

Charity registration number: 1153716

Nottingham Music Service

Annual Report and Financial Statements

for the Year Ended 31 March 2020

Community Accounting Plus
Units 1 and 2 North West
41 Talbot Street
Nottingham
NG1 5GL

Nottingham Music Service

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 8
Statement of Trustees' Responsibilities	9
Independent Examiner's Report	10
Statement of Financial Activities	11 to 12
Balance Sheet	13
Cash Flow Statement	14
Notes to the Financial Statements	15 to 26

Nottingham Music Service

Reference and Administrative Details

Trustees

James Gibbons

David Wesker

Amanda Dawson

Tamba Roy

David Mellen

Barbara Morgan

Nigel Cooke

Senior Management Team

Ian Burton, CEO

Michael Aspinall, Business Operations and Strategy Manager

Principal Office

College Street Centre

College Street

Nottingham

NG1 5AQ

Charity Registration Number

1153716

Bankers

CAF Bank Ltd

25 Kings Hill Avenue

Kings Hill

West Malling

Kent

ME19 4JQ

Independent Examiner

John O'Brien, employee of
Community Accounting Plus

Units 1 and 2 North West

41 Talbot Street

Nottingham

NG1 5GL

Nottingham Music Service

Trustees' Report

The trustees present the annual report together with the financial statements of the charity for the year ended 31 March 2020.

Trustees

James Gibbons

David Wesker

Amanda Dawson

Tamba Roy

David Mellen

Barbara Morgan

Nigel Cooke

Gareth Philippou (resigned 15 September 2019)

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.

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 the lowest household disposable income in the UK according to the Office for National Statistics and 38% of children live in income deprived households.

Nottingham Music Service

Trustees' Report

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 2019, 82% of city pupils 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 includes a range of ensembles aimed at different skill levels and interests.

Key programmes include:

- Whole Class Ensemble Teaching (WCET) programme — a year of ensemble teaching in whole classes on a range of instruments;
- Music Camps — two day residentials for post-WCET pupils to kick start their learning into year 5 and beyond;
- Area Bands — a network of 7 Area Bands across the city, available for pupils to access immediately after their WCE year ;
- Nottingham Music School — operating on Saturday mornings and Thursday evenings providing ensemble opportunities through the Robin Hood Youth Orchestra family of ensembles, Btoco Notto and Band Factory;
- Singing Strategy — a programme of targeted schools provision;
- Exam Strategy — bespoke Music Medal ensemble approach and targeted support for largescale Associated Board of the Royal Schools of Music (ABRSM) Grade 1 and Grade 2 entries across the city;
- Events — an annual programme of events including Christmas in the City, Light Night, Noise from the Next Generation, Sing City, the Great Orchestra Experiment, the Summer Sing, targeted workshops and visiting ensembles programme.

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. Initially focussed on 4 primary schools across the city, In Harmony is now extended to bridge the gap between IH schools and the WCET programme.

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

Chairs Report 2019/20

Writing this report brings home the huge contrast from how we started the year to how it has ended. Last summer (2019) we held our largest event, The Summer Celebration Concert, which we had to programme over two days, in the Nottingham Albert Hall, due to such high demand for tickets. Then, in the last week of the summer term our flagship orchestra, Robin Hood Youth Orchestra (RHYO), travelled to Karlsruhe in Germany (Nottingham's twin city) for an amazing weeklong tour, cultural exchange, and series of concerts. These events brought people together and happened without a thought of social distancing or any restrictions on our movement. Now we are all in lockdown, unable to meet in large numbers, attend concerts or play music together.

There has been such sadness and tragedy during lockdown, and it will take a long time for the world to heal. However, there has also been a resounding message of hope; through the coming together of communities, support for the most vulnerable and the long overdue celebration of our front line workers. A golden thread that has run through this message of hope has been music. We often don't think of ourselves as musical or fully register the impact it has on our lives, yet we have seen its simple power to overcome the physical separation we have had to endure, to unite the world and provide relief. From the early balcony concerts in Italy, to orchestras and bands recording online performances, to the global concert - One World: Together At Home, music has not only brought joy, but also raise hundreds of millions of pounds to support communities..

