

Charity registration number: 1153716

Nottingham Music Service

Annual Report and Financial Statements

for the Year Ended 31 March 2023

Nottingham Music Service

Contents (continued)

Reference and Administrative Details	
Trustees' Report	2 to 8
Statement of Trustees' Responsibilities	9
Independent Auditors' Report	10 to 13
Statement of Financial Activities	14 to 15
Balance Sheet	16
Cash Flow Statement	17
Notes to the Financial Statements	18 to 27

Nottingham Music Service

Reference and Administrative Details

Trustees

James Gibbons
David Wesker
David Mellen
Nigel Cooke
Rosemary Jacobs
Liz Lesquereux
Michael Henry
Courtney Harrison
Cheryl Atkinson

Senior Management Team

Ian Burton, CEO
Michaeli Aspinall, Business Operations and Strategy Manager

Charity Registration Number

1153716

Principal Office

The Litehouse
Crocus Street
Nottingham
NG23DP

Auditor

Rogers Spencer
Newstead House
Pelham Road
Nottingham
NG5 1AP

Bankers

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Nottingham Music Service

Trustees' Report

The trustees present the annual report together with the financial statements and auditors' report of the charity for the year ended 31 March 2023.

Trustees and officers

The trustees and officers serving during the year and since the year end were as follows:

Trustees:	James Gibbons
	David Wesker
	Amanda Dawson (resigned 1 January 2023)
	David Mellen
	Nigel Cooke
	Helen Maddison (resigned 1 April 2023)
	Rosemary Jacobs
	Liz Lesquereux (appointed 1 July 2023)
	Michael Henry (appointed 1 January 2023)
	Courtney Harrison (appointed 1 July 2023)
	Cheryl Atkinson (appointed 1 July 2023)

Nottingham Music Service

Trustees' Report (continued)

Structure, governance and management

Nature of governing document

The charity is operated under the rules of its constitution adopted 17 July 2013.

Recruitment and appointment of trustees

There must be a minimum of three and maximum of 12 trustees with every trustee appointed for a term of three years. In selecting individuals, the trustees have regard to the skills, knowledge, diversity and experience needed for the effective governance of the CIO. Trustees visit charity activities and events throughout the year and where appropriate, have attended training seminars and conferences on behalf of the organisation.

Arrangements for setting key management personnel remuneration

The charity has two senior managers, who are: Chief Executive Officer and the Business, Operations and Strategy Manager. The Chief Executive Officer is one of the 2 members of staff still seconded from Nottingham City Council (NCC) and as such his pay is set by NCC. The pay of the Business Operations and Strategy Manager has been set by a panel of CEO and Trustee (either Vice Chair or HR link trustee) and is in line with the wider cultural and charity sectors.

Organisational structure

Nottingham Music Service is a Charitable Incorporated Organisation. We, as the Board of Trustees, are responsible for the governance, strategic direction and policies of Nottingham Music Service. We currently have 6 members from a variety of different backgrounds, identified specifically for their individual experience and expertise. We usually meet quarterly, but have more frequent meetings when necessary, such as around the time of the establishment of the charity or the end of year.

We delegate day-to-day responsibility for the provision of Nottingham Music Service's activities to the Chief Executive Officer and the Business and Operations Manager who are responsible for ensuring that the charity delivers the services specified in the Business Plan and for operational management of the organisation.

Major risks and management of those risks

Risks identified

The annual business plan draws attention to risks including financial, legal/governance, health and safety, quality and HR related. We are satisfied that appropriate financial systems and controls, and employment policies and practices are in place, but we continue to test and refine these processes during board meetings and in continual policy review.

As Trustees, we feel that the key risks facing the charity at this time are operational risks arising from the very stretched organisational capacity and the uncertainty of music hubs needing to merge, at some point, in the coming year. To address this, we need to ensure that the organisation is best placed to meet these challenges through adapting and restructuring.

Objectives and activities

Objects and aims

The Charitable Objects of the Charity, as taken from the constitution are to advance the education, accessibility and enjoyment of music and the arts for children and young people.

