

# Making Music Make A Difference

Nottingham Music Service  
Annual Report

31 Mar 2018



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# A Message from the Chair of Trustees

As Chair of a Trustee Board, it is easy to become removed from the day to day work of the charity due to being focused on the more mundane aspects of reports, budgets and strategy. One of the huge benefits and privileges of being the Chair of Nottingham Music Service is that I am able to take part in the many and varied musical events that occur throughout the year. At these I get to see the direct result of all the hard work that our staff team undertakes. To be sat in the Albert Hall surrounded by hundreds of children accompanying the main orchestra by playing their own instruments is a powerful reminder of why the work of this charity is so important.

There has been a growing focus in the media recently around the need to ensure that creativity remains part of the school curriculum and the positive benefits that this can bring to a child's development. Unfortunately, due to financial or curriculum pressures, schools are often unable to provide time or resources for creative learning in any meaningful way. This is why it is vital that our service remains as cost effective and relevant as possible to the needs of local children and schools; which enables as many primary and secondary schools as possible, from Nottingham City, to buy in our service for the benefit of their pupils. We see firsthand the positive benefits that learning to play an instrument and playing music in a group has on children. Staff often speak to me about the growth in confidence and outgoing nature of the children they teach

and I see this myself when I attend our events and have the opportunity to chat to parents and carers.

In addition to the educational opportunities that the service provides, another benefit is the widening of opportunities and cultural experiences made available to children, that may previously not have been open to them. To be able to play as part of an ensemble or sing as part of a choir on the stage at the Royal Concert Hall, whilst your family and friends are in the audience is a fantastic experience that will hopefully stay with the children and their family for a long time. To this end we remain firmly committed to our ethos of breaking down barriers and providing the opportunity of learning music and taking part in city wide music events in Nottingham City.

This year we received the positive news that our funding from both the Department of Education and the Arts Council had been renewed for another two years, without any reduction. This is a fantastic opportunity for the charity as it allows us to focus on the delivery of our services without the worry that short-term, time-limited funding brings. However, we do realise that we are in a privileged position and in planning for the future have been working hard to increase independent income streams through donations, fund raising activities and corporate sponsorship. As highlighted later in this report, this has also been going well. We also continue to benefit from the Catalyst

grant that doubles our donations and supports the charity to make the necessary changes we need to improve our fundraising income streams and marketing.

Unfortunately, this year we have said goodbye to key members of the Trustee and Staff Team. Paul Roberts resigned from his role as Chair to move to the Arts Council. Paul was instrumental in forming the ethos of the charity and cared passionately about its aims. His calm and intelligent approach to leadership was always appreciated by the Board members and staff team, and he will be greatly missed.

We also had two key members of the management team leave early in 2018. Liz Muge and Janet Wallace who both played key roles in the running and planning of the charity and we are grateful for everything they have done and wish them all the best for the future.

We go into the next financial year in a strong position with more schools

requesting our services and more children learning music than ever before across Nottingham City. This is only possible through the work of our dedicated staff team, volunteers and with support from the local schools. I would like to thank them all for continuing to make Nottingham Music Service one of the most innovative, inclusive and professional music services in the country. I would also like to thank the Trustees who volunteer their time and expertise to serve on the Board, and to ensure that we can operate effectively and are well governed.

My final thanks go to the children and their families that are the reason for our service. Every day they surprise, challenge and provide the energy that keeps Nottingham Music Service moving forward, often whilst making us smile. It is through them that we see our charity strapline is still very relevant and that we continue with 'making music make a difference'.



**Barbara Morgan**  
Chair of Trustees  
Nottingham Music Service



## Introduction

### Objectives and Activities

The Charitable Objects of the Charity, as taken from the constitution are as follows:

*To advance the education, accessibility and enjoyment of music and the arts for children and young people.*

### Area of Work

We work in Nottingham City, which is one of the most deprived areas in the country. Residents have the lowest household disposable income in the UK, according to the Office for National Statistics, and 65% of children live in households where the income is low or where no adults work.

*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.*

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 in city primaries, offer afterschool ensembles for young people and organise events and competitions throughout the year to contribute to Nottingham's musical and cultural life.

## Key Programmes

Our ensembles cater to different styles, genres and capabilities. They also provide a progression route so that young people can advance as musicians and continue to learn.



