

COMPANY REGISTRATION NUMBER
01967704

COMMUNITY MUSIC LIMITED

Company limited by guarantee

FINANCIAL STATEMENTS

31 MARCH 2015

Charity Number 293419

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COMPANIES HOUSE

Jackson & Jackson

A trading name of Jackson Nicholas Assie Limited

Chartered Certified Accountants & Statutory Auditors

33 Chingford Mount Road

London E4 8LU

COMMUNITY MUSIC LIMITED

Company limited by guarantee

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

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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 33 Chingford Mount Road London E4 8LU
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 2015

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 2015.

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)
Vanessa Chadwick
Brian De Lord
Pauline Muir
Helen Searle
Joshua McCarron
Eshan Haque

Joshua McCarron was appointed as a trustee on 27 June 2014.

Eshan Haque was appointed as a trustee on 8 December 2014.

Vanessa Chadwick retired as a trustee on 12 January 2015.

Brian De Lord retired as a trustee on 15 July 2014.

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.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

- 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.
- 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.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

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.

3.3 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.

3.4 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.

Internationalism

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

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

3.5 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.

3.6 Details of significant activities:

Throughout 2014-15 CM 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.

CM'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 Begger'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.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

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 CM or elsewhere. The project also trains support workers and embeds music training in their mainstream NEET provision. Further funding received from JAC trust.

Music Together: A partnership project run with Spotlight youth centre offering music training to young people with learning difficulties and from mainstream backgrounds. Continues into 15-16.

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.

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.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

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 have been able to develop this area of our work further during 14-15 and offer a greater number of courses in varying delivery formats. We are able to work with a whole new group of people who are presently not engaging creatively, and the income generated enables us to increase the amount of locally-focused work we can offer.

4. Achievements and performance

Notable achievements in the year were:

1. We successfully completed our 3-year catalyst partnership in June 2015. We raised and matched the full £125k target through a development of corporate sponsorship, individual giving, new fee paying courses and successful friendship scheme recruitment. Our ability to raise income and awareness has increased dramatically and the catalyst programme has enabled us to build an extremely strong model that continues to grow and develop. We are now working closely with CSR departments at key corporate organisations, pitching for their charity of the year schemes and working with them to raise money and also tap into their expertise as we become more business-facing.

2. We now have strong ties with Deutsche Bank, Nomura, Mintel, Open Source Foundation, Burberry, We Are Social, Mayer Brown, Barclays, Beggars Group, and BBC. 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. We are bringing to life their contributions by ensuring all partners are invited to live events, sent recordings and videos of the young people their support helps as well as taking our work to them through a series of events introducing our students to their organisations, to perform and talk about their own experiences at CM.

3. Our Music Leader Training course has gone from strength to strength this year with a new lead tutor and a great increase in demand. We have continued to deliver 2 24-week courses per year, but also recognised demand for an intensive version of the course, so devised an intensive 5-weekend delivery pattern which also incorporated the City and Guilds qualification we offer on our standard delivery formats. The uptake and demand for places has grown considerably this year and we have trained over 50 new music leader graduates in one year, building up and diversifying the workforce in our area.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

4. We have expanded our successful Music Space programme to work in Haringey at a brand new rehearsal / studio space. The studio space and the programme costs have been met via a partnership between us, Homes for Haringey, Haringey Council and significantly Beggars Music Group. Bringing the music industry into this world of community engagement is rare and we're thrilled they have not only funded the course but also supported the long-term social aims of the project. We are running music composition, performance and recording sessions, and are due to expand into radio presentation, MC and establish a junior academy for younger students.

5. We have developed our artistic activity to include the Off Beat project, which targets young people who are not in education, employment or training (NEET). Originally working in partnership with Tomorrow's People, we have taken on a second referral partner - City Gateway, and really built upon the opportunities these partnerships have to offer. City Gateway are a large NEET support organisation, and have for the past year brought regular groups of young people to CM to work on the Off Beat project, which aims to open up doors to training and working in the creative and music industries.

