of our programme

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

Trusts and Foundations

We have a good track record of securing funding from trusts and foundations. Current income includes funding from the JAC Trust and Youth Music, who have funded us for the past two years to deliver work with local youth and NEET organisations.

Surplus

CM has increased its surplus steadily over the past three years. Our 2015-16 spend demonstrates a slightly decreased level of income and expenditure as we adjust to our more diversified streams of income. Whist being our biggest cost, CM has pegged salaries and sessional fees to standstill or below inflation rises.

The income pattern and turnover of CM from 2013-16 is:

Period	Income	Surplus/(deficit)
13/14	474,633	42,787
14/15	542,959	44,165
15/16	541,005	60,012

This shows a reserve which increases exponentially over the period shown and provides a substantial base on which to build our programme for the future. It also targets a surplus to cover 6 months of running costs to cover every eventuality. Our costs assume an overall increase of 3% inflation in core salaries and key costs.

5. FUNDRAISING STRATEGY

5.1 Community Music's financial model remains relatively stable and less dependent on any one source of funding than in previous periods. Our key focus is to ensure Community Music continues to seek new sources of income and funding in order to protect itself and to ensure long-term viability.

5.2 Our fundraising strategy which exploits many sources of income including:

- Funding from CSR, regular individual giving and high net worth individuals,
- Other earned income from Now Time sales,
- Continuing current funding relationships with HE and other service providers,
- Continuing to generate income through grant aid.

6. FUNDING POTENTIAL

6.1 Targeting Donors, CSR, and Trust Fund funding through NEET work

Donors, CSR, and trust funds prefer projects with a very clear social agenda – most particularly the issue of youth unemployment and social disengagement. In order to attract donor/CSR/trust funding on a significant scale, Community Music's social agenda has to be transparently clear, and our work with NEET (not in employment, education or training) young people on focused employment/ social issues clearly evidenced to show what our work achieves, the impact it has on young peoples and how it can make a difference.

Jackson Nicholas Assie Limited Chartered Certified Accountants

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

6.2 Friends

The CM Friends programme for individuals and corporates is the ideal vehicle through which to reach donors. It enables donors to engage in a trade, make a donation to support our charitable aims, but also experience some of that creative power for themselves, or gift that experience to someone else.

6.3 Income related to accredited training.

Community Music remains in a strong position to be a very attractive proposition for those entering HE in the coming years. We remain able to offer our foundation degree course at significantly lower fee levels than the majority of HE institutions, with our target fee of £5750 as opposed to the £9000 asked by most universities. This accompanied by smaller class sizes, industry based tutors and expertise, forward thinking course content, personalised tuition and targeted marketing puts Community Music in a very strong position to attract students from London and Nationwide. Higher Education is a changing landscape to be navigated carefully, but has the potential to remain Community Music's largest source of income. The partnership between Community Music, University of Westminster and City of Westminster College is working well, and it is felt this partnership offers many further opportunities for development, aside from the continuation of the foundation degree.

6.4 Earned Income

Income is also generated through the exploitation of our skills and available services, through a fee-paying programme of Community Music, called Now Time. Now Time offers fee paying courses (short and long term), day-long team development days and online learning to generate an income which will both cover costs of delivery and contribute to the income for our charitable output. This year uptake has been good and we have maintained the number of courses on offer. We experimented with the price charged for these courses from £250 per course to £435 and demand went down significantly. Since reducing the cost again to £295, uptake has returned to previous levels.

6.5 Unrestricted funding for general purposes.

CM is the recipient of funds from the Arts Council and currently has a three-year agreement lasting until 2018. The funding is tied to a programme of specific projects and outputs and covers core costs. The Arts Council view their funding as investment rather than grant aid and are specific about the returns they wish to see. CM has a good relationship with the Arts Council and our Relationship Manager is working closely with us to develop that relationship further.

6.6 Longer term funding for specific, larger-scale projects.

The larger project grants from government agencies tend to be channelled through the local authority via the youth, arts or education departments, or the Arts Council or Arts Council influenced bodies.