The same musical connections and support we observed happening on a global level have been embraced at a local level within Nottingham Music Service. As we all rushed into lockdown we reacted quickly to distribute instruments to children from their schools so they could continue their learning at home, and our teaching staff adapted brilliantly to the challenges and learnt new skills so they could deliver lessons online. As an organisation we have been on a huge and steep learning curve with how best to support our pupils. Since March we have produced over 250 video lessons, run a nine-hour online NMS music festival and produced lockdown performances that have been commented on by members of the public globally. We have received over 50,000 views of our videos and 6,000 new users have accessed our website, all under lockdown conditions. One of the proudest achievements for the organisation is the continuing of our RHYO rehearsal every Saturday morning, albeit in a virtual capacity. Members of RHYO have been open about how much this has meant to them and that in some cases it has provided the structure and support that they vitally needed during the isolation of lockdown.

Whilst all the innovative ways of working during lockdown is fresh in our minds it is easy to forget all of our achievements before March 2020. We bid to the Department for Education and the Arts Council to remain an In Harmony delivery organisation and were proud to have our bid be successful and commented on regarding its scope of vision and the positive fact that our ensembles reflect the diversity of the city, almost a unique situation. Other highlights include:

- Nearly 8,300 children now learning to play an instrument within Nottingham City.
The continued expansion of our In Harmony programme to bridge the gap between the fortnightly Whole Class Ensemble programme and the intensive In Harmony Gold programme. We are currently delivering in - 4 In Harmony Gold schools, 10 In Harmony Silver schools and 23 In Harmony Bronze schools; (A rise of 9 more In Harmony teaching packages being delivered compared to last year)
- Our ABRSM exam results in 2019 increased with 168 students taking the exams returning a 94.6% pass rate, which is higher than last year's 87% pass rate. An increase of 24 students took the exam compared to the year before.
We have held a number of hugely successful Hub events including the Great Orchestra Experiment in which more than 1,500 children took part, two Christmas in the City events at the Royal Concert Hall and Nottingham's Albert Hall, the Summer Sing, Nottingham Light Night, Celebration concerts and Sing City.

Nottingham Music Service

Trustees' Report

All of these results would not have been possible without the dedication of our staff team and Board members and I would like to take this opportunity to thank them all for everything they have done over the past 12 months. I would also like to thank Gareth Philippou who stood down from the Board this year. His input helped to guide the charity into the organisation it is now, and we wish him well for the future.

This organisation has achieved so much in the past year, and I am proud of the extraordinary efforts and resolve shown by all staff, children, families and schools in the face of these unprecedented times. Looking ahead it is very difficult to predict what the situation we will be when I sit down to write my report next year. What I can be certain of though is that regardless of the situation, through the commitment, passion and expertise of everyone connected to Nottingham Music Service, we will continue to be offering an inclusive and engaging programme for children who want to learn music in Nottingham.



James Gibbons

Chair of Trustees

Nottingham Music Service

July 2020

Achievements and performance

There have been many achievements during 2019-20 and as a board we continue to be hugely 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 have been:

- Access — Over 8,300 children are now learning to play an instrument (Up by 483 from last year) and there are First Access teaching programmes in 76% of KS2 schools against a national average of 62%;
- We continue to expand our In Harmony programme to bridge the gap between the fortnightly Whole Class Ensemble programme and the intensive In Harmony Gold programme. In the academic year 2019-20, we have 4 In Harmony Gold schools, 10 In Harmony Silver schools and 23 In Harmony Bronze schools; (A rise of 9 more In Harmony teaching packages being delivered compared to last year);
- Accreditation — This year 168 students entered an ABRSM grade exam through the Music Hub and a 94.6% pass rate was achieved which is higher than last year's 87% pass rate;
- Our flagship orchestra – Robin Hood Youth Orchestra - visited Karlsruhe (Nottingham twin city) for a week in July to rehearse and perform with their your orchestra;
- We have been part of a national pilot with the One Handed Music Instrument Trust looking at providing adapted instruments and equipment to schools to enable all children to participate in learning and playing music.