*Whole class ensemble (WCE) teaching where Year 4 pupils learn to play an instrument in a large group*



*Music Camps – two day residentials for pupils to inspire them to continue their musical learning*



*Area Bands – beginner ensembles across the city for city pupils after their first year of WCE*



*After school ensembles for a variety of skills, genres & musical styles including the Robin Hood Youth Orchestra*



*Exam Strategy including bespoke Music Medals for beginners & Grade 1 -3 exams in partnership with the ABRSM*

## Events

NMS hosts events and participates in city-wide performances every year. See below the major events from 2017-18.



Christmas in the City – two major concerts featuring Nottingham city pupils and all NMS ensembles. The concerts took place at Albert Hall (pictured) and at the Royal Concert Hall, Nottingham.

Over 200 pupils from nine schools took part in the BBC Children in Need Choir performance in Nottingham, conducted by NMS. It was viewed by over **7.4 million** people on 17<sup>th</sup> November 2017.



1,400 + city pupils participated in the Great Orchestra Experiment 2018 at the Albert Hall, a unique, interactive concert that features the Robin Hood Youth Orchestra & friends of the Robin Hood Orchestra

Sing City – a city-wide singing competition for young people aged 11 – 19 that provides professional guidance as well as future performance opportunities at major venues in the city



Young Hustler's Festival held in October 2017 for the first time, where the Robin Hood Youth Orchestra performed alongside world renowned DJ Mr. Switch and singer/songwriter Rob Green

Noise from the Next Generation – a city-wide competition for solo artists and bands. Contestants played at the Maze and Rock City, two of the most popular live music venues in Nottingham.



There were also smaller gigs and performances that gave our young people the opportunity to play music in front of their friends and family.



## **Our Achievements**

As a board, we continue to be impressed by the skill, commitment and energy from such a small team to deliver the breadth and quality of events and activity. Some of the highlights of 2017-18 are shared here.

**8244**

children are now learning to play an instrument in Nottingham City

**94%**

of young people who took an ABRSM grade exam through NMS passed in 2017



33% of young musicians progressed to Level 1 compared to the national average of 16%



NMS runs 19 *In Harmony* programmes, making Nottingham one of only 6 locations delivering the programme in the country



24% of NMS participants are eligible for pupil premium, 3 times the national figure for music education hubs

**96%**

of Area Band parents felt their children were more confident playing their instruments due to Area Band\*

**84%**

of Robin Hood Youth Orchestra members say they plan to continue music making after graduating\*

\* based on surveys carried out by NMS in 2018

## Participation in Community

Civic and community engagement continues to be central to our ethos and during 2017-18, our students participated in the Lord Mayor's parade, performed at our charity partner Framework's 'Big Sleep Out' to help raise funds, and at the launch of the city-wide art trail 'Hoodwinked 2018'.

### Case Study: Ramon's Story

Ramon\*, 10, struggles in school. The primary school pupil doesn't have it easy – he has been in care for the last two years, has trouble managing his behaviour and is prone to temper tantrums that can be quite severe.

Like other pupils in his year, he had the opportunity to join Area Band (afterschool music programmes that take place during term-time). However, Nottingham Music Service (NMS) teachers were apprehensive about encouraging him to join, especially because it would be a new environment with few familiar faces and children from other schools. Generally, school staff are not required to take part in the rehearsals which means less support for NMS staff. The staff, however, did go ahead with it and one year later, Ramon is still in Area Band, which in itself is a big achievement for a young boy who has trouble staying focused and committed to tasks.

Although there have been minor behaviour issues in the Area Band rehearsals, Ramon has stuck to playing his viola. He has performance anxiety but has been improving. He has participated in three events so far, two of them were major concerts at the Albert Hall and the Royal Concert Hall.

Area Band has had a significantly positive impact on Ramon, and this has been recognised by his school, who gave an honourable mention to the NMS teachers and lauded their efforts for helping the young boy.