Organisations such as Youth Music fund and deliver youth music programmes with DCMS funding.

These funds are therefore usually a reflection of the quality of the work linked to the effectiveness of general advocacy and networking that the permanent staff at CM can achieve for their work; the chances of success are largely determined by the profile of the organisation and key individuals in it. These funds are not predictable and tend to appear and disappear with no particular pattern.

Jackson Nicholas Assie Limited Chartered Certified Accountants

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

6.7 Grant aid for individual projects from independent sources not related to government agencies.

The funding opportunities for these types of project come from:

European Commission: CM has applied directly to EC in Brussels and been successful on two occasions in the past. This is not dependent on Arts Council or local authority approval – formal or informal.

Trusts and Foundations: CM has had substantial project funding from this source in the past; grant-giving trusts come in all sizes and there are some local foundations that are active in funding arts and community projects. They are under a significant strain in the current climate, and demand for funding from trusts is high and therefore competitive, although not unachievable.

Local ESF funding: usually distributed by the local authority. Limited availability and usually for directly employment related projects.

Local partnerships, where CM effectively acts as a subcontractor, with funded organisations such as Futureversity and THAMES.

Corporate Sponsorship from city firms who fund social programmes.

Local authority arts/education funding on a regular basis a part of mainstream provision in the borough.

We want to move forward as a more resilient, self-sufficient organisation, and see the development of this new model over the coming years. At the same time, we intend to explore the possibilities of fee paying tuition and continue the provision of corporate training days which will allow us to access other alternative sources of income with which we can deliver and meet our charitable aims. It remains a positive time for CM, with lots of opportunity on the horizon.

7. 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.

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees (who are also the directors of Community Music Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

TRUSTEES' RESPONSIBILITIES STATEMENT *(continued)*

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

AUDITOR

Jackson & Jackson Accountants Limited resigned as auditors and Jackson Nicholas Assie Limited were appointed in their place. A resolution to re-appoint Jackson Nicholas Assie Limited as auditors for the ensuing year will be proposed at the Annual General Meeting.

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as each trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- each trustee has taken all steps that they ought to have taken as a trustee to make them-self aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

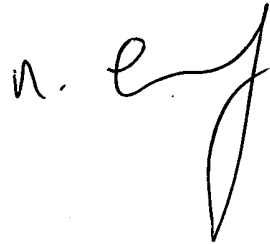
SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:
The Brady Centre
192-196 Hanbury Street
London
E1 5HU

Signed on behalf of the trustees

Neil Cartwright
Chair



7/10/16

COMMUNITY MUSIC LIMITED

Company limited by guarantee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY MUSIC LIMITED

YEAR ENDED 31 MARCH 2016

We have audited the financial statements of Community Music Limited for the year ended 31 March 2016 on pages 17 to 28. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charity'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 charity's trustees those matters we are required to state to them in an auditor's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in the related note to the financial statements.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

COMMUNITY MUSIC LIMITED

Company limited by guarantee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY MUSIC LIMITED *(continued)*

YEAR ENDED 31 MARCH 2016

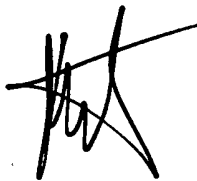
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.



John Assie FCCA (Senior Statutory Auditor)