We have held a number of hugely successful Hub events including Summer Sing, Summer Celebration, Intermediate Tour, Sing City, Noise From the Next Generation, two Christmas in the City concerts (one at the Nottingham Albert Hall and one at the Royal Concert Hall), Light Night, MAB week, Music Camp and Band Factory at Rough Trade.

Nottingham Music Service

Trustees' Report

Financial review

Since 2014, financial planning has consistently been challenging due to consecutive short-term funding agreements from major funders. The Arts Council settlement for both the Music Education Hub Grant and the In Harmony Grant was limited to two years in 2019/20. In November 2019 we were invited to submit a bid to remain as the lead organisation delivering In Harmony within Nottingham City. In March 2020 we received the fantastic news that our bid was successful with 1 year of funding to then be reviewed in April 2021. We also had our Music Education Hub funding renewed for a further two years (Until 2022, with a review in 2021).

Having become an independent organisation in April 2014, we continue to increase the financial and fundraising opportunities available. We have been through a significant development in this area as a direct result of the Catalyst: Evolve grant, from Arts Council England, that supported us in developing our fundraising capacity and incentivises new philanthropic giving through a match funding commitment. However, the Catalyst grant came to an end in March 2020 which will have an impact on our budgets, especially the match funding of donations. We are planning for this drop in income and aim to absorb it with negative impact to the organisation.

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. Due to the current Covid lockdown and the implications on teaching in schools it is vital that we utilise the reserves to ensure the long-term future of the organisation. This is something that the Board discuss at each meeting, with the use of reserves reviewed on an ongoing basis.

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 £38,937 to support organisational development, with a focus on income generation and a ring-fenced fund of £300,000 for the purchase of a charity base and instrument storage.

The amount of free reserves, including designated funds, at 31st March 2020 is £600,288

The amounts of restricted reserves at 31st March 2020 is £263,258 - comprising fixed assets.

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 70% (£ 451,171 in 2019-20) of our annual income. Other significant funding comes from our In Harmony Grant (£150,000 in 2019-20), in addition to the DfE and Arts Council England; schools buying in our services, performance income and music school contributions (£198,640 in 2019-20); and Nottingham City Council (£20,000 in 2019-20). We have also continued our trial of charging for Area Band attendance (£25 per pupil, per year, charged directly to the school) this is mainly to offset our rising Area Band transport costs. This charge resulted in an income of £8,200 in 2019/20.

Nottingham Music Service

Trustees' Report

Plans for future periods

We aim to continue to develop the musical progression structure in the city described above which has had such a major impact in the last decade. We are keen to build on this success to tackle 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 need to develop new systems to ensure that talented young people from disadvantaged backgrounds have the opportunity to continue pursuing music. We are at the start of identifying different models to best engage and retain young people in the process of music learning and making;
- Developing new musical communities outside school to support young people at secondary level, especially for those studying in secondary schools with no provision;
- Enabling more young people, especially those most at risk, to continue to access ensembles out of school, by working with other local education organisations to provide on-the-ground support;
- Improving access to musical accreditation for city pupils, including the medium-term aim of developing a new accreditation scheme;
- 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 and adult ensembles so that more city children can benefit from experiencing complementary approaches and experiences;
- Continuing to deliver our REFRESH programme for schools who have run a whole-class-ensemble tuition (WCET) programme through us over a long period of time, but have never taken advantage of progression opportunities such as Area Bands, Music Camp, exam strategy etc. REFRESH aims to 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;
- Working in partnership with Nottingham Cathedral to expand our singing provision from its bedrock in primary schools into a vocal progression framework attractive to young people at secondary level, building on current initiatives such as Sing City, and with the aim of creating a genuinely city youth choir — a vocal equivalent to the RHYO family;
- 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 between our Band Factory/Noise from the Next Generation with the Young Creative Awards and other initiatives;
- Expansion of the Certificate for Music Educators programme, and promotion of its value, so that it becomes an expectation across the city that all engaged in music education who do not already have a teaching qualification should benefit from this training.