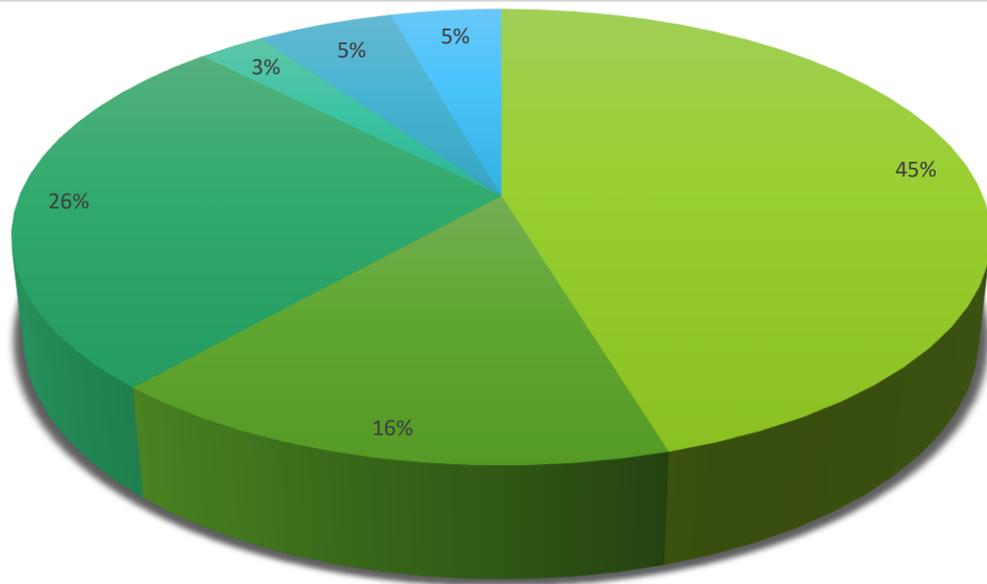
\* Name changed to maintain anonymity



# Financial Review

## Principal Sources of Funding

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 50% of our annual income. Other significant funding comes from trusts and foundations, our In Harmony Grant and the Catalyst grant, also from the DfE and Arts Council England; schools buying in our services, performance income and music school contributions, and the Nottingham City Council.



**Main Funding Sources**

- DfE via Arts Council England
- In Harmony Grant
- Income from Schools & Ensemble Fees
- Nottingham City Council
- Catalyst Grant
- Trusts & Foundations

## Financial Achievements

**£29,307**

was earned in grants from Trusts & Foundations to fund various NMS ensembles & programmes

**£7,281**

was given in donations by individuals (including bucket donations at our events). This includes two major donors

**£2,000**

was received in donations from businesses, including a local music shop and a national corporation

We also received nearly £500 from various community groups including the music society at University of Nottingham. We have also launched a regular giving programme and up till March 2018, we had 15 individuals signed up for monthly giving.

In July 2017, we launched a new website. We have been able to improve our library of images, videos as well as case studies on the impact of our programmes on young people. We have also improved our branding and messaging on social media and all publication channels.

## **Business Information**

Nottingham Music Service is a Charitable Incorporated Organisation and registered under the Charities Act 2011. Its policies and operations are governed by its Constitution. The terms 'Organisation' and 'Charity' refer to Nottingham Music Service. The organisation was formed on 17th July 2013 and registered as a Charity on 6th September 2013.

The trustees/board members at the date of these financial statements are:

*Amanda Dawson*

*Barbara Morgan*

*David Mellen*

*David Wesker*

*Gareth Philippou*

*James Gibbons*

*Nigel Cooke*

*Pete Strauss*

*Tamba Roy*

- . Pollie Shorthouse resigned as trustee in May 2017 & Paul Roberts resigned as Chair in January 2018.
- . Tamba Roy was appointed as trustee in December 2017 & Amanda Dawson and Nigel Cooke were appointed in March 2018.

<b>Chief Executive Officer:</b>	Ian Burton
<b>Registered Charity No.</b>	1153716
<b>Registered Charity Address:</b>	College Street Centre, College Street. Nottingham NG1 5AQ
<b>Bankers:</b>	CAF Bank Ltd 25 Kings Hill Avenue, Kings Hill West Malling, Kent ME19 4JQ
<b>Auditors:</b>	UHY Hacker Young 14 Park Row Nottingham NG1 6GR

We, as the Board of Trustees, are responsible for the governance, strategic direction and policies of Nottingham Music Service (NMS). We have nine members from a variety of backgrounds, identified specifically for their individual experience and expertise. We usually meet quarterly but have more frequent meetings when necessary, such as at the end of the year.