for and on behalf of

Jackson Nicholas Assie Limited

Chartered Certified Accountants and Statutory Auditors

6 - 6A Ashley House

Ashley Road

London N17 9LZ

Date 10/10/16

COMMUNITY MUSIC LIMITED

Company limited by guarantee

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 MARCH 2016

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
INCOME AND ENDOWMENTS					
Donations and legacies	2	159,457	41,512	200,969	301,634
Income from charitable activities	3	298,318	41,685	340,003	241,304
Investment income	4	33	–	33	21
TOTAL INCOME		<u>457,808</u>	<u>83,197</u>	<u>541,005</u>	<u>542,959</u>
EXPENDITURE					
Expenditure on raising funds:					
Costs of other trading activities	5	(95,683)	–	(95,683)	(92,681)
Expenditure on charitable activities	6/7	(299,977)	(79,333)	(379,310)	(406,113)
TOTAL EXPENDITURE		<u>(395,660)</u>	<u>(79,333)</u>	<u>(474,993)</u>	<u>(498,794)</u>
NET INCOME BEFORE TRANSFER	9	62,148	3,864	66,012	44,165
Transfer between funds	10	(8,313)	8,313	–	–
NET INCOME FOR THE YEAR		<u>53,835</u>	<u>12,177</u>	<u>66,012</u>	<u>44,165</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>192,276</u>	<u>16,406</u>	<u>208,682</u>	<u>164,516</u>
TOTAL FUNDS CARRIED FORWARD		<u>246,111</u>	<u>28,583</u>	<u>274,694</u>	<u>208,681</u>

The Statement of financial activities includes all gains and losses in the year.

All of the above amounts relate to continuing activities.

The notes on pages 19 to 28 form part of these financial statements.

COMMUNITY MUSIC LIMITED

Company limited by guarantee

BALANCE SHEET

31 MARCH 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	13	1,928	556
CURRENT ASSETS			
Debtors	14	159,219	128,484
Cash at bank		<u>175,690</u>	<u>116,430</u>
		334,909	244,914
CREDITORS: Amounts falling due within one year	15	<u>(62,143)</u>	<u>(36,789)</u>
NET CURRENT ASSETS		272,766	208,125
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>274,694</u>	<u>208,681</u>
FUNDS OF THE CHARITY			
Restricted income funds	17	28,583	16,406
Unrestricted income funds	18	<u>246,111</u>	<u>192,275</u>
TOTAL CHARITY FUNDS		<u>274,694</u>	<u>208,681</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

These financial statements were approved by the members of the committee and authorised for issue on the 7/10/16 and are signed on their behalf by:


John Prince


Neil Cartwright

Company Registration Number: 01967704

The notes on pages 19 to 28 form part of these financial statements.

Jackson Nicholas Assie Limited Chartered Certified Accountants

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COMMUNITY MUSIC LIMITED

Company limited by guarantee

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and investments measured at market value. The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015), and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) (SORP 2015).

Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market values.
- Designated funds are unrestricted funds earmarked by the Management Committee for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

COMMUNITY MUSIC LIMITED

Company limited by guarantee

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES *(continued)*

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. floor areas, per capita or estimated usage as set out in the notes to the accounts.

Fixed assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. With the exception of Cycle Scheme Assets the costs of minor additions or those costing below £1,000 are not capitalised.

Operating lease agreements

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 on a straight line basis over the life of the lease.

COMMUNITY MUSIC LIMITED

Company limited by guarantee

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Donations			
Membership scheme	—	—	—
Deutsche Bank AG	—	—	—
Mintel Group	22,750	—	22,750
Donations under £5000	2,746	50	2,796
Grants receivable			
The Arts Council	133,961	—	133,961
PRS for Music Foundation	—	—	—
BBC Children in Need	—	9,720	9,720
The Arts Council - The Catalyst Fund	—	—	—
The National Foundation for Youth Music - Can Play, Will Play	—	—	—
The National Foundation for Youth Music - Off Beat	—	4,392	4,392
Tomorrow's People	—	—	—
J. A. Clark Charitable Trust	—	17,750	17,750
Music Space Academy	—	9,600	9,600
Grants of £5000 or less	—	—	—
	<u>159,457</u>	<u>41,512</u>	<u>200,969</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £
Donations			
Membership scheme	6,213	—	6,213
Deutsche Bank AG	24,279	—	24,279
Mintel Group	15,000	—	15,000
Donations under £5000	4,470	3,000	7,470
Grants receivable			
The Arts Council	133,961	—	133,961
PRS for Music Foundation	7,500	—	7,500
BBC Children in Need	—	—	—
The Arts Council - The Catalyst Fund	60,001	—	60,001
The National Foundation for Youth Music - Can Play, Will Play	—	581	581
The National Foundation for Youth Music - Off Beat	—	33,000	33,000
Tomorrow's People	—	1,000	1,000
J. A. Clark Charitable Trust	—	10,000	10,000
Music Space Academy	—	—	—
Grants of £5000 or less	2,083	546	2,629
	<u>253,507</u>	<u>48,127</u>	<u>301,634</u>