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.

7. For some time now we have been keen to spread our delivery out to areas of the borough which are not so easily accessible and from which young people may not venture out from to visit our home centre. In this respect, we have been developing a partnership with the new Spotlight Youth Centre in Poplar that has enabled us to broaden our reach. We have worked closely with Spotlight throughout their build phase and consulted on the development of their teaching studio and rehearsal facilities. We have also worked with them to fundraise for new delivery there and together achieved Grants for the Arts funding to provide music tuition for the past 18 months. We are now continuing to work with them on Music Together, a learning disabilities project for local young people supported by Youth Music.

4.1 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.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

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

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

PRS: £7,500 for the 2014-15 financial year

Youth Music: £49,500 grant towards the delivery of Off Beat NEET outreach project.

Haringey Council: £28000 for Tottenham Rehearsal Rooms delivery.

Lille's Smile: £3000 donation towards summer provision.

JAC Trust: £10000 for Off Beat delivery.

Spotlight – Arts Council Grants for the Arts £20173 to deliver music tuition in Poplar.

5. Financial Review

5.1 Policy on reserves

1. The Trustees of Community Music Limited 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.

5.2 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.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

5.3 Principal funding sources this year were:

- Arts Council of England: to core costs of training and artists development
- Catalyst, to develop alternative sources of income and fund additional artistic activity.
- Tuition fees from FdA: Creative Music Production and Business
- London Borough of Tower Hamlets Youth Arts Department.

Catalyst

2014-15 was our final year of funding from the Catalyst programme. We are pleased to report that we realised all the funding available to us by generating a set amount of match funding. We did this through generating funds from different sources, including:

Earned income – income raised through the sale of courses and other product

Friends Scheme – a three-tier friends scheme that encourages individual giving

Corporate engagement/donations – a successful partnership that saw us become the Deutsche Bank London Charity of the Year, and a number of other partnerships with local banks and businesses under development. We have also been able to develop a corporate team training programme, and hosted away days and team training events for companies such as Mintel. We also became the Charity of the Year for Mintel and received £15000 donation from them. Partnership with them continues, as does our partnerships with a number of other corporate organisations including Nomura investment bank, Mayer Brown, Open Source Foundation and Burberry.

Other sources of Funding

Alongside these three income strands, and at the heart of our financial plan lies the *Arts Council NPO funding*, which stood at £133961 for 2014-15. This essential funding allows us to develop our core work whilst leveraging in funding from other sources. We have increased the amount of money we raise from other sources for every £1 from the Arts Council from £2.4 to £3.05 this year. []

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

Our unique tri-partite agreement with the University of Westminster and City of Westminster college enables us to access ring-fenced funding allocated to colleges providing low fee degrees. Student demand is high, and the income also enables us to offer more free music provision to the community through other parts of our programme.

Trusts and Foundations

We have a good track record of securing funding from trusts and foundations. Current income includes funding from the JAC Trust, PRS for Music Foundation, and Youth Music, who have funded us for the past two years to deliver work with local youth and NEET organisations and now fund the Music together programme which supports young people with learning difficulties.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

Surplus

CM has increased its surplus steadily over the past three years. Our 2014-15 spend demonstrates a slightly increased level of expenditure to match the increase in income we achieved this year. 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	464163	37196
14/15	542959	44165
15/16 (projected)	571589	65521

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.

6. Fundraising Strategy

1.1 CM has a financial model that is more stable and less dependent on any one source of funding than in previous periods. Our key focus in the coming years is to ensure CM continues to seek new sources of income and funding in order to protect itself and to ensure long term viability.

1.2 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.

2. Funding Potential

2.1 The 'Community' and the 'Music'.

Funding for CM is potentially available for two fundamentally different but linked reasons: to address social issues such as unemployment, truancy or crime prevention, and to access music making to people from widely differing backgrounds. The funds are broadly categorised as culture or social, and the strength of a community arts project is that it can potentially access both, if the fund criteria are open to them and they can make out a good enough case for cultural activity being effective in addressing social issues.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

2.2 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, CM 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.

2.3 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.

2.4 Income related to accredited training.

CM 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 CM in a very strong position to attract students from London and Nationwide. The cap on HE student numbers has been lifted and this has allowed us to increase the number of degree students we can accommodate, remaining within our physical capacity limits of course. This is a changing landscape to be navigated carefully, but has the potential to remain CMs largest source of income. The partnership between CM, 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.

2.5 Earned Income

Income is also generated through the exploitation of our skills and available services, through a commercial wing of CM, called Now Time. Now Time offers fee paying courses (short term 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 of these has increased and we have developed the number of courses on offer.

2.6 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. Although the funding is tied to a programme of specific projects and outputs, it is less rigidly output driven than specific project funding. 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 newly assigned Relationship Manager is working closely with us to develop that relationship further.

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TRUSTEES' ANNUAL REPORT *(continued)*

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2.7 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.

2.8 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 next three years as the development of this new model. 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 is a positive time for CM, with lots of opportunity on the horizon.

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TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

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.

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.

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 him or herself 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 2015

AUDITOR

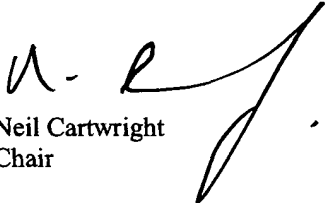
Jackson & Jackson Accountants Limited resigned as auditors and Jackson Nicholas Assie Limited were appointed in their place. A resolution to re-appoint Jackson Nicholas Assie Limited as auditors for the ensuing year will be proposed at the Annual General Meeting.

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

Dated 28.8.15

COMMUNITY MUSIC LIMITED

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

YEAR ENDED 31 MARCH 2015

We have audited the financial statements of Community Music Limited for the year ended 31 March 2015 on pages 18 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

COMMUNITY MUSIC LIMITED

Company limited by guarantee

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

YEAR ENDED 31 MARCH 2015

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
33 Chingford Mount Road
London E4 8LU

Date

COMMUNITY MUSIC LIMITED

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

YEAR ENDED 31 MARCH 2015

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
INCOMING RESOURCES					
Incoming resources from generating funds:					
Voluntary income	2	253,507	48,127	301,634	310,782
Investment income	3	21	–	21	4
Incoming resources from charitable activities	4	187,733	53,571	241,304	163,847
TOTAL INCOMING RESOURCES		441,261	101,698	542,959	474,633
RESOURCES EXPENDED					
Costs of generating funds:					
Fundraising and publicity	5	(92,681)	–	(92,681)	(63,412)
Charitable activities	6/7	(288,827)	(104,570)	(393,397)	(352,917)
Governance costs	8	(12,716)	–	(12,716)	(15,517)
TOTAL RESOURCES EXPENDED		(394,224)	(104,570)	(498,794)	(431,846)
NET INCOMING RESOURCES BEFORE TRANSFERS					
	10	47,037	(2,872)	44,165	42,787
Transfer between funds	11	(16,926)	16,926	–	–
NET INCOME FOR THE YEAR		30,111	14,054	44,165	42,787
RECONCILIATION OF FUNDS					
Total funds brought forward		162,165	2,351	164,516	121,729
TOTAL FUNDS CARRIED FORWARD		192,276	16,405	208,681	164,516

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 20 to 29 form part of these financial statements.

COMMUNITY MUSIC LIMITED

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BALANCE SHEET

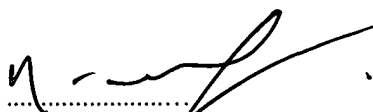
31 MARCH 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Tangible assets	14	556	—
CURRENT ASSETS			
Debtors	15	128,484	122,205
Cash at bank		<u>116,430</u>	<u>66,514</u>
		244,914	188,719
CREDITORS: Amounts falling due within one year	16	<u>(36,789)</u>	<u>(24,203)</u>
NET CURRENT ASSETS		208,125	164,516
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>208,681</u>	<u>164,516</u>
FUNDS			
Restricted income funds	18	16,406	2,351
Unrestricted income funds	19	<u>192,275</u>	<u>162,165</u>
TOTAL FUNDS		<u>208,681</u>	<u>164,516</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements were approved by the members of the committee and authorised for issue on the 28.8.15 and are signed on their behalf by:


John Prince


Neil Cartwright

Company Registration Number: 01967704

The notes on pages 20 to 29 form part of these financial statements.

COMMUNITY MUSIC LIMITED

Company limited by guarantee

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005).

Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small.

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.

COMMUNITY MUSIC LIMITED

Company limited by guarantee

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES *(continued)*

- 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.

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. The costs of minor additions or those costing below £1,000 are not capitalised.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computers & musical equipment - straight line basis over 3 years
Studio equipment - straight line basis over 2 years
Office equipment & furniture - straight line basis over 3 years
Cycle & Computer Scheme assets - straight line basis over 3 years

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES *(continued)*

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.

2. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Donations				
Membership scheme	6,213	–	6,213	21,410
Deutsche Bank AG	24,279	–	24,279	8,810
Mintel Group	15,000	–	15,000	–
Donations under £5000	4,470	3,000	7,470	4,000
Grants receivable				
The Arts Council	133,961	–	133,961	133,420
PRS for Music Foundation	7,500	–	7,500	13,125
BBC Children in Need	–	–	–	6,746
The Arts Council - The Catalyst Fund	60,001	–	60,001	59,999
The National Foundation for Youth Music - Can Play, Will Play	–	581	581	26,001
The National Foundation for Youth Music - Off Beat	–	33,000	33,000	16,500
LB of Tower Hamlets	–	–	–	14,218
A New Direction	–	–	–	2,500
Mindwarp Productions	–	–	–	2,053
Tomorrow's People	–	1,000	1,000	2,000
J. A. Clark Charitable Trust	–	10,000	10,000	–
Grants of £5000 or less	2,083	546	2,629	–
	<u>253,507</u>	<u>48,127</u>	<u>301,634</u>	<u>310,782</u>

3. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Bank interest receivable	<u>21</u>	<u>21</u>	<u>4</u>

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Accredited courses - fee income	187,444	–	187,444	160,788
Local projects & other training - grants and fees	150	53,571	53,721	3,059
Other income from charitable activities	139	–	139	–
	<u>187,733</u>	<u>53,571</u>	<u>241,304</u>	<u>163,847</u>

5. FUNDRAISING AND PUBLICITY

	Unrestricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Fundraising and publicity costs	<u>92,681</u>	<u>92,681</u>	<u>63,412</u>

6. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Live music promotion and Artist and business support	16,226	–	16,226	23,455
Local youth music promotion	4,230	80,374	84,604	62,125
Professional training	190,500	–	190,500	149,807
Support costs	77,871	24,196	102,067	117,530
	<u>288,827</u>	<u>104,570</u>	<u>393,397</u>	<u>352,917</u>

7. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Support costs £	Total Funds 2015 £	Total Funds 2014 £
Live music promotion and Artist and business support	16,226	4,083	20,309	29,641
Local youth music promotion	84,604	43,548	128,152	86,868
Professional training	190,500	54,436	244,936	236,408
	<u>291,330</u>	<u>102,067</u>	<u>393,397</u>	<u>352,917</u>

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

8. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Staff costs	–	–	2,613
Audit fees	11,355	11,355	10,430
Governance costs - support costs	1,361	1,361	2,474
	<u>12,716</u>	<u>12,716</u>	<u>15,517</u>

9. ANALYSIS OF SUPPORT COSTS

	Live music promotion and Artist and business support £	Local youth music promotion £	Professional training £	Total 2015 £	Total 2014 £
Staff costs	2,268	24,189	30,236	56,693	62,259
Premises	971	10,360	12,950	24,281	24,667
Communications and IT	379	4,041	5,051	9,471	12,549
Legal and professional	9	101	126	236	177
Finance costs	17	183	229	429	424
Depreciation	8	89	111	208	2,120
Marketing	121	1,293	1,616	3,030	3,162
Other costs	309	3,293	4,117	7,719	12,171
	<u>4,082</u>	<u>43,549</u>	<u>54,436</u>	<u>102,067</u>	<u>117,529</u>

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

- Staff: Staff time
- Other costs: Usage

10. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2015 £	2014 £
Depreciation	277	2,232
Auditors' fees	11,355	10,430
Operating lease costs:		
- Land and buildings	27,873	21,595
- Plant and machinery	<u>3,737</u>	<u>2,047</u>

11. FUND TRANSFERS

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

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

12. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	313,926	277,714
Social security costs	23,415	24,309
	<u>337,341</u>	<u>302,023</u>

Particulars of employees:

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

	2015	2014
	No	No
Accredited courses	2	3
Artist development	1	1
Development, Education, Networking	2	1
Fundraising and publicity	1	2
	<u>6</u>	<u>7</u>

No employee received remuneration of more than £60,000 during the year (2014 - Nil).

13. TRUSTEE REMUNERATION

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

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

14. TANGIBLE FIXED ASSETS

	Office equipment & furniture £	Computers & musical equipment £	Studio equipment £	Cycles & Computer Scheme Assets £	Total £
COST					
At 1 April 2014	9,910	62,969	29,156	—	102,035
Additions	—	—	—	833	833
At 31 March 2015	<u>9,910</u>	<u>62,969</u>	<u>29,156</u>	<u>833</u>	<u>102,868</u>
DEPRECIATION					
At 1 April 2014	9,910	62,969	29,156	—	102,035
Charge for the year	—	—	—	277	277
At 31 March 2015	<u>9,910</u>	<u>62,969</u>	<u>29,156</u>	<u>277</u>	<u>102,312</u>
NET BOOK VALUE					
At 31 March 2015	—	—	—	556	556
At 31 March 2014	—	—	—	—	—

15. DEBTORS

	2015 £	2014 £
Trade debtors	1,790	2,244
Accrued income	122,455	116,131
Other debtors	4,239	3,830
	<u>128,484</u>	<u>122,205</u>

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

16. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	5,176	3,172
PAYE and social security	7,780	6,559
Other creditors	23,833	14,472
	<u>36,789</u>	<u>24,203</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	9,333	13,746

17. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2015 the charity had annual commitments under non-cancellable operating leases as set out below.

	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	27,966	1,785	-	1,785
Within 2 to 5 years	-	-	20,000	-
	<u>27,966</u>	<u>1,785</u>	<u>20,000</u>	<u>1,785</u>

COMMUNITY MUSIC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

18. RESTRICTED INCOME FUNDS

	Balance at 1 Apr 2014 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Mar 2015 £
Youth Music - 'Can Play, Will Play'	—	581	—	—	581
Youth Music - General	—	47,517	(40,984)	2,784	9,317
Music Space Academy	403	9,600	(20,554)	10,551	—
Music Space Academy Juniors	—	—	(3,591)	3,591	—
Off Beats	1,948	44,000	(39,440)	—	6,508
	<u>2,351</u>	<u>101,698</u>	<u>(104,569)</u>	<u>16,926</u>	<u>16,406</u>

19. UNRESTRICTED INCOME FUNDS

	Balance at 1 Apr 2014 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Mar 2015 £
General Funds	<u>162,165</u>	<u>441,261</u>	<u>(394,225)</u>	<u>(16,926)</u>	<u>192,275</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Net current assets £	Total £
Restricted Income Funds:			
Youth Music - General	—	9,317	9,317
Off Beats	—	6,508	6,508
	—	<u>15,825</u>	<u>15,825</u>
Unrestricted Income Funds	<u>556</u>	<u>191,719</u>	<u>192,275</u>
Total Funds	<u>556</u>	<u>207,544</u>	<u>208,100</u>

21. 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

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

22. 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.

23. 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.

24. 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.