We delegate the daily responsibility for the provision of NMS activities to the Chief Executive Officer and Senior Team who are responsible for the operational management of the organisation and for ensuring that the charity delivers the services specified in the Business Plan.

### **Trustee Appointment and Training**

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 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.

### **Risk Management**

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, through the policy buddy system and in full policy reviews.

*As Trustees, we feel that the key risks facing the charity are operational risks arising from the stretched organisational capacity, quality arising from the challenges in recruiting appropriately skilled staff, and financial arising from the short-term nature of our current key funding agreements and the current national education funding environment.*

### **Reserves Policy**

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. In addition, the trustees have identified an additional fund of £40,000 to support organisational development.

The amount of free reserves at 31 March 2019 is £143,583. The amounts of restricted reserves at 31 March 2018 is at £533,492 comprising of £333,492 in fixed assets, and the £200,000 contingency fund as detailed above

## Financial Statement

### Statement of Trustees' Responsibility

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

The law applicable to charities in England and Wales 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 those 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 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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 and the Charities (Accounts and Reports) Regulations 2008. 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.

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

Approved by the Board of Trustees on and signed on its behalf by:

Chair's Name: James Gibbons

Date: Sep 28, 2018

Chair's Signature:

A handwritten signature in black ink, appearing to be 'J. Gibbons', written over a light grey horizontal line.

## Independent Auditor's Report

We have audited the financial statements of Nottingham Music Service (the 'charity') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's 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 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.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at [date], and of its incoming resources and application of resources, 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 Opinion

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 opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require 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
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees are responsible for the preparation of financial statements which 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.

### **Auditor's 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 regulations made under section 154 of that Act.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Murat Madin*

.....

**UHY Hacker Young, Statutory Auditor**

14 Park Row

Nottingham

NG1 6GR

Date 28 September 2018

UHY Hacker Young is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# Statement of Financial Activities

	<i>Note</i>	<b>Unrestricted Fund £</b>	<b>Restricted Fund £</b>	<b>Total 2018 £</b>	<b>Total 2017 £</b>
<b>Income:</b>					
Donations and legacies	3	12,394	29,307	41,701	14,493
Charitable activities	4	249,836	638,416	888,252	858,816
Other trading activities		3,962	-	3,962	3,315
		<hr/>	<hr/>	<hr/>	<hr/>
		266,192	667,723	933,915	876,624
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditure:</b>					
Costs of raising funds		16,162	-	16,162	12,701
Charitable activities	6	202,314	710,508	912,822	862,586
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Expenditure</b>		218,476	710,508	928,984	875,287
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Income/(Expenditure) before Transfers</b>		47,716	(42,785)	4,931	1,337
Transfers between funds	18	(8,331)	8,331	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Income/(Expenditure)</b>		39,385	(34,454)	4,931	1,337
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Movement in funds:</b>					
Total funds brought forward		186,020	567,946	753,966	752,629
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Funds Carried Forward</b>		225,405	533,492	758,897	753,966
		<hr/>	<hr/>	<hr/>	<hr/>

All income and expenditure derive from continuing activities. The charity has no recognised gains or losses other than the net movement in funds for the year.

The notes on pages 26 to 37 form part of these financial statements.

## Balance Sheet

	<i>Note</i>	<b>2018</b>	2017
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Tangible fixed assets	<i>10</i>	359,809	395,686
<b>Current assets</b>			
Debtors	<i>11</i>	37,629	68,762
Cash at bank		507,471	434,444
		_____	_____
		545,100	503,206
<b>Creditors</b>			
Amounts falling due within one year	<i>12</i>	146,012	144,926
		_____	_____
<b>Net current assets</b>		399,088	358,280
		_____	_____
<b>Net assets</b>		758,897	753,966
		_____	_____
The funds of the charity:			
Unrestricted funds	<i>18</i>	225,405	186,020
Restricted funds	<i>18</i>	533,492	567,946
		_____	_____
		758,897	753,966
		_____	_____

These financial statements were approved by the trustees on 28 September 2018. and were signed on their behalf by:

A handwritten signature in black ink, appearing to be 'J Gibbons', written over a horizontal line.