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Accredited courses - fee income	287,774	—	287,774
Local projects & other training - grants and fees	9,479	41,685	51,164
Other income from charitable activities	1,065	—	1,065
	<u>298,318</u>	<u>41,685</u>	<u>340,003</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £
Accredited courses - fee income	187,444	—	187,444
Local projects & other training - grants and fees	150	53,571	53,721
Other income from charitable activities	139	—	139
	<u>187,733</u>	<u>53,571</u>	<u>241,304</u>

4. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Bank interest receivable	<u>33</u>	<u>33</u>	<u>21</u>	<u>21</u>

5. COSTS OF OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Fundraising and publicity costs	<u>95,683</u>	<u>95,683</u>	<u>92,681</u>	<u>92,681</u>

6. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Live music promotion and Artist and business support	14,234	—	14,234
Local youth music promotion	22,749	62,225	84,974
Professional training	166,838	—	166,838
Support costs	96,156	17,108	113,264
	<u>299,977</u>	<u>79,333</u>	<u>379,310</u>

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

6. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £
Live music promotion and Artist and business support	16,226	–	16,226
Local youth music promotion	4,230	80,374	84,604
Professional training	190,500	–	190,500
Support costs	90,587	24,196	114,783
	<u>301,543</u>	<u>104,570</u>	<u>406,113</u>

7. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Support costs £	Total Funds 2016 £	Total Funds 2015 £
Live music promotion and Artist and business support	14,234	3,948	18,182	20,309
Local youth music promotion	84,974	26,321	111,295	128,152
Professional training	166,838	71,072	237,910	244,936
Governance costs	–	11,923	11,923	12,716
	<u>266,046</u>	<u>113,264</u>	<u>379,310</u>	<u>406,113</u>

8. ANALYSIS OF SUPPORT COSTS

	Live music promotion and Artist and business support £	Local youth music promotion £	Professional training £	Total 2016 £	Total 2015 £
Staff costs	2,021	13,474	36,381	51,876	56,693
Premises	961	6,410	17,307	24,678	24,281
Communications and IT	361	2,409	6,505	9,275	9,471
Legal and professional	–	3	7	10	236
Finance costs	15	103	278	396	429
Depreciation	33	220	595	848	208
Marketing	197	1,314	3,547	5,058	3,030
Other costs	360	2,388	6,452	9,200	7,719
	<u>3,948</u>	<u>26,321</u>	<u>71,072</u>	<u>101,341</u>	<u>102,067</u>

COMMUNITY MUSIC LIMITED

Company limited by guarantee

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

8. ANALYSIS OF SUPPORT COSTS *(continued)*

The basis of allocation of support costs to activities is as follows:

- Staff: Staff time
- Other costs: Usage

9. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2016	2015
	£	£
Depreciation	1,102	277
Auditors' fees	11,923	11,355
Operating lease costs:		
- Land and buildings	29,482	27,873
- Plant and machinery	4,214	3,737

10. FUND TRANSFERS

Transfers from unrestricted funds to restricted funds are to make good funding shortfalls and eliminate negative fund balances.

11. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	320,048	313,926
Social security costs	23,238	23,415
	<u>343,286</u>	<u>337,341</u>

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2016	2015
	No.	No.
Accredited courses	2	2
Artist development	1	1
Development, Education, Networking	2	2
Fundraising and publicity	1	1
	<u>6</u>	<u>6</u>

No employee received remuneration of more than £60,000 during the year (2015 - Nil).

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

12. TRUSTEE REMUNERATION

No members of the management committee received any remuneration and no members received expenses during the year or the previous year.