We are aware that we need to continue to develop the Hub business model and financial resilience. The Catalyst programme has proved valuable in helping us to explore new sources of funding and support, and in re-branding our work to take best advantage of this.

We are keen to engage the wider Hub to work together to tackle the genuine musical needs of city children, as we are aware that the experience of many local arts organisations is primarily with more affluent young people from outside the city boundaries. There is work in progress here with local organisations and the collective impact initiative described above is helping to find new partners.

Nottingham Music Service

Trustees' Report

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 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 4 members of staff still seconded from Nottingham City Council (NCC) and as such his pay is set by NCC and was subject to a 1% increase in September 2018. 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 8 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 Senior Team 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, through the policy buddy system and in a recent full 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, 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.

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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 applicable Charities (Accounts and Reports) Regulations, 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.

Approved by the trustees of the charity on 30th September 2020 and signed on its behalf by:



James Gibbons
Chair of Trustees

Nottingham Music Service

Independent Examiner's Report to the trustees of Nottingham Music Service

Independent examiner's report to the trustees of Nottingham Music Service

I report to the trustees on my examination of the accounts of Nottingham Music Service (the Charity) for the year ended 31 March 2020.

Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

Since the Charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member and Fellow of the Association of Charity Independent Examiners, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



.....
John O'Brien MSc, FCCA, FCIE, employee of Community Accounting Plus
Fellow of the Association of Charity Independent Examiners

Units 1 and 2 North West
41 Talbot Street
Nottingham
NG1 5GL

Date:.....30/11/20.....

Nottingham Music Service

Statement of Financial Activities for the Year Ended 31 March 2020

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Income and Endowments from:					
Donations and legacies	2	19,634	-	19,634	-
Charitable activities	3	286,572	679,292	965,864	989,802
Other trading activities	5	1,316	-	1,316	4,443
Total Income		<u>307,522</u>	<u>679,292</u>	<u>986,814</u>	<u>994,245</u>
Expenditure on:					
Raising funds	6	-	(3,443)	(3,443)	(12,146)
Charitable activities	7	(257,341)	(706,203)	(963,544)	(897,277)
Total Expenditure		<u>(257,341)</u>	<u>(709,646)</u>	<u>(966,987)</u>	<u>(909,423)</u>
Net income/(expenditure)		50,181	(30,354)	19,827	84,822
Gross transfers between funds		8,868	(8,868)	-	-
Net movement in funds		59,049	(39,222)	19,827	84,822
Reconciliation of funds					
Total funds brought forward		<u>541,239</u>	<u>302,480</u>	<u>843,719</u>	<u>758,897</u>
Total funds carried forward	16	<u>600,288</u>	<u>263,258</u>	<u>863,546</u>	<u>843,719</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 16.

Nottingham Music Service

Statement of Financial Activities for the Year Ended 31 March 2020

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

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £
Income and Endowments from:				
Charitable activities	3	282,428	707,374	989,802
Other trading activities	5	4,443	-	4,443
Total Income		<u>286,871</u>	<u>707,374</u>	<u>994,245</u>
Expenditure on:				
Raising funds	6	-	(12,146)	(12,146)
Charitable activities	7	(171,695)	(725,582)	(897,277)
Total Expenditure		<u>(171,695)</u>	<u>(737,728)</u>	<u>(909,423)</u>
Net income/(expenditure)		115,176	(30,354)	84,822
Gross transfers between funds		<u>200,658</u>	<u>(200,658)</u>	-
Net movement in funds		315,834	(231,012)	84,822
Reconciliation of funds				
Total funds brought forward		<u>225,405</u>	<u>533,492</u>	<u>758,897</u>
Total funds carried forward	16	<u>541,239</u>	<u>302,480</u>	<u>843,719</u>

Nottingham Music Service
(Registration number: 1153716)
Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	291,975	331,768
Current assets			
Debtors	13	16,949	79,240
Cash at bank and in hand		684,473	614,647
		<u>701,422</u>	<u>693,887</u>
Creditors: Amounts falling due within one year	14	<u>(129,851)</u>	<u>(181,936)</u>
Net current assets		<u>571,571</u>	<u>511,951</u>
Net assets		<u>863,546</u>	<u>843,719</u>
Funds of the charity:			
Restricted funds		263,258	302,480
Unrestricted income funds			
Unrestricted funds		<u>600,288</u>	<u>541,239</u>
Total funds	16	<u>863,546</u>	<u>843,719</u>

The financial statements on pages 11 to 26 were approved by the trustees, and authorised for issue on 30th September 2020 and signed on their behalf by:

D Wesker

David Wesker

Trustee (Treasurer)

Nottingham Music Service

Cash Flow Statement for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash income		19,827	84,822
Adjustments to cash flows from non-cash items			
Depreciation	6	35,971	35,674
		55,798	120,496
Working capital adjustments			
Decrease/(increase) in debtors	13	62,291	(41,611)
(Decrease)/increase in creditors	14	(52,491)	40,221
Increase/(decrease) in deferred income		406	(4,297)
		66,004	114,809
Cash flows from investing activities			
Purchase of tangible fixed assets	12	(5,046)	(7,633)
Sale of tangible fixed assets		8,868	-
		3,822	(7,633)
Net cash flows from investing activities		3,822	(7,633)
Net increase in cash and cash equivalents		69,826	107,176
Cash and cash equivalents at 1 April		614,647	507,471
Cash and cash equivalents at 31 March		684,473	614,647
Reconciliation of net cash flow to movement in net funds			
Increase in cash		69,826	107,176
Net funds at 1 April 2019		614,647	507,471
Net funds at 31 March 2020		684,473	614,647

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 2020

1 Accounting policies

Statement of compliance

The financial statements have been prepared 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK 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.

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.

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.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

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.

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.

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.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

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.

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.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Income from donations and legacies

	Unrestricted funds	Total 2020
	General	2020
	£	£
Donations and legacies;		
Donations from companies, trusts and similar proceeds	19,634	19,634
	19,634	19,634

3 Income from charitable activities

	Unrestricted funds		Total 2020	Total 2019
	General	Restricted funds	2020	2019
	£	£	£	£
Fees	286,572	-	286,572	282,428
Grants & donations	-	679,292	679,292	707,374
	286,572	679,292	965,864	989,802

4 Grants and donations

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Arts Council England	-	638,502	638,502
Catalyst	-	714	714
Nottingham City Council (in kind)	-	20,000	20,000
Children In Need	-	10,000	10,000
The Casey Trust	-	3,000	3,000
Austin & Hope Pilkington Trust	-	1,000	1,000
Nottingham City Council	-	1,380	1,380
Nottingham City Council Councillors	-	1,600	1,600
Helen Hamlyn Trust	-	3,000	3,000
Sundry donations	19,634	96	19,730
	19,634	679,292	698,926

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

5 Income from other trading activities

	Unrestricted funds	Total 2020	Total 2019
	General		
	£	£	£
Trading income;			
Sales of goods and services	1,316	1,316	4,443
	1,316	1,316	4,443

6 Expenditure on raising funds

Costs of trading activities

a)

	Restricted funds	Total 2020	Total 2019
Note	£	£	£
Fundraising trading costs;			
Fundraising	3,443	3,443	12,146
	3,443	3,443	12,146

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

7 Expenditure on charitable activities

	Unrestricted General funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Accreditation	-	9,717	9,717	10,165
Bank charges	-	945	945	582
CPD and quality assurance	-	7,497	7,497	5,742
Depreciation	-	35,971	35,971	35,674
Events - concert expenses	-	8,905	8,905	8,402
Events - music camp	-	25,494	25,494	25,041
Events - residential	-	11,217	11,217	9,089
Events - venue hire	-	19,716	19,716	19,062
Instrument repairs and consumables	-	11,937	11,937	12,916
Insurance	-	9,363	9,363	9,626
IT upgrade	-	2,244	2,244	1,724
Legal & professional fees	-	8,070	8,070	11,049
Materials	-	2,304	2,304	3,623
Ongoing travel	-	32,941	32,941	42,006
Partnership costs	-	16,448	16,448	36,059
Postage & carriage	-	167	167	283
Recruitment	-	1,596	1,596	726
Rent	-	22,720	22,720	23,463
Safeguarding	-	2,049	2,049	502
Staffing costs & freelance	-	11,255	11,255	46,636
Stationery & telephone	-	3,456	3,456	3,672
Subscriptions & publications	-	1,483	1,483	2,345
Sundry costs	-	1,684	1,684	2,258
Venue hire (music school)	-	7,699	7,699	8,002
Wages, NI & pension	257,341	451,325	708,666	578,630
	<u>257,341</u>	<u>706,203</u>	<u>963,544</u>	<u>897,277</u>

8 Net incoming/outgoing resources

Net incoming resources for the year include:

	2020 £	2019 £
Depreciation of fixed assets	<u>35,971</u>	<u>35,674</u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

9 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

David Wesker

David Wesker received remuneration of £Nil (2019: £300) during the year.

In line with other musicians who played for the Great Orchestra Event, David Wesker received the sum of £300 in the previous period.

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

10 Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
Staff costs during the year were:		
Wages and salaries	640,817	528,168
Social security costs	38,856	28,857
Pension costs	28,993	21,605
	<u>708,666</u>	<u>578,630</u>

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

	2020 No	2019 No
Average weekly number of employees	<u>27</u>	<u>22</u>

22 (2019 - 20) of the above employees participated in the Defined Contribution Pension Schemes.

5 (2019 - 5) of the above employees participated in the Defined Benefit Pension Schemes.

Contributions to the employee pension schemes for the year totalled £28,993 (2019 - £21,605).

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 £104,370 (2019 - £102,068).

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

11 Taxation

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

12 Tangible fixed assets

	Computer equipment £	Musical instruments £	Total £
Cost			
At 1 April 2019	37,121	488,711	525,832
Additions	3,462	1,584	5,046
Disposals	-	(8,868)	(8,868)
At 31 March 2020	40,583	481,427	522,010
Depreciation			
At 1 April 2019	32,762	161,302	194,064
Charge for the year	3,333	32,638	35,971
At 31 March 2020	36,095	193,940	230,035
Net book value			
At 31 March 2020	4,488	287,487	291,975
At 31 March 2019	4,359	327,409	331,768

13 Debtors

	2020 £	2019 £
Trade debtors	15,086	18,009
Prepayments	-	23,731
Accrued income	1,863	37,500
	16,949	79,240

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	27,830	69,470
Other taxation and social security	10,777	8,716
Pension scheme creditor	5,093	3,413
Accruals	19,854	34,446
Deferred income	66,297	65,891
	129,851	181,936

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

15 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
Land and buildings		
Within one year	1	1

16 Funds

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2020 £
Unrestricted funds					
<i>General</i>					
General fund	301,239	307,522	(257,341)	(290,069)	61,351
<i>Designated</i>					
Development fund	40,000	-	-	(1,063)	38,937
Contingency fund	200,000	-	-	-	200,000
Charity Base fund	-	-	-	300,000	300,000
	240,000	-	-	298,937	538,937
Total unrestricted funds	541,239	307,522	(257,341)	8,868	600,288
Restricted funds					
NCC Asset Transfer	302,480	-	(30,354)	(8,868)	263,258
Music Hub and In Harmony (General)	-	110,948	(110,948)	-	-
Music Hub and In Harmony (Core Roles)	-	438,362	(438,362)	-	-
Music Hub and In Harmony (Extension)	-	129,982	(129,982)	-	-
Total restricted funds	302,480	679,292	(709,646)	(8,868)	263,258
Total funds	843,719	986,814	(966,987)	-	863,546

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2019 £
Unrestricted funds					
<i>Unrestricted general funds</i>					
General fund	185,405	286,871	(171,695)	658	301,239
<i>Unrestricted designated funds</i>					
Development fund	40,000	-	-	-	40,000
Contingency fund	-	-	-	200,000	200,000
	40,000	-	-	200,000	240,000
Total unrestricted funds	225,405	286,871	(171,695)	200,658	541,239
Restricted funds					
NCC Asset Transfer	333,492	-	(30,354)	(658)	302,480
Contingency fund	200,000	-	-	(200,000)	-
Catalyst (Evolve)	-	37,411	(37,411)	-	-
Music Hub and In Harmony (General)	-	108,840	(108,840)	-	-
Music Hub and In Harmony (Core Roles)	-	418,690	(418,690)	-	-
Music Hub and In Harmony (Extension)	-	142,433	(142,433)	-	-
Total restricted funds	533,492	707,374	(737,728)	(200,658)	302,480
Total funds	758,897	994,245	(909,423)	-	843,719

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 accumulate 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.

Catalyst Evolve - Arts Council Grant restricted to organisational development and increasing fundraising capacity within the charity.

Music Hub and In Harmony (General) - Arts Council and DfE funding restricted to subsidise the cost of teaching packages the charity offers schools (45% subsidy).

Music Hub and In Harmony (Core Roles) - Arts Council and DfE funding restricted to the salary of direct delivery costs.

Music Hub and In Harmony (Extension Roles) - Arts Council and DfE funding restricted to non direct delivery costs.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

The transfer from the NCC Asset Transfer fund to the General fund represents the net book value of fixed assets sold during the period.

The transfer from the General fund to the Charity Base fund reflects a new designation by the trustees.

The transfer from the Development fund to the General fund relates to costs incurred on development.

17 Analysis of net assets between funds

	Unrestricted funds			Total funds
	General	Designated	Restricted funds	
	£	£	£	£
Tangible fixed assets	28,717	-	263,258	291,975
Current assets	162,485	538,937	-	701,422
Current liabilities	(129,851)	-	-	(129,851)
Total net assets	61,351	538,937	263,258	863,546

	Unrestricted funds			Total funds at 31
	General	Designated	Restricted funds	March 2019
	£	£	£	£
Tangible fixed assets	29,288	-	302,480	331,768
Current assets	453,887	240,000	-	693,887
Current liabilities	(181,936)	-	-	(181,936)
Total net assets	301,239	240,000	302,480	843,719

18 Independent examiner's fees

During the period, the fees payable (excluding VAT) to the charity's independent examiner Community Accounting Plus are analysed as follows:

	2020	2019
	£	£
Independent examination	1,545	1,500
Other financial services	482	-
	<u>2,027</u>	<u>1,500</u>

19 Related party transactions

During the year the charity made the following related party transactions:

Trustees

A number of Trustees make donations to the charity. The total for the period was £nil. (2019: £241)

At the balance sheet date the amount due to/from Trustees was £Nil (2019 - £Nil).

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2020

20 Benefits in kind

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