

North Music Trust

(A company limited by guarantee)

Annual report

31 March 2022

North Music Trust

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Reference and administrative details Year ended 31 March 2022

Trustees	Sir Martin Narey, Chair Roy McEwan-Brown OBE, Vice Chair Mike Barker Darren Collins Emily Cox MBE Suba Das Gabriel Day (appointed 17 September 2021) Hilary Florek Jacqui Hodgson (appointed 17 September 2021) Caroline Jackson Herb Kim Joanna Lawson (appointed 17 September 2021) Ruth Lyon (appointed 17 September 2021) Oliver Mack (resigned 10 June 2022) Vidya Sarangapani Jacinta Scannell (resigned 31 December 2021) Marianne Sice (resigned 10 June 2022) Sophie Speed (resigned 31 July 2021) Jane Spiers Tony Wadsworth CBE
Company registered number	04044936
Charity registered number	1087445
Registered office	The Sage Gateshead St Mary's Square Gateshead Tyne and Wear NE8 2JR
Company secretary	Lindsay Tuck
Senior management team	Abigail Pogson - Managing Director Lindsay Tuck – Chief Operating Officer Wendy Smith – Director of Contemporary Music Sara Vening – Director of Finance and HR Fraser Anderson – Director of External Relations and Strategic Development Thorben Dittes – Director of RNS and Classical Music Programme (resigned 23 July 2022)
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE

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Reference and administrative details (continued) Year ended 31 March 2022

Bankers	Barclays Bank plc Percy Street Newcastle upon Tyne NE1 4QL
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4AD

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Chair's statement

Year ended 31 March 2022

This year was never going to be easy. Alongside many others we were hit hard by the effects of Covid and 21/22 has been only the beginning of our recovery. Despite the challenges of last year (2021/22) we were able - thanks to the generosity of so many supporters and significant financial support from The Arts Council - to return a small surplus. This year and the next few years will be more difficult and we have been forced to budget for a deficit every year up to, at least, 2025/26 when we hope to move back into the black.

We have to overcome our financial challenges while, at the same time, becoming a more inclusive and relevant organisation, strengthening links with local communities and listening to those who may never have tried Sage Gateshead. We have been learning what we can do to make that possible, not least in finding ways to make things more affordable for families, and I am delighted to say that we have made real progress. We are not perfect, but we are determined to continue improving and this has been recognised by Arts Council England.

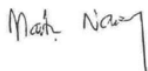
Our Creative Learning and Artist Development programmes continue to be at the heart of the organisation, forging links with communities. Both returned to in person delivery whilst maintaining some online activity. Well-Tuned Gateshead, community music groups for older people, were delivered in Deckham, Chopwell and Felling; three wards which have been identified as in the top seven per cent 'at risk of loneliness' wards in England, a situation which worsened in lockdown.

Despite the continued uncertainty we have brought back artists from across the UK and the world to North East audiences. Audiences told us that they were overjoyed to experience live music again, many finally attending gigs that had been rescheduled during the pandemic including John Grant, Jamie Cullum, Collabro and Gabrielle. Despite this enthusiasm in our returning audiences, recovery is slow, and some people are telling us they might never come back into the building. That will get better as we put Covid behind us but it's why it's so important that we continue to invest in and develop our streaming capacity.

This has been the first year with Dinis Sousa as RNS Principal Conductor and he has made a remarkable start. The People's Requiem, based on Verdi's Requiem, saw RNS and The RNS Chorus perform alongside 200 local singers and musicians in what was a truly moving performance and experience for all involved.

This year also saw the completion of our capital project giving us greater flexibility in Sage One and we are already seeing new audiences brought into the building by the new programming this allows.

Of the many lessons to take from the last few years there is one that rings particularly true. No matter how much you think you've planned for every scenario there will inevitably be something that you couldn't have imagined. 2024 will see the completion of the Gateshead Quays with the opening of the Sage Arena and Convention Centre. This is something that is incredibly important for the region and has been some decades in the planning. When it is completed, we shall be part of an entertainment campus which will become one of the most visited in the North East. But, in order to maintain Sage Gateshead's unique identity, and distinguish ourselves from our neighbouring venue, we are changing our name. As I write we are close to making an announcement. It will, in my view, be the beginning of a new and even more successful chapter for our iconic building and all who use it to listen to and to play music.