Nottingham Music Service

Trustees' Report (continued)

We believe that music makes a difference. As a registered charity and lead partner for the Nottingham Music Education Hub, we are committed to making music more accessible and inclusive. We support young people from across the city to develop their musical skills, and participate in diverse ensembles and performances, contributing to the life of our great city.

Nottingham City has a very tight inner-city boundary and is one of the most deprived areas in the country where residents have some of the lowest household disposable income in the UK according to the Office for National Statistics.

Objectives, strategies and activities

Prior to 2002, music making in the city was very limited, with only 15% of the schools providing an opportunity to learn to play an instrument. Nottingham Music Service (NMS) started its work on principles of access, inclusion, quality, progression and civic engagement. Our strategies are designed to include children of all backgrounds, including those who do not have support for music making.

We provide whole class instrumental teaching, and in 2022/23 72% of city primary schools received a First Access programme (which includes Whole Class Ensemble teaching and In Harmony) run or supported by NMS. We also provide progression routes so that young people can continue their music making outside of school and advance as musicians. Our Area Bands are beginner ensembles provided after school, while our Saturday Music School (working in partnership with the Nottingham Contemporary and Nottingham College) provides a clear progression route into one of our orchestras (RHYO Interconnect and our flagship Robin Hood Youth Orchestra).

Key programmes include:

1. Whole Class Ensemble Teaching (WCET) programme - a year of ensemble teaching in whole classes on a range of instruments;
2. Music Camps - two day residentials for post-WCET pupils to kick start their learning into year 5 and beyond;
3. Area Bands - a network of small Area Bands based in schools across the city, available for pupils to access immediately after their WCE year;
4. Nottingham Music School - operating on Saturday mornings providing ensemble opportunities through the Robin Hood Youth Orchestra (RHYO) family of ensembles;
5. Singing Strategy - a programme of targeted schools provision;
6. Continual Professional Development (CPD) and events;
7. Exam strategy - Accredited by Music Teachers Board (MTB). Targeted online support sessions for large scale Grade 1 and Grade 2 entries across the city;
8. Events - an annual programme of events including Christmas in the City, Sing City, the Great Orchestra Experiment, Get Connected, MAB Week and an end of RHYO tour, large scale concert.

In Harmony - Nottingham Music Service delivers one of only six In Harmony programmes across England. Inspired by the principles of Venezuela's inspirational El Sistema, In Harmony is a national programme that aims to inspire and transform the lives of children in deprived communities, using the power and disciplines of community-based orchestral music-making. In January 2023 we learned that the In Harmony programme funding will be ending. There will be one year of transition funding to support schools and NMS to develop revised models of In Harmony WCET.

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Nottingham Music Service

Trustees' Report (continued)

Chairs Report 2022/23

The past year has been marked by significant changes, challenges, and most importantly, evolution of the service. We embarked on this year with a deep sense of joy as we were finally able to return to teaching and large-scale events, no longer constrained by pandemic regulations. Witnessing young musicians once again coming together as part of large groups was truly heartening. However, we recognised that we could not return to replicating what had gone before the pandemic so we have adapted to best meet the needs of students across the city. Our flagship 'Christmas in the City' event had traditionally been hosted at the Nottingham Royal Concert Hall but this year we took a different approach and spread the event over two venues (St Marys in the Lace Market and Nottingham Contemporary) which provided a more accessible and intimate event for students and parents to enjoy.

Another significant evolution has been the decentralisation of our ensembles and orchestras. Instead of being confined to a single building, they now meet and rehearse in various venues across the city, including Nottingham Contemporary, Nottingham College, Nottingham Cathedral, Nottingham Playhouse, and The Circle of Light. This shift has allowed us to become more deeply ingrained in the city's cultural fabric while broadening the horizons of our students.

Our approach to delivering events has also evolved. For instance, our "Great Orchestra Experiment" concert at the Albert Hall was filmed and edited into a video format, which was then streamed into schools whilst our teachers were present in the classroom, and live NMS presenters interacting with schools, enabling an additional 2,075 students to actively participate and experience the concert.

The revised National Plan for Music Education has evolved how Music Services interact with schools and the role we play in supporting them with developing their own music plans. We recognised that in order to meet the new challenges outlined in the plan we would need to again evolve as an organisation and after a period of consultation with staff outlined a new organisational structure. The structure is designed to support schools but also to ensure that we are better able to adapt to emerging needs in music education and provide more clarity on roles and progression routes for our talented staff. This transition has not been without its challenges, and I extend my heartfelt gratitude to our staff for their professionalism during this period of change and uncertainty.

In January we learnt that the In Harmony programme funding would be ending. As one of only six In Harmony programmes nationally we are immensely proud of what we have been able to achieve. The added benefit of two teaching staff being in a music lesson and music being part of a school's ethos has inspired thousands of students across the city. We see the benefits in our orchestras where the majority of members started their musical journey through In Harmony teaching.

Whilst we have been through and will continue to go through fundamental changes as an organisation we must keep in mind the successes we have been able to achieve. In July 2022 we welcomed members of our twin orchestra (Jugendorchester Stadt Karlsruhe (JOK) from Karlsruhe, Germany for a residential with RHYO in Edale YHA. During the hottest days recorded in the UK the two orchestras were able to rehearse and spend time learning from one another. We then returned to Nottingham for a two-day series of joint concerts in Nottingham Castle grounds, St Mary's In the Lace Market and the Nottingham Albert Hall.

We continue to increase our level of delivery in schools with more secondary schools requesting our services than in previous years.

I would like to express my sincere gratitude to our exceptional staff team and Board members. None of the evolution and success we've experienced over the past year would have been possible without their unwavering dedication. I also want to extend our thanks to Amanda Dawson, who stepped down from the Board this year. Her invaluable knowledge as a Head teacher in a city school has greatly benefited our charity, and we wish her all the best for the future.

Nottingham Music Service

Trustees' Report (continued)

In closing, Nottingham Music Service continues to evolve and thrive during these changing and challenging times. I am immensely proud of the extraordinary resilience demonstrated by our staff, children, families, and partner schools as they embrace change with determination and a commitment to delivering world-class music education. It is through their collective efforts that we have achieved the remarkable successes of this year.

Thank you for your continued support.

James Gibbons

Chair of Trustees

Nottingham Music Service

September 2023

Achievements and performance

This has been a year of preparation and change for Nottingham Music Service. Whilst we were able to start back teaching face to face in schools we still could not share instruments and continued to socially distance pupils and events where possible.

During the lockdown we lost our base of 15 years at the College Street Centre and had to seek alternative accommodation. Whilst this meant a greater financial burden it also had the positive effect of accommodating our ensembles in a number of city venues thus increasing our partnership working and broadening the cultural learning for our students. Our thanks go to Nottingham Contemporary, Nottingham Playhouse, Nottingham College, Nottingham Cathedral and The circle of Light for supporting and accommodating our ensembles.

- In June 2022 we trialled a new event called Get Connected which showcased our ensembles and the RHYO Interconnect Orchestra. It provided students with the opportunity to learn a new piece and to then play the piece at our summer concert.
- In July 2022 we welcomed members of our twin orchestra (Jugendorchester Stadt Karlsruhe (JOK) from Karlsruhe, Germany for a residential with RHYO in Edale YHA. After 4 days of joint rehearsals we returned to Nottingham for a series of concerts in the castle grounds, St Marys Church and the Nottingham Albert Hall.
- We introduced our new exam system (MTB) in July 2022. Due to the lockdown the year before numbers were lower than usual with 63 students taking exams. From those 61 passed with 15 achieving distinctions and 33 merits.
- For the first time in two years we were able to run Music Camp back at Illam Hall in the Peak District.
- Building on our online teaching learning gained during lockdown we delivered our Great Orchestra Experiment concert at the Albert Hall which we filmed and then edited a video version that was streamed into schools with our teachers present in the classroom present and live NMS presenters. This meant a further 2,075 students were able to actively take part and experience the concert.

Nottingham Music Service

Trustees' Report (continued)

Financial review

This has been a particularly uncertain time with regards to funding for Nottingham Music Service. Our total income was £1,090,139 which represents a 9.3% increase from the previous year. This increase was a result of increased uptake from schools for our small group provision. Whilst this is positive news, it is tempered by the In Harmony Programme ending, which represents a £150k reduction in our funding although we have been granted a £150k In Harmony transition payment for 2023/24.