**James Gibbons**

Trustee

A handwritten signature in blue ink that reads 'D Wesker'.

**David Wesker**

Trustee

The notes on page 26 to 37 form part of these financial statements

## Statement of Cashflows

	Note	2018	2017
		£	£
<b>Cash flow from operating activities</b>	15	75,373	100,739
		_____	_____
<b>Net cash flow from operating activities</b>		75,373	100,739
		_____	_____
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(2,964)	(9,434)
Proceeds from sale of tangible fixed assets		618	5,916
		_____	_____
<b>Net cash flow from investing activities</b>		(2,346)	(3518)
		_____	_____
<b>Net (decrease) / increase in cash and cash equivalents</b>		73,027	97,221
<b>Cash and cash equivalents at 1 April 2017</b>		434,444	337,223
		_____	_____
<b>Cash and cash equivalents at 31 March 2018</b>		507,471	434,444
		_____	_____
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		507,471	434,444
		_____	_____

The notes on page 26 to 37 form part of these financial statements

# Notes to the Financial Statements

## 1 Accounting policies

Nottingham Music Service is a charitable incorporated organisation and a registered charity in England & Wales. The registered office of the charity is given in the business information on page 14 of these financial statements. The nature of the charity's operations and principal activities are to advance the education, accessibility and enjoyment of music and the arts for children and young people.

### **General information and basis of preparation**

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. Accordingly the financial statements are prepared on a going concern basis under the historical cost convention.

The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

### **Fund Accounting**

#### ***Unrestricted funds***

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

#### ***Designated funds***

The trustees have designated a value equal to the estimated wind up costs, including staff redundancy and pension costs, should the organisation cease to exist.

### ***Restricted funds***

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. The costs of raising and administering such funds are charged against the specific fund.

### **Income**

All income is included in the SOFA when the charity is legally entitled to the income, the amount can be measured reliably and it is probable that the income will be received.

Donations, fundraising and voluntary income are accounted for gross when received.

### **Grants Receivable**

Grants for immediate expenditure are accounted for when they become receivable.

Grants received for specific purposes are treated as restricted funds.

Grants restricted to future accounting periods are deferred and recognised in those periods through restricted funds.

### **Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Charitable activities expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

### **Allocation of Support Costs**

Support costs comprise those costs not directly attributable to charitable activities. Costs are allocated between expenditure categories according to the nature of the cost.

## **Operating Leases**

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

## **Tangible Fixed Assets and Depreciation**

Fixed assets for use by the charity are capitalised at cost or valuation less accumulated depreciation.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following basis:

Musical instruments	-	6.67% straight line basis
Computer equipment	-	33.3% straight line basis

## **Taxation**

Nottingham Music Service is a registered charity and its activities are such that it is not liable to corporation tax.

## **2 Legal Status of the Charity**

The charity is a charitable incorporated organisation (CIO) incorporated in England and Wales.

### 3 Income from Donations and Legacies

	Unrestricted Fund £	Restricted Fund £	Total 2018 £	Total 2017 £
Donations	12,394	-	12,394	4,232
Trusts and foundations	-	29,307	29,307	10,261
	<hr/>	<hr/>	<hr/>	<hr/>
	12,394	29,307	41,701	14,493
	<hr/>	<hr/>	<hr/>	<hr/>
2017 comparative	14,493	-		14,493
	<hr/>	<hr/>		<hr/>

### 4 Income from Charitable Activities

	Unrestricted Fund £	Restricted Fund £	Total 2018 £	Total 2017 £
Grants receivable (note 5)	-	638,416	638,416	587,191
Fee income	249,836	-	249,836	235,287
Partnership income	-	-	-	36,338
	<hr/>	<hr/>	<hr/>	<hr/>
	249,836	638,416	888,252	858,816
	<hr/>	<hr/>	<hr/>	<hr/>
2017 comparative	271,625	587,191		858,816
	<hr/>	<hr/>		<hr/>

## 5 Government Grants Receivable

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Arts Council England – Music Education Hub funding	433,186	427,878
Arts Council England – In Harmony	154,000	150,000
Arts Council England – Catalyst: Evolve programme	51,230	9,313
	<hr/>	<hr/>
	638,416	587,191
	<hr/>	<hr/>

## 6 Expenditure on Charitable Activities

	Unrestricted Fund £	Restricted Fund £	Total 2018 £	Total 2017 £
Staffing costs	148,865	485,275	634,140	568,135
Freelance	-	3,117	3,117	3,237
Venue hire	-	11,672	11,672	11,611
Instrument repairs and consumables	-	18,021	18,021	18,066
Materials	-	3,374	3,374	2,659
Partnership costs	-	27,407	27,407	33,909
Ongoing travel	-	43,365	43,365	33,870
Events – Music camp	-	42,749	42,749	31,612
Events – Concert expenses	-	6,113	6,113	5,263
Events – Venue hire	-	15,261	15,261	14,642
CPD and quality assurance	-	17,200	17,200	25,381
Contingency costs	2,219	-	2,219	994
Rent	16,710	2,500	19,210	19,508
Postage and carriage	1,953	-	1,953	1,835
Office stationery and telephone	2,426	-	2,426	2,645
Subscriptions	1,807	-	1,807	1,395
Safeguarding	1,368	-	1,368	1,389
Insurance	9,381	-	9,381	8,740
Bank charges	642	-	642	357
Accountancy fees	7,354	-	7,354	5,812
Audit fees	5,820	-	5,820	8,160
Musical instrument depreciation	2,194	30,725	32,919	33,441
Computer equipment depreciation	1,575	-	1,575	10,194
Bad debts	-	-	-	80
Loss on disposal of musical instruments	-	3,729	3,729	19,651
	<hr/>	<hr/>	<hr/>	<hr/>
	202,314	710,508	912,822	862,586
	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>
2017 comparative	169,817	692,769		862,586
	<hr/>	<hr/>		<hr/>

## 7 Net Income/(Expenditure)

	2018	2017
	£	£
Net income/(expenditure) for the year is stated after charging:		
Depreciation of owned assets	34,494	43,635
Auditors remuneration – audit fee (including VAT)	6,120	5,820
Auditors remuneration – accountancy fees (including VAT)	700	2,340
	<hr/>	<hr/>

## 8 Staff costs

	2018	2017
	£	£
Salaries and wages	415,441	384,517
Social security costs	30,241	26,138
Pension contributions	22,887	-
Recruitment costs	1,510	-
	<hr/>	<hr/>
Total direct employment costs	470,079	410,655
	<hr/>	<hr/>
Other staff related costs:		
Seconded employees	156,941	152,244
Direct staff travel	7,120	5,236
	<hr/>	<hr/>
	634,140	568,135
	<hr/>	<hr/>
Average number of employees	22	21
	<hr/>	<hr/>

No employee received emoluments of more than £60,000.

There are 2 (2018: 3) members of the Key Management Team. The aggregate payroll and pension cost of the Key Management Team was £101,090 (2017: £105,573).

## 9 Trustees Remuneration and Expenses

In the current and prior year, no remuneration was paid or is payable out of the funds of the charity, either directly or indirectly, to any trustees or to any person known to be connected to any trustees.

In the current year there were no expense reimbursements made or due to trustees (2016: nil). Trustee indemnity insurance is maintained by the charity.

## 10 Tangible Fixed Assets

	Musical Instruments	Computer Equipment	Total
	£	£	£
<b>Cost</b>			
1 April 2017	490,580	30,583	521,163
Additions	2,964	-	2,964
Disposals	(5,929)	-	(5,929)
	-----	-----	-----
31 March 2018	487,615	30,583	518,198
	-----	-----	-----
<b>Depreciation</b>			
1 April 2017	97,383	28,094	125,477
Charge for the year	32,919	1,575	34,494
Disposals	(1,582)	-	(1,582)
	-----	-----	-----
31 March 2018	128,720	29,669	158,389
	-----	-----	-----
<b>Net Book Values</b>			
	-----	-----	-----
31 March 2018	358,895	914	359,809
	-----	-----	-----
	-----	-----	-----
31 March 2017	393,197	2,489	395,686
	-----	-----	-----

## 11 Debtors

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	8,541	28,820
Accrued income	13,750	30,000
Prepayments	15,338	9,942
	<hr/>	<hr/>
	37,629	68,762
	<hr/>	<hr/>

## 12 Creditors: amounts falling due within one year

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	56,922	46,237
Deferred income	70,188	85,355
Other taxes and social security	4,564	1,302
Accruals	14,338	12,032
	<hr/>	<hr/>
	146,012	144,926
	<hr/>	<hr/>

## 13 Deferred income

	<b>£</b>
Opening balance	85,355
Released in the year	(85,355)
Deferred in the year	70,188
	<hr/>
	70,188
	<hr/>

Deferred income represents the difference between schools being invoiced for the academic year which runs to July and the year end which runs to March.

#### 14 Operating Lease Commitments

At 31 March 2018 the charity had minimum lease payments under non-cancellable operating leases as set out below:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Within 1 year	12,164	7,500
Within 2-5 years	3,341	1,759
	<hr/>	<hr/>
<b>Total – operating lease commitments</b>	<b>15,505</b>	<b>9,259</b>
	<hr/>	<hr/>

Nottingham City Council agreed to provide accommodation and storage space at College Street Centre to the value of £20,000 per annum for each of the financial years 2018-19 and 2019-20 by way of a donation in kind.

#### 15 Reconciliation of net income to net cash flow from operating activities

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Net movement in funds for the year	4,931	1,337
Depreciation	34,494	43,635
Loss on disposal of fixed assets	3,729	19,651
(Increase) / decrease in debtors	31,133	(3,454)
Increase / (decrease) in creditors	1,086	39,570
	<hr/>	<hr/>
Net cash flow from operating activities	<b>75,373</b>	<b>100,739</b>
	<hr/>	<hr/>

#### 16 Transactions with Trustees or Other Related Parties

There were no material transactions with trustees or other related parties during the year

## 17 Contingent Liability

The charity engages employees who are seconded from Nottingham City Council under the terms of a transfer agreement dated 2 April 2014. The charity would become liable to pay 50% of the £128,536 (as of March 2016) redundancy costs and pension scheme deficit in the event that any redundancies arise as a result of the end of the secondment period.

The trustees have set aside a fund of £200,000 to cover this potential contingent liability in addition to redundancy costs of its own employees and broader wind up costs of the charity. This is held in a restricted fund to cover these costs.

## 18 Movement in Funds

	1 April 2017 £	Incoming Resources £	Resources Expended £	Transfer £	31 March 2018 £
<b>Unrestricted funds</b>					
General funds	146,020	266,192	(218,476)	(8,331)	185,405
<b>Designated funds</b>					
Development fund	40,000	-	-	-	40,000
	186,020	266,192	(218,476)	(8,331)	225,405
<b>Restricted funds</b>					
NCC asset transfer	367,946	-	(34,454)	-	333,492
Contingency fund	200,000	-	-	-	200,000
Catalyst: Evolve	-	51,230	-	(51,230)	-
Music Hub and In Harmony funding:					
General	-	138,620	-	(138,620)	-
Core roles	-	347,917	(541,039)	193,122	-
Extension	-	129,956	(135,015)	5,059	-
	567,946	667,723	(710,508)	8,331	533,492
<b>Total Funds</b>	753,966	933,915	(928,984)	-	758,897

## 18 Movement in Funds (continued)

### NCC Asset Transfer Fund

The fund comprises of assets transferred from Nottingham City Council to the new charity in April 2014 for the delivery of teaching programmes.

### Contingency Fund

The fund is to support any wind up costs, including staff redundancy and pension costs, should the organisation cease to exist.

The restricted fund of £533,492 comprises £333,492 assets transfer from Nottingham City Council to the new charity in April 2014.

### Music Hub Funding

The fund represents grants from Arts Council England to support the programme of activity, including Core and Extension roles as detailed in the national plan for music education.

### Transfers

From general fund:	(8,331)	free reserves after allowing for designated and restricted funds
Catalyst - Evolve:	(51,230)	matched expenditure from general funds
Music Hub funding:	(138,620)	surplus from completed activities
Core roles:	193,122	deficit from completed activities
Extension:	5,059	deficit from completed activities

## 19 Analysis of Funds

	Unrestricted Funds	Restricted Funds	Total
Fixed assets	26,317	333,492	359,809
Net current assets	199,088	200,000	399,088
	<hr/>	<hr/>	<hr/>
	225,405	533,492	758,897
	<hr/>	<hr/>	<hr/>