13. TANGIBLE FIXED ASSETS

	Office equipment & furniture £	Computers & musical equipment £	Studio equipment £	Cycles & Computer Scheme Assets £	Total £
COST					
At 1 April 2015	9,910	62,969	29,156	833	102,868
Additions	—	—	—	2,474	2,474
At 31 March 2016	<u>9,910</u>	<u>62,969</u>	<u>29,156</u>	<u>3,307</u>	<u>105,342</u>
DEPRECIATION					
At 1 April 2015	9,910	62,969	29,156	277	102,312
Charge for the year	—	—	—	1,102	1,102
At 31 March 2016	<u>9,910</u>	<u>62,969</u>	<u>29,156</u>	<u>1,379</u>	<u>103,414</u>
NET BOOK VALUE					
At 31 March 2016	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,928</u>	<u>1,928</u>
At 31 March 2015	<u>—</u>	<u>—</u>	<u>—</u>	<u>556</u>	<u>556</u>

14. DEBTORS

	2016 £	2015 £
Trade debtors	2,081	1,790
Accrued income	153,358	122,455
Other debtors	3,780	4,239
	<u>159,219</u>	<u>128,484</u>

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

15. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	10,595	5,176
PAYE and social security	6,727	7,780
Other creditors	44,821	23,833
	<u>62,143</u>	<u>36,789</u>

Deferred income represents grants received for the purpose of expenditure in a future period. The amounts included in other creditors above is:

	current year	previous year
	£	£
Deferred income	31,513	9,333

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2016 the charity had annual commitments under non-cancellable operating leases as set out below.

	2016		2015	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire:				
Within 1 year	27,966	3,197	27,966	1,785
Within 2 to 5 years	<u>111,864</u>	<u>5,305</u>	-	-
	<u>139,830</u>	<u>8,502</u>	<u>27,966</u>	<u>1,785</u>

COMMUNITY MUSIC LIMITED

Company limited by guarantee

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

17. RESTRICTED INCOME FUNDS

	Balance at 1 Apr 2015 £	Income £	Expenditure £	Transfers £	Balance at 31 Mar 2016 £
Youth Music - 'Can Play, Will Play'	581	—	—	—	581
Youth Music - General	9,317	46,127	(36,927)	—	18,517
Music Space Academy	—	9,600	(16,717)	7,117	—
Children in Need	—	9,720	(10,916)	1,196	—
Off Beats/Jack Trust	6,508	17,750	(14,773)	—	9,485
	<u>16,406</u>	<u>83,197</u>	<u>(79,333)</u>	<u>8,313</u>	<u>28,583</u>

18. UNRESTRICTED INCOME FUNDS

	Balance at 1 Apr 2015 £	Income £	Expenditure £	Transfers £	Balance at 31 Mar 2016 £
General Funds	<u>192,276</u>	<u>457,808</u>	<u>(395,660)</u>	<u>(8,313)</u>	<u>246,111</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Net current assets £	Total £
Restricted Income Funds:			
Youth Music - General	—	18,517	18,517
Youth Music - 'Can Play, Will Play'	—	581	581
Off Beats/Jack Trust	—	9,485	9,485
	—	<u>28,583</u>	<u>28,583</u>
Unrestricted Income Funds	<u>1,928</u>	<u>244,183</u>	<u>246,111</u>
Total Funds	<u>1,928</u>	<u>272,766</u>	<u>274,694</u>

20. APB ETHICAL STANDARDS

In common with many other charities of our size and nature we use our auditors to assist with the preparation of the financial statements.

COMMUNITY MUSIC LIMITED

Company limited by guarantee

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

21. RELATED PARTY TRANSACTIONS

The charity made a loan for an Annual Travel Card to Maricia Klincke, Director, to be repaid by monthly payroll deductions. This loan was agreed by the board of directors.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year or the previous year.

22. TAXATION

The charity is provisionally exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

23. COMPANY LIMITED BY GUARANTEE

Community Music Limited is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.