Sir Martin Narey, Chair

Date: 9 December 2022

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Trustees' report

Year ended 31 March 2022

The trustees present their annual report together with the audited financial statements of the North Music Trust for the year 1 April 2021 to 31 March 2022. The annual report serves the purposes of both a trustees' report and a strategic and directors' report under company law. The trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Charitable objectives

To promote and develop the enjoyment, practice and understanding of music, and the education of the public in the understanding and appreciation of the arts;

The provision and maintenance of Sage Gateshead as a base for production, presentation, participation, enjoyment and understanding of music, and as a fully accessible centre in which the public may explore, understand and enjoy them;

To foster awareness, knowledge, understanding, appreciation and participation in folk and traditional arts;

To bring together, maintain and promote musical ensembles including professional orchestras, paying particular regard to the repertoire for the chamber orchestra, and the traditional music of the North of England, the UK and beyond;

To provide and promote educational courses, programmes and activities in a broad range of music for the benefit of the people of, but not exclusively, the Northern region;

To achieve excellence in its work locally, regionally, nationally and internationally with all forms of music.

Strategic aims

Our Mission: For audiences, for artists, for the North, for the long term.

Our Vision: Our Vision is to play an active part in contemporary culture, community and place through music. We achieve this with people of all ages and walks of life, as an international music organisation with deep northern roots.

Our Values:

Diverse

We work alongside people and communities of all backgrounds and life experiences. The results are visible in our creative programme and in our team. We actively create a place where everyone can feel included and belong.

Responsible

We understand and take responsibility for our impact on people and the world, and we are always acting to secure a more positive future.

Creative

We seek to unleash people's creativity through music, and we encourage and support our team to be creative.

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Trustees' report (continued) Year ended 31 March 2022

(continued)

Focused

We are focused on our mission and strategy. We celebrate our achievements and are always learning and developing.

Leading

We champion quality and excellence, support the development of others, and engage with the challenges our communities face now and will in the future.

Headlines

Achievements and performance

This year has been a first recovery year, during which we were able to undertake live activity for half of the year. Prior to that our building remained closed and the majority of our activity was online. With the ongoing uncertainty around Covid we have inevitably reached fewer people than in a 'business as usual' year. Consequently, we are still seeing reduced earned income.

Audiences and programme

During the year we reached 13.5 million people through online and radio distribution. We began restoring activity within our building with in-person performances and classes. Activity was at about 40% of pre-Covid levels. Meanwhile our digital streams and classes were double pre-pandemic levels. We were able to restore some of our activity across the region, but this remained modest owing to restrictions and uncertainty. We anticipate activity will continue to build back in 22/23.

We reached a total live audience for concerts and classes of 166,000 compared with a pre-Covid level of 458,000. For much of the year there were still restrictions in place which meant limits to audience numbers. These numbers demonstrate how much further we have to go in recovery.

Finance

The charity is just at the start of a recovery from the impact of the pandemic. As noted above, our box office and traded income is gradually recovering, but this has been affected by restrictions throughout much of the year. While the support gratefully received in 2020/21 in the form of covid grants, loans and the furlough scheme have ceased, we have benefitted from higher rates of orchestra tax relief and continued and valued support from our donors and benefactors.

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Trustees' report (continued) Year ended 31 March 2022

(continued)

Environmental responsibility

In December 2021, our Board agreed that Sage Gateshead would work towards being net-zero by 2030. By 'net-zero', we mean that we will lower our carbon emissions to as low as we possibly can by 2030, and then for that year and every subsequent year, offset the remaining emissions.

The group's greenhouse gas emissions and energy consumption for 2021/22 were:

- Greenhouse gas emissions for the year were 955 tonnes CO₂e*
- Total energy use was 2,905,540 kWh split between 1,571,591 kWh electricity, 1,305,000 kWh heat, and 28,949 kWh gas (not weather normalised)
- Tonnes CO₂e: activity days, was 38:5.

*calculated using Julie's Bicycle creative green toolkit and accounts for energy consumption, water, waste, and travel from our staff and audiences.

We will prioritise reducing emissions in areas that we have direct control over. For us these are:

Our Building:

As a building-based organisation, getting to net-zero will require significant investment in our building. We will need to fundraise a significant amount to upgrade systems and equipment around the building to make them more efficient and sustainable. We are a founder member of the Gateshead District Energy Scheme which will also be net-zero by 2030.

Our Activities:

We produce artistic work, tour our work regionally, nationally and internationally, welcome touring musicians to our building and welcome a large audience and visitor base every year. All of this activity creates a carbon footprint, and we are working across the entire range of our activity to find ways to reduce it.

We have been reducing energy, water and waste production for a number of years and work in partnership with Julie's Bicycle, Arts Council England's environmental management and sustainability partner. As the UK readied itself for COP26, we commissioned a cluster of contemporary artists including Yoko Ono, John Grant and Moor Mother to make a new digital work in response to the climate emergency. We joined Music Declares Emergency and undertook a public communications campaign about people, culture and the environment.