The effects of rising inflation and fuel costs have negatively affected school budgets which has led to uncertainty regarding schools renewing their contracts with us.

The revised National Plan for Music Education also added more responsibility as to how Music Hubs can support schools with music education but offered no increase in funding to reflect the increased role.

We did have a positive year with regard to fundraising. Despite the economic uncertainty our Fundraising Coordinator worked very hard, originally budgeting to raise £35,000 but actually raising £64,599 in grants and donations which included the following grants in excess of £1000

UK German Connection	£5000
Foyle Foundation	£10000
Capital One (Europe)	£5000
BNA Charitable Trust	£10000
Casey Trust	£1000
Foreman Hardy Charitable Trust	£1000
Browne Jacobson Charitable Trust	£1000
Backstage Trust	£4000

Policy on reserves

The trustees review the level of reserves at each quarterly management meeting and review policy and action required regarding reserve levels at year-end to build into the budget and project planning for the coming financial year.

The trustees have reviewed the nature of anticipated income and expenditure of the Charity, particularly with regards to the ongoing financial obligations of the existing programme of activity, administrative overheads and employment contracts of staff. The trustees consider that in order to safeguard the future of the charity or to be able to settle any liabilities in the event of its closure, reserves are ring-fenced to cover the following liabilities in the case of wind up:

1. Staff notice period pay (between 4 and 12 weeks) for NCC and Charity Employees;
2. Winding up of other on-going commitments (such as rent and venue hire);
3. Redundancy pay for Charity Employees;
4. Redundancy pay for NCC Employees;
5. Pension Strain and Underfunding for NCC Pension Fund.

The trustees have set aside a reserve of £200,000 to cover the areas listed above. The amount of free reserves at 31st March 2023 is £208,258. The amounts of restricted or designated reserves at 31st March 2023 is £697,549 comprising of £174,088 in fixed assets, a £200,000 contingency fund and £300,000 building purchase fund and a remaining £23,461 development fund.

We consider the £208,258 as free reserves because £174,088 of fixed assets is held in the Restricted pot and although the remaining £147,693 of fixed assets are within general reserves - the contingency of £200k is to fund closing costs and if the Hub was to close the instruments would be sold off and likewise the designated fund of £300k for a property would no longer be designated.

Nottingham Music Service

Trustees' Report (continued)

Principal funding sources

As the lead partner for the Nottingham Music Education Hub, our most significant funding stream is the Music Education Hub grant from the Department for Education (DfE) via Arts Council England which provides nearly 45% of our annual income. Other significant funding comes from our In Harmony Grant (£150,000 in 2022-23), in addition to the DfE and Arts Council England other major sources of funding are schools buying in our teaching packages which in 2022/23 was £378,430 (Including £182,687 for In Harmony teaching packages) and £4,334 from area band activities.

Plans for future periods

We face a number of key challenges over the next 12 months. The revised National Music Plan for Music Education has evolved how Music Services interact with schools and the role we play in supporting them in developing their own music plans.

We are aware that the DfE are moving towards merging a number of music hubs and we await the outcome of the consultation around this. However, our priorities remain the same which is to focus on the musical progression structure in the city and build on our existing delivery model to meet the ongoing challenge of transforming Nottingham City into a model for high quality inclusive music education, including:

- Tackling musical engagement at secondary level, which is not as strong as our engagement at primary level. While acknowledging this as a national issue with specific local problems (25% of city secondary schools have no music provision). We aim to become more respondent to the need of secondary schools by employing more hourly paid tutors who can deliver individual lessons to small groups or on a one to one basis. It is anticipated that this will form the basis of a new pathways where talented young people from disadvantaged backgrounds have the opportunity to continue pursuing music once they move from primary education.
- Developing new ensembles outside school to support young people at both primary and secondary levels;
- Improving access to musical accreditation for city pupils through our work with the MTB exam Board;
- Enabling more young people to engage with the contemporary approach to musical training developed through the RHYO family (mix of genres, different learning styles from different cultures, student ownership, young leaders, involvement in a range of civic/community events, traditional and unique events);
- Building bridges between RHYO and more traditional ensembles so that more city children can benefit from experiencing complementary approaches and experiences;
- To continually invigorate the existing WCET programme, strengthen the partnership with the music hub, develop staff skills in supporting children musically and enable children to access our unique musical progression framework which has been adapted to include recommendations of the new National Music Curriculum;
- Strengthening the links between music hub activities and the local music industry /community to provide suitable challenges and progression routes for young people with musical interests and skills in rock/pop areas by building on existing links.

We are keen to engage further with our partners to work together in tackling the genuine musical needs of city children, as we are aware that the current experience of many local arts organisations is primarily with more affluent young people from outside the city boundaries.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Nottingham Music Service

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources 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 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that 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 Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, and the provisions of the constitution. The trustees 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees of the charity on 15/12/2023 and signed on its behalf by:



James Gibbons
Trustee

Nottingham Music Service

Independent Auditor's Report to the Members of Nottingham Music Service

Qualified opinion

We have audited the financial statements of Nottingham Music Service (the 'charity') for the year ended 31 March 2023, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 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 Charities Act 2011.

Basis for qualified opinion

The charity's fixed assets includes Musical Instruments with a net book value of £317,011 as shown in note 9. We were unable to obtain sufficient appropriate audit evidence about the valuation and existence of these assets because the database did not link efficiently to the asset register and could not sufficiently track the locations of the assets. Consequently, we were unable to determine whether the net book value of fixed assets was accurate.

The charity was aware of the limitations of the database it was using and has subsequently implemented a more specialist system to enable efficient instrument recording and tracking.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Nottingham Music Service

Independent Auditor's Report to the Members of Nottingham Music Service (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to fixed assets described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether sufficient accounting records had been maintained.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the financial statements are not in agreement with the accounting records.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 9), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Nottingham Music Service

Independent Auditor's Report to the Members of Nottingham Music Service (continued)

Auditor Responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with trustees and other management, and from our knowledge and experience of the charity sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- Understanding the design of the charity's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions,

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with relevant regulators.

Nottingham Music Service

Independent Auditor's Report to the Members of Nottingham Music Service (continued)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the charity trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Melvin Bailey FCCA DChA (Senior Statutory Auditor)
For and on behalf of Rogers Spencer

Chartered Accountants
Statutory Auditor

Newstead House
Pelham Road
Nottingham
NG5 1AP

Date:.....

Rogers Spencer is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Nottingham Music Service

Statement of Financial Activities for the Year Ended 31 March 2023

	Note	Unrestricted £	Restricted £	Total 2023 £	Total 2022 £
Income and Endowments from:					
Donations and legacies	2	28,522		28,522	14,360
Charitable activities	7	421,708	639,909	1,061,617	982,632
Total Income		<u>450,230</u>	<u>639,909</u>	<u>1,090,139</u>	<u>996,992</u>
Expenditure on:					
Charitable activities	4	(33,492)	(1,114,152)	(1,147,644)	(1,012,039)
Total Expenditure		<u>(33,492)</u>	<u>(1,114,152)</u>	<u>(1,147,644)</u>	<u>(1,012,039)</u>
Net income/(expenditure)		416,738	(474,243)	(57,505)	(15,047)
Gross transfers between funds		<u>(444,598)</u>	<u>444,598</u>		
Net movement in funds		(27,860)	(29,645)	(57,505)	(15,047)
Reconciliation of funds					
Total funds brought forward		<u>759,579</u>	<u>203,733</u>	<u>963,312</u>	<u>978,359</u>
Total funds carried forward	13	<u><u>731,719</u></u>	<u><u>174,088</u></u>	<u><u>905,807</u></u>	<u><u>963,312</u></u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for the period is shown in note 13.

Nottingham Music Service

Statement of Financial Activities for the Year Ended 31 March 2023 (continued)

These are the figures for the previous accounting period and are included for comparative purposes

	Note	Unrestricted £	Restricted £	Total 2022 £
Income and Endowments from:				
Donations and legacies	2	14,360		14,360
Charitable activities	3	349,026	633,606	982,632
Total Income		<u>363,386</u>	<u>633,606</u>	<u>996,992</u>
Expenditure on:				
Charitable activities	4	(16,313)	(995,726)	(1,012,039)
Total Expenditure		<u>(16,313)</u>	<u>(995,726)</u>	<u>(1,012,039)</u>
Net income/(expenditure)		347,073	(362,120)	(15,047)
Gross transfers between funds		<u>(332,358)</u>	<u>332,358</u>	
Net movement in funds		14,715	(29,762)	(15,047)
Reconciliation of funds				
Total funds brought forward		<u>744,864</u>	<u>233,495</u>	<u>978,359</u>
Total funds carried forward	13	<u><u>759,579</u></u>	<u><u>203,733</u></u>	<u><u>963,312</u></u>

The notes on pages 18 to 27 form an integral part of these financial statements.

Nottingham Music Service
(Registration number: 1153716)
Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	9	321,781	367,332
Current assets			
Debtors	10	59,129	25,782
Cash at bank and in hand	11	732,475	789,511
		<u>791,604</u>	<u>815,293</u>
Creditors: Amounts falling due within one year	12	<u>(207,578)</u>	<u>(219,313)</u>
Net current assets		<u>584,026</u>	<u>595,980</u>
Net assets		<u>905,807</u>	<u>963,312</u>
Funds of the charity:			
Restricted income funds			
Restricted funds	13	174,088	203,733
Unrestricted income funds			
Unrestricted funds		<u>731,719</u>	<u>759,579</u>
Total funds	13	<u>905,807</u>	<u>963,312</u>

The financial statements on pages 14 to 27 were approved by the trustees, and authorised for issue on 15/12/2023 and signed on their behalf by:

D Wesker

David Wesker
Trustee

Nottingham Music Service

Cash Flow Statement for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash expenditure		(57,505)	(15,047)
Adjustments to cash flows from non-cash items			
Depreciation		46,251	50,152
		<u>(11,254)</u>	<u>35,105</u>
Working capital adjustments			
Increase in debtors	10	(33,347)	(6,438)
Decrease in creditors	12	(29,511)	(17,480)
Increase in deferred income		17,776	9,191
		<u> </u>	<u> </u>
Net cash flows from operating activities		(56,336)	20,378
Cash flows from investing activities			
Purchase of tangible fixed assets	9	(700)	(36,036)
		<u> </u>	<u> </u>
Net decrease in cash and cash equivalents		(57,036)	(15,658)
Cash and cash equivalents at 1 April		789,511	805,169
		<u> </u>	<u> </u>
Cash and cash equivalents at 31 March		<u>732,475</u>	<u>789,511</u>
		<u> </u>	<u> </u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash		(57,036)	(15,658)
Net funds at 1 April 2022		789,511	805,169
		<u> </u>	<u> </u>
Net funds at 31 March 2023		<u>732,475</u>	<u>789,511</u>
		<u> </u>	<u> </u>

All of the cash flows are derived from continuing operations during the above two periods.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2023

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

Nottingham Music Service meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Income and endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregates similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

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

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
IT equipment	33.3% straight line
Musical instruments	6.67% straight line

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds and resources set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Pensions and other post retirement obligations

The Charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the Charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

A number of staff within the charity are seconded from Nottingham City Council. The council operates a defined benefit pension scheme. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

2 Income from donations and legacies

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Donations and legacies;			
Donations from companies, trusts and similar Proceeds	23,522	23,522	14,360
Grants, including capital grants;			
Grants from companies	5,000	5,000	
	28,522	28,522	14,360
	28,522	28,522	14,360

3 Income from charitable activities

	Unrestricted funds		Restricted funds	Total 2023 £	Total 2022 £
	Designated £	General £	£		
Fees	40,000	381,708		421,708	349,026
Grants & donations			639,909	639,909	633,606
	40,000	381,708	639,909	1,061,617	982,632
	40,000	381,708	639,909	1,061,617	982,632

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

4 Expenditure on charitable activities

	Unrestricted funds		Restricted funds	Total 2023	Total 2022
	Designated	General			
	£	£	£	£	£
Accreditation			2,921	2,921	503
Bank charges			773	773	564
CPD and quality assurance			5,205	5,205	8,029
Depreciation			46,251	46,251	50,152
Equipment			4,559	4,559	5,878
Events - concert expenses			23,675	23,675	2,239
Events - music camp			28,738	28,738	1,500
Events - venue hire			11,100	11,100	9,035
Events - residential			30,832	30,832	
Fundraising					4,084
Instrument replacement			7,281	7,281	
Instrument repairs and consumables			9,094	9,094	6,931
Insurance			9,814	9,814	9,094
IT upgrade			14,295	14,295	9,486
Legal & professional fees			18,526	18,526	6,610
Materials			2,982	2,982	9,605
Ongoing travel			3,529	3,529	2,955
Partnership costs			3,546	3,546	4,466
Postage & carriage			675	675	637
PPE			16	16	2,480
Repairs & renewals			417	417	358
Recruitment			2,790	2,790	797
Rent office & storage			23,115	23,115	30,079
Safeguarding			2,246	2,246	2,511
Freelance staff			2,295	2,295	2,952
Telephone & office costs			6,110	6,110	2,764
Subscriptions & publications			3,187	3,187	1,906
Sundry costs			1,197	1,197	1,999
Venue hire (music school)			25,256	25,256	14,970
Wages, NI & pension	16,746	16,746	821,104	854,596	819,455
Fundraising			2,623	2,623	
	<u>16,746</u>	<u>16,746</u>	<u>1,114,152</u>	<u>1,147,644</u>	<u>1,012,039</u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

5 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2023 £	2022 £
Audit fees	8,400	
Depreciation of fixed assets	46,251	50,152

6 Staff costs

The aggregate payroll costs were as follows:

	2023 £	2022 £
Staff costs during the year were:		
Wages and salaries	748,328	738,079
Social security costs	57,538	48,598
Pension costs	48,730	32,778
	<u>854,596</u>	<u>819,455</u>

The monthly average number of persons (including senior management team) employed by the charity during the year was as follows:

	2023 No	2022 No
Average weekly number of employees	<u>40</u>	<u>37</u>

26 (2022 - 24) of the above employees participated in the Defined Contribution Pension Schemes.

3 (2022 - 3) of the above employees participated in the Defined Benefit Pension Schemes.

Contributions to the employee pension schemes for the year totalled £48,730 (2022 - £32,778).

No employee received emoluments of more than £60,000 during the year

The total employee benefits of the key management personnel of the charity were £117,174 (2022 - £114,772).

7 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	<u>8,400</u>	<u></u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

8 Taxation

The charity is a registered charity and is therefore exempt from taxation.

9 Tangible fixed assets

	Computer equipment £	Musical instruments £	Total £
Cost			
At 1 April 2022	57,784	625,730	683,514
Additions	700		700
At 31 March 2023	58,484	625,730	684,214
Depreciation			
At 1 April 2022	49,179	267,003	316,182
Charge for the year	4,535	41,716	46,251
At 31 March 2023	53,714	308,719	362,433
Net book value			
At 31 March 2023	4,770	317,011	321,781
At 31 March 2022	8,605	358,727	367,332

During the year, Musical Instruments were tracked using a database system. It was identified during the audit, that this system did not sufficiently track the location of the assets. After the year end, a more robust system, using specialist software, was introduced to enable assets to be tracked more efficiently and to gain more assurance that the net book value is accurate.

10 Debtors

	2023 £	2022 £
Trade debtors	28,172	15,375
Accrued income	30,957	10,025
Other debtors		382
	59,129	25,782

11 Cash and cash equivalents

	2023 £	2022 £
Cash on hand		294
Cash at bank	732,475	789,217
	732,475	789,511

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

12 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	25,403	98,372
Other taxation and social security	12,713	11,787
Pension scheme creditor	5,151	4,814
Accruals	46,549	4,354
Deferred income	117,762	99,986
	207,578	219,313

The deferred income is the amount invoiced to schools in the Autumn term of 22/23 year for the Summer term of the following year.

13 Funds

	Balance at 1 April 2022 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2023 £
Unrestricted funds					
<i>General</i>					
General fund	259,372	410,230	(16,746)	(444,598)	208,258
<i>Designated</i>					
Development fund	207	40,000	(16,746)		23,461
Charity Base fund	300,000				300,000
Contingency fund	200,000				200,000
	500,207	40,000	(16,746)		523,461
Total unrestricted funds	759,579	450,230	(33,492)	(444,598)	731,719
Restricted funds					
NCC Asset Transfer	203,733		(29,645)		174,088
Music Hub (General)		149,845	(149,845)		
Music Hub (Core Roles)		2,525	(413,074)	410,549	
Music Hub (Extension)		139,668	(139,668)		
In Harmony		347,871	(381,920)	34,049	
	203,733	639,909	(1,114,152)	444,598	174,088
Total restricted funds	203,733	639,909	(1,114,152)	444,598	174,088
Total funds	963,312	1,090,139	(1,147,644)		905,807

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2022 £
Unrestricted funds					
<i>General</i>					
General fund	228,344	363,386		(332,358)	259,372
<i>Designated</i>					
Development fund	16,520		(16,313)		207
Charity Base fund	300,000				300,000
Contingency fund	200,000				200,000
	<u>516,520</u>		<u>(16,313)</u>		<u>500,207</u>
Total unrestricted funds	<u>744,864</u>	<u>363,386</u>	<u>(16,313)</u>	<u>(332,358)</u>	<u>759,579</u>
Restricted					
NCC Asset Transfer	233,495		(29,762)		203,733
Music Hub (General)		230,605	(230,605)		
Music Hub (Core Roles)		294,598	(626,956)	332,358	
Music Hub (Extension)		108,403	(108,403)		
Total restricted funds	<u>233,495</u>	<u>633,606</u>	<u>(995,726)</u>	<u>332,358</u>	<u>203,733</u>
Total funds	<u><u>978,359</u></u>	<u><u>996,992</u></u>	<u><u>(1,012,039)</u></u>		<u><u>963,312</u></u>

The specific purposes for which the funds are to be applied are as follows:

Contingency Fund - To cover and safeguard the future of the charity and/or to be able to settle any liabilities in the event of its closure.

Organisational Development - For organisational development (Specifically development of a Trading Arm).

Charity Base fund - to accwnulate funds for future premises.

NCC Asset Transfer - Relates to the instrument stock transferred from the Council to the charity when it was originally set up.

Music Hub (General) - Arts Council England and DfE funding, restricted to 20% contribution for the non- direct delivery costs and restricted donations.

Music Hub (Core Roles) - Arts Council England and DfE funding restricted to salary & direct costs to deliver the National Plan for Music Education.

Music Hub (Extension Roles) - Arts Council England and DfE funding restricted to salary & direct costs to deliver the National Plan for Music Education.

In Harmony - Co funded by Arts Council England and DfE until July 2022 & Arts Council England to July 2023 - funding restricted to salary & direct costs to deliver a programme aimed to inspire and transform the lives of children in communities with lower access to publicly funded culture - through ensemble music making.

The transfer from the General fund to the Music Hub and In Harmony (Core Roles) & In Harmony funds is to cover the deficits on these activities.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

14 Analysis of net assets between funds

	Unrestricted			2023
	General	Designated	Restricted	Total funds
	£	£	£	£
Tangible fixed assets	147,693		174,088	321,781
Current assets	268,143	523,461		791,604
Current liabilities	(207,578)			(207,578)
Total net assets	208,258	523,461	174,088	905,807

	Unrestricted			2022
	General	Designated	Restricted	Total funds
	£	£	£	£
Tangible fixed assets	163,599		203,733	367,332
Current assets	315,086	500,207		815,293
Current liabilities	(219,313)			(219,313)
Total net assets	259,372	500,207	203,733	963,312

15 Related party transactions

There were no related party transactions in the year.

16 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

17 Analysis of governance and support costs

Support Costs

Support costs have not been separately allocated and disclosed as the Trustees believe they are immaterial to the financial statements.

Governance costs

	Restricted funds £	Total 2023 £	Total 2022 £
Audit fees			
Audit of the financial statements	8,400	8,400	
Accountancy services	2,028	2,028	1,854
	10,428	10,428	1,854