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Trustees' report (continued) Year ended 31 March 2022

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Equality, Diversity and Inclusion

Diversity is one of Sage Gateshead's core values and inclusion is one of the charity's founding principles. We have been determined that, as we begin a post-Covid recovery, these values remain central within the charity.

Whilst we work across all protected characteristics, our Board is particularly focused on socio-economic background. Breaking the organisation into the three different areas of:

- Communities
- Workforce leadership & board
- Programme

this year has seen:

Communities & audiences

In spring and summer 2021 we undertook large scale consultation with young people, our surrounding communities, musicians and our audiences. We asked what music meant to them and what they would need in recovery. We have been using this to plan and develop future strategy. We established a group of 30 Young Programmers who are helping shape our programme and we developed a partnership with Fun Palaces, bringing a Fun Palaces Ambassador to Gateshead.

In re-opening our building in September 2021, we used our 2019 Poverty Proofing, our Attitude is Everything Gold Status and the See it Safely standard to guide our approach. Our aim was to achieve an audience as diverse as we had pre-pandemic. In particular we wanted to make sure those who were most vulnerable were able to return. For example, at the end of the year the proportion of our audience with disabilities had returned to previous levels.

We have always priced widely to reduce financial barriers and we put a new ticketing initiative in place in Christmas 2021 making over 800 £5 and £2.50 tickets available. Alongside this we offered a free first ticket to anyone in the North East who had not attended a Royal Northern Sinfonia event before.

Workforce, leadership & board

We retained strong diversity within our Board, which during the year committed to new EDI focuses on our workforce and orchestra – areas where change has been slower. The Board made a particular commitment to socio-economic background and appointed a Champion within the team.

The charity participated in a pilot use of the Social Mobility Index for cultural organisations, benchmarking the charity's approach against best practice and leading to changes in recruitment, induction, training and progression. It also worked on anti-racist approaches to recruitment and workforce culture with peer venues across the city and with specialist support from BRAP.

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Trustees' report (continued) Year ended 31 March 2022

(continued)

Programme

Guided by the conversations we had with young people, musicians, communities and audiences, our programme sought to serve a wide audience and to reduce barriers to entry and progression for young people, artists and audiences. Our programme continued to focus on different protected characteristics, for example:

- A partnership with Royal Philharmonic Society supporting seven Women Conductors over two years; a continued gender balance in headline musicians promoted across all genres, following a Keychange pledge in 2019.
- Development of our orchestral ensemble of disabled and non-disabled musicians, RNS Moves, and a new partnership with Bournemouth Symphony Orchestra's Resound Ensemble developing new practice and championing inclusive ensembles; promoting the Paraorchestra.
- Our Artist Development Programme continued to focus on musicians from diverse socio-economic backgrounds, disabled musicians and musicians from a wide range of ethnic backgrounds.
- Partnership with Curious Arts to programme LGBTQ+ musicians and to offer training to teams.
- Our Young People's Programme continued to focus on recruitment from diverse socio-economic backgrounds.
- A new focus on large-scale performance participation, with The People's Requiem involving over 280 participants.
- A new partnership with Fun Palaces to build on Well Tuned Gateshead, a long-term participatory project for older people in Gateshead.

Review of Activities

The most significant thing that has happened this year is the return of in person performances and activity across our programmes.

Royal Northern Sinfonia and Classical Programme

Royal Northern Sinfonia is our full-time chamber orchestra based at Sage Gateshead. RNS rehearses and performs in the building and across the region as well as undertaking national and international tour dates. The orchestra supports our work with young people, develops the next generation of classical musicians and explores different approaches to performing classical music to develop the art-form and reach new audiences. RNS's activity is complemented by a programming of visiting orchestras and musicians performing in Sage Gateshead.

2021/22		2020/21	2019/20
59	performances with audience in Sage Gateshead	3	95
12	live streamed performances	8	-
29	performances beyond Sage Gateshead	2	70
2	festivals	-	3
5	premieres and commissions	1	3
28,026	live audience	1,066	88,000
4,294	ticketed streamed audience	2,711	-
2,000,000	radio audience	-	4,500,000

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Trustees' report (continued) Year ended 31 March 2022

(continued)

The season opened with Oot-Owa the world premiere of a new commission from composer, performer and DJ Mira Calix who collaborated with film maker Sarah Turner to produce a work that reflects on local people's experiences of the past 18 months. This was also Dinis Sousa's first concert in the post of Principal Conductor, and we were delighted to be able to welcome a full audience for the first time in 18 months. Maria Wloszczowska joined RNS as Leader in succession to Bradley Creswick and over the summer RNS ran a successful fast-track recruitment campaign.

RNS continued to innovate working with MishMash productions to create a new classical music show for children and families. Chasing Dots explores sound, shape and space, bringing together four musicians from Royal Northern Sinfonia with a theatre director and designer. With the completion of our capital project, we were able to hold our first seats out gigs: Classical Immersion and After Dark. These two events were successful in bringing in a new audience.

Building on our ongoing commitment to 50% of guest conductors being female, we began a new multi-year partnership with the Royal Philharmonic Society to support women conductors – the Women Conductors Programme. Following a successful pilot in June 2021, January 2022 saw seven conductors meet for two days. The conductors will continue to receive support until the project enters its next phase in May 2022. RNS Moves performed alongside RNS in their first main series concert in Hall One, the performance featured a commission from Joe Cutler.

We made a return to large-scale music making. The People's Requiem saw c.280 community singers and musicians performing alongside RNS and RNS Chorus creating a moving performance of Verdi's Requiem in memory of those who lost their lives to Covid. RNS and RNS Chorus gave a series of free, outdoor performances in parks and other public spaces in South Shields, Gateshead, Newcastle, North Shields and Whitley Bay.

We were delighted that our 2020 project The World How Wide, a choral reimagining of Vaughan Williams's Fantasia on a Theme by Thomas Tallis won a Royal Philharmonic Society Award for series and events.

Contemporary Programme

Our Contemporary Programme spans genres of music and serves a wide audience base, bringing international musicians to audiences in the North East, championing the region's bands and musicians and supporting the next generation of musicians with first gigs and support slots. Across three spaces in the building, which can now all do a combination of standing and seated thanks to recent capital development, this is the biggest music programme in the region.

2021/22		2020/21	2019/20
66	performances with audience in Sage Gateshead	3	336
4	live streamed performances	4	2
1	festivals	-	8
4	premieres and commissions	1	7
42,087	live audience	626	130,000
804	ticketed streamed audience	976	1,222

Our Contemporary Programme was dominated by gigs that had been rescheduled, some multiple times, by the pandemic including John Grant, Rumours of Fleetwood Mac, Jamie Cullum, Collabro and Gabrielle. We were able to showcase a diverse range of musicians, with events like Swati Natekar and Curious Cabaret.

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Variations was our group of commissions around the theme of the climate emergency in autumn 21 to coincide with COP26. Variations included new songs and films, 'I Love You Earth', first recorded in 2015 as a duet between Anohni and Yoko Ono, with a new film created by Yoko Ono and The Rainforest Trust, 'Faint Positive Lateral Flow' from John Grant, Moor Mother with 'Spring Again' and 'Time No Time' from Tune-Yards and was made available on BBC's iPlayer.

To celebrate the 50th anniversary of John Lennon's album IMAGINE, Sage Gateshead hosted a unique surround sound screening of John Lennon & Yoko Ono's feature-length music film, IMAGINE. 11 million more joined the audience, as Tim Burgess' Tim's Twitter Listening Party hosted a simultaneous online watching party, enriching the experience with quotes and multimedia on Twitter led by Yoko Ono, the John Lennon Estate and many of the musicians, film-makers and friends involved in making the album and film.

We continue to work on the diversity of our programme with Young Programmers. The group are supporting Sage Gateshead's programme by playing a consultative role in Artist in Residence and Summer Studios recruitment, contributing to key programming decisions in the Contemporary, Royal Northern Sinfonia and Classical teams, taking part in audience consultation work and reviewing/feeding back on our programme.

Young People's Programme

Our Young People's Programme supports young people across the North to realise their potential as musicians, supported by over 100 professional musicians and tutors. Across a range of different programme areas we work on first access, progression to higher and specialist levels and targeted activity for those who face the greatest barriers. In addition we support the region's schools with resources for singing. We are particularly focused on inclusion, ensuring that a wide range of young people can access music learning.

2021/22		2020/21	2019/20
9,386	courses, classes and workshops	8,319	11,499
62,698	attendances at workshops or classes	28,262	125,395
23	digital learning content produced	79	8

We were able to return to in person delivery in all programmes this year as restrictions lifted.

Our high-level music training programme for 297 children and young people takes place each weekend through term time. On Saturdays we run Foundation and Step Up programmes and training ensembles for children aged 4 – 16. On Sundays we run a Centre for Advanced Training for young people aged 8 -19 and four Youth Ensembles. This year 297 sessions took place totalling almost 8,000 individual lessons, which supported over 300 young musicians. Four students from our Centre for Advanced Training were successful in gaining a place in the National Youth Orchestra.

Alongside this we run a programme of activity which supports care experienced children (Loud and Clear) and those with special educational needs and disabilities (Music Spark). We ran 110 Music Sparks workshops for 33 SEN/D young people, co-led by four young adults employed by Sage Gateshead as Support Musicians. There were 105 Loud and Clear Workshops for 46 adoptive and foster families, 43 Turn Up the Quiet workshops for musicians who identify as female and non-binary.

In Harmony Newcastle Gateshead is an immersive orchestral music programme based in two primary schools in the West End of Newcastle in which children learn a musical instrument and play in ensembles. In Harmony is for children with the greatest need and fewest resources – over 50% of children in the West End of Newcastle live in poverty. In Harmony partners include: Hawthorn Primary School and Ashfield Nursery, Bridgewater School and Nursery, West End Women and Girls Centre, West Newcastle Children's Community and Music Partnership North. 705 young people took part in the programme.

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Schools – We produced a resource material for teachers in KS1 and 2 to support their singing in schools and offered online training. Because of continued uncertainty our activity remained online.

Make Music

Make Music is a programme of classes and workshops for three groups: under-fives and their families, people over the age of 50 (Silver Programme) and all adults aged 18 and over. Those involved are aged 0 to 90.

2021/22		2020/21	2019/20
780	courses, classes and workshops	282	3,211
26,778	attendances at workshops or classes	10,787	59,010
13	digital learning content produced	26	1

As well as the steady return of in-person activity, we maintained our digital versions of Make Music. Our virtual tuition package Virtuition created during lockdown has been expanded and now offers 6 online courses.

We also expanded our family offer adding We are Family for EYFS and Key Stage 1 children and I Got You Babe for people starting a family to explore the benefits of making and sharing music with babies and young children and how you might use music in the home.

Meanwhile, the second year of our lottery funded project with Age UK (Gateshead) and Gateshead Older People's Assembly Well-Tuned Gateshead, held 120 sessions in Deckham, Chopwell and Felling engaging over 30 people. This project engages older people at risk of isolation and loneliness.

Artist Development

Our Artist Development Programme supports the next generation of musicians from the North in a range of musical genres. A structured programme of activity together with regular support and advice offers the widest artist development programme in the region outside a formal education setting.

2021/22		2020/21	2019/20
8	performances	-	-
834	physical audience	-	-
5	live streams	1	-
296	artists supported	84	243
45	artist advice sessions	40	-
12,500	views for other online content	26,333	2,685

This year has seen both continuation and development of our Artist Development programmes with more artists benefitting than ever before. From The Glasshouse, a gig series focusing on socio-economic diversity and disability has developed out of Sage Sessions. We launched Foundry 2022 making our Sage Two performance space available to artists for 4 days of intensive development and rehearsal time, handing the venue over to musicians making new work in an unprecedented way.

Artists in residence Holly Clarke, Rapasa Nyatrapas, Joe Snape and Me Lost Me completed their residencies with live performances in Sage Two and in August we announced four new Artists in Residence: Martha Hill, Beccy Owen, Hannabiell Sanders and Săgaboi.

56 artists took part in Summer Studios, our free, week-long residencies for musicians, producers, artists, rappers and singers of all genres creating new work, developing their practice and preparing for performances. We worked in partnership with Generator to deliver North East Music Industry Meet Up and Music Industry Advice sessions.

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Trustees' report (continued) Year ended 31 March 2022

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Performance Against Strategic Aims & Future Plans

Significantly increase the number and range of people connected with music in our North, and the depth of those connections

Our audiences are beginning to recover but are still much reduced from pre Covid level. We have been able to restart regional touring allowing us to connect with audiences in their local venues. Our audience profile, particularly the proportion of visitors with disabilities, has varied throughout the year, but has now recovered to a similarly diverse profile as in 2019/20. We distributed more subsidised tickets for the Christmas season than in 2019/20, despite there being a smaller audience overall. We are aware that as the cost-of-living rises, we will have to work with our communities to keep people connected.

Our programme will be known for excellence, innovation and inclusion. It will be artist and audience led, in live and digital work

Programming continued to prioritise creative diversity and as an organisation we continued to focus on increasing the accessibility of our work. Recommendations from Children North East on poverty proofing our programmes, pricing structures and access to our building are now embedded in our planning processes. We continued to assess and promote the diversity of participants in our Artist Development and Creative Learning programmes, artists and composers across our performance programmes, audiences and our staff. Our People's Requiem was a welcome return to mass participation projects with inclusive practice at its heart.

The new post of Head of Digital was created this year to capitalise on recent progress and push forward the organisation's digital strategy.

Our Artist Development Programme continues to have national reach, particularly through projects such as Summer Studios. This programme attracts hundreds of applications from around the country each year and introduces emerging artists to contacts at key national organisations in the music industry such as PRS Foundation and Sony, as well as offering space to create.

Our relationship with the BBC continues to grow with Radio 3 choosing to work with us on their new festival format After Dark. We are creating a choir to work towards performing at Folk Connections: the first BBC Proms concert to be held in the North East, with a live audience and live broadcast on BBC Radio 3 in July 2022.

We will maintain a sustainable business model for the organisation and develop our building and surrounding environment

Sustaining the charity throughout Covid would not have been possible without significant reductions in our cost base including a major redundancy programme in 2020/21, alongside continuing generous philanthropic support from audiences and donors and financial support in the form of a £3m CRF loan in March 2021 from DCMS.

Despite our building being closed, we completed the first ever capital redevelopment of the building, giving us standing area in Sage One, improved cafes, bars and restaurants and new audio-visual equipment around the building. In addition we received support to develop our digital infrastructure in order to stream concerts and classes and create original digital content. All of this will support our recovery and changed audience needs and expectations.

As we rebuild our financial model, our Board have committed to new levels of Environmental Responsibility, including joining Music Declares Emergency and setting a net zero by 2030 target. It has also increased its EDI goals, particularly around socio-economic background.

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Our people and partnerships will be strong, flexible and outward facing, defining our place in the North

Through our first recovery year we continued to support and develop our workforce and to increase its diversity and our inclusive culture through a new People Strategy. Our orchestra undertook training in Inclusive Orchestras and set up their own EDI group, we appointed a lead on socio-economic background and worked with partners in the sector on anti-racism in our organisation culture.

Through a range of private, public and third sector partnerships we contribute to the region's civic life and to recovery. We contributed to policy through submissions to the Comprehensive Spending Review, DCMS Enquiry into Cultural Placemaking and Levelling Up, hosting a DCMS policy sprint on the visitor economy and making a number of other submissions to strategy for culture in the North. We co-Chaired Newcastle Gateshead Cultural venues co-ordinating activity and advocacy within the cultural sector in the city.

Plans for Future Periods

Our response to the pandemic and its effects along with our approach to long-term planning has been rooted in Arts Council England's Lets Create strategy. As we entered 2021/22 our plans were, by necessity, bridging ones and 2022/23 will be a second bridging year. In this second recovery year we will be anchored by these priorities:

1. World class creativity:
 - Deliver RNS's first full season since the pandemic, with a focus on quality, inclusion and innovation.
 - Experiment with new performance formats across the Contemporary and Classical programmes.
 - Restart and develop touring and creative partnerships regionally and nationally.
2. Supporting local music:
 - Develop our artist development programme's connections into our Young People's and Contemporary performance programmes.
 - Develop Sage Two as a launchpad for emerging artists.
 - Use creative networks to listen and respond to need.
3. Fundraising and financial recovery:
 - Deliver a successful third year of our Crisis, Recovery and Renaissance campaign.
 - Extend our recovery in earned and commercial income.
4. Focus on existing and new audiences:
 - Recover like-for-like audience levels across our programmes.
 - Develop new audiences, with a focus on socio-economic background.
 - Extend a plan to develop younger audiences.
5. Build a new identity:
 - Engage our stakeholders in a conversation about our name and our visual identity.
 - Announce a new name for the organisation.
 - Embed and live a new brand.
6. Conversations with communities:
 - Start new co-creation work with communities, supported by a new post.
 - Support the ongoing recovery of our Make Music programme.
 - Continue audience listening and dialogue projects.
7. Invest in our people:
 - Continue to develop an inclusive and dynamic culture to support increased workforce diversity.
 - Ensure Sage Gateshead is a great place to work and support our freelance workers and local sector.

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In 2023/24 we will embark on a new strategic plan and Arts Council Investment period. We will publish our strategic plan in 2022 and we will deliver our mission over this period by:

- Running a 21st century anchor institution known for the excellence of its classical and contemporary programme, ensuring audiences across the North East and Cumbria enjoy sustained access to music of international status.
- Supporting people to be creative and to develop a passion for music – we help put music at the heart of communities.

Core themes that will run throughout all our work will include:

- Developing creative activity that reaches audiences across the geography of the North East and Cumbria.
- Developing excellence in digital as a companion to a thriving live programme.
- Making decisions and design activity to secure socio-economic inclusion and social mobility through music.
- Taking ambitious and deliberate action to reach net-zero by 2030 and promote environmental responsibility.

2024 will see the completion of the Gateshead Quays with the opening of the Sage Arena and Convention Centre. When it is completed we shall be part of an entertainment campus which will become one of the most visited in the North East. To maintain Sage Gateshead's unique identity, and distinguish ourselves from our neighbouring venue, we are changing our trading name during 2022/23 there will be a short transition period where we use both trading names.

Duty to promote the success of the company to achieve its charitable purposes

The trustees consider, both individually and collectively, that they have acted in the way they consider in good faith, would be most likely to promote the success of the charitable company for the benefit of its members as a whole, having regard to the stakeholders and members as set out in the s172(1) (a-f) of the Act in the decisions taken in the year ended 31 March 2022.

North Music Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 March 2022

Financial performance

Fundraising

Last year saw an unprecedented financial emergency. And this year fundraising has been no less important. Our wide base of support from a broad range of sources has been key to our fundraising success in this year. The second year of our 3-year campaign A Future for Live Music in the North East: Crisis, Recovery and Renaissance Fundraising Campaign has again seen the public donate over £1 million.

In 2021/22 30% of our income is from grants, philanthropy and endowments, 35% from public sources, 30% from earned income and 5% from trading.

Our two statutory funders, Arts Council England and Gateshead Council have maintained their grants to us despite strains on their own budgets. In March 2021 we received a loan of £3 million from DCMS via their CRF fund administered by Arts Council England to support us through 2021/22 and beyond.

We would like to gratefully acknowledge the support of the following:

Trust & Foundations

Ambache Trust, Barbour Foundation, Barclays 100x100 Covid-19 Community Relief Fund, Community Foundation Tyne & Wear Northumberland, Esmée Fairbairn Foundation, Foyle Foundation, Garfield Weston Foundation, The Hadrian Trust, Kavli Trust, The Harrison-Frank Family Foundation, The John Horseman Trust, The Marchus Trust, Netherton Park Trust, The Percy Hedley 1990 Charitable Trust, PRS for Music Foundation, The Roy and Pixie Baker Charitable Trust, Sir James Knott Trust, Swire Charitable Trust, St Nicholas' Educational Trust, The Vardy Foundation, The W A Handley Charitable Trust, Youth Music. Corporate supporters Adkins & Cheurfi, Aspire Technology Solutions, Bidvest Noonan, Greggs Plc, Henry Colbeck, Hive HR, Isis Property Services, Kilfrost Ltd, Molson Coors, Muckle LLP, Nexus, Northern Elevator, Pioneer Foodservice, Sage Plc, Zerolight

Commercial activity Conference & Events

In addition to our programme of music and cultural activity, we are one of the biggest conference centres in the North East of England. Profit from this area of our work is gifted across to the charity and conference organisers know that holding a conference at Sage Gateshead supports an important local charity and venue.

18 events took place in 2021/22 with a contracted value of £103k with just short of 3,000 delegates attending.

- 18 conferences and events
- 2719 delegates +117 virtual delegates
- 28% delegates came from out of the region

9 large conferences and events scheduled pre pandemic to take place during 2021/22 were cancelled due to Covid. 6,180 delegates did not come, the projected lost income to Sage Gateshead was £93,938 and the projected lost visitor spend to the region was £605k.

North Music Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 March 2022

Financial review

Sage Gateshead is the trading name of North Music Trust. The Trust has two wholly owned subsidiary companies, Music North Limited, from which the trust benefits from an annual distribution of profits and Royal Northern Sinfonia Ltd.

North Music Trust

Income

During the financial year to 31 March 2022 the group generated income of £11.3m (2020/21: £13.5m) which comes from a range of different sources:

- Earned income through ticket sales
- Fundraised income, including endowment income
- Contracts and commissions
- Public grants
- Traded income

This spread of income is an important part of the trust's ongoing sustainability and public benefit. For every £1 of public subsidy a further £1.88 was traded, earned or fundraised. However, we are still in recovery from the pandemic and the balance of income from this range of sources shifted due to a significant reduction in both traded and ticketed income.

Expenditure

Total resources expended in the year amounted to £10.1m (2020/21: £9.4m), of which £0.3m (2020/21: £0.3m) was incurred on raising funds, £0.7m (2020/21: £1.0m) on trading activities and £9.2m (2020/21: £7.6m) was spent on the Trust's programming and other charitable activities across:

- Creative Learning
- Artistic programmes
- Conferencing and Events
- Other earned income

Outturn

During the year a surplus of £1.4m (2020/21: £5.1m) was generated, including a positive movement of £2.4m (2020/21: positive movement of £3.1m) on unrestricted reserves.

North Music Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 March 2022

Music North Limited

During the financial year to 31 March 2022 the trading subsidiary earned income of £0.6m (2020/21: £0.2m) which comes from a range of different sources:

- Conferences and events
- Retail sales
- Room hires
- F&B sales
- Car parking

A profit before taxation of £0.2m (2020/21: loss before taxation £0.2m) was made in the year.

Royal Northern Sinfonia Ltd

During the financial year to 31 March 2022 the trading subsidiary earned income of £3.4m (20/21:£1.8m) which comes from both Classical Box Office sales and Grant Income. Profit of £0.4m was recorded for the year after the application of Orchestra Tax relief.

Fixed assets

The Trust invested £1.5m (2020/21: £780k) in fixed assets and improvements to the building during the year.

Funds

Unrestricted General and Unrestricted Designated

Consolidated unrestricted reserves increased during the year up to a surplus of £7.7m (2020/21: surplus of £5.4m).

Restricted:

Consolidated restricted reserves decreased during the year to £0.6m (2020/21: £1.8m).

Endowment:

The charity has two sources of endowment income:

A fund of £12.4m (2020/21: £12.3m) which is held off balance sheet on behalf of North Music Trust by the Community Foundation. An annual grant is drawn down from the Community Foundation proportional to the Trust's interest in the fund and this income is included within the Trust's voluntary income for the year.

North Music Trust also has its own endowment fund held on its balance sheet at a value of £7.6m (2020/21: £7.3m). The fund was created from £4m in donations to Sage Gateshead and £2m in matched funding from Arts Council England via its Catalyst fund. An annual contribution from the investment income will be applied to each year's results in perpetuity.

North Music Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 March 2022

Investment management

North Music Trust's own endowment fund is managed by Rathbone Investment Management Limited. The investment objective is to find a balance between income and capital growth and the approach to risk is a medium risk profile that aims over time to achieve returns above the rate of inflation.

Going concern

The charity recognises that it is operating in an extremely challenging and fast changing external environment. The charity is a going concern and reviews risk through a strategic risk register on a regular basis. It does not currently have any risks which are outside the terms of these registers.

For further information see the going concern accounting policy.

Risk management

Directors monitor progress against the strategic objectives set out in the agreed business plan and a comprehensive review of the plan is carried out annually. As part of this process, the directors have developed a risk management strategy that comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks; and
- The implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise.

The principal risks and uncertainties facing Sage Gateshead are the pace of audience recovery, the wider economic climate in which we are operating and the challenges inherent in the next door development.

Reserves policy

The directors have agreed that the level of free reserves (that is funds not tied up in fixed assets or designated and restricted funds) required to sustain the Trust's operations will be in the region of £1,000,000, which represents staff salaries and other operating expenses for 3 months. After taking into account the group's unrestricted funds not tied up in fixed assets, free reserves as at 31 March 2022 are £3.4m (2021: £2.3m).

Therefore, free reserves are currently at the level agreed by trustees, consolidated unrestricted reserves increased during the year by £2.4m up to a surplus of £7.7m.

North Music Trust

(A company limited by guarantee)

Trustees' report (continued) **Year ended 31 March 2022**

Structure, governance and management

Governance

North Music Trust is a charitable company limited by guarantee and does not have share capital. The charity is governed by its memorandum and articles of association last amended on 21/01/2009.

The trustees agree to contribute £1 in the event of the charity winding up.

Organisation

Three subcommittees of the Board, represented by Board members, have been established to facilitate more regular and detailed involvement of nonexecutives and independent representatives in three core areas of operation (Finance, People, Programme & Development) than would be feasible at meetings of the full Board. The Audit & Risk supporting committee advises the board meeting three times a year.

Since North Music Trust was formally constituted in 2000 the Board and its subcommittees have been actively involved in the formulation, approval and implementation of aims, policies, strategies and procedures across the whole range of activities in which North Music Trust is engaged. The Board is involved in any significant decision that falls outside that approved framework.

The Board selects and appoints the Managing Director as its Chief Executive and other key members of the Senior Management Team to carry out the business of the Trust within aims, policies, strategies and procedures approved by the Board. The performance of the Managing Director is reviewed against agreed targets once a year by the Chair, in line with an organisation wide performance review framework.

The Chair of the Board, Chairs of Committees and individual Board members are frequently consulted by members of the Senior Management Team on policy development or on specific problems or opportunities. The Chair of the Board, the Vice Chair, Board and subcommittee members and other members between them receive copies of agendas, papers and minutes of the regular meetings of the Senior Management Teams and Executive Directors and also meets the senior management periodically to discuss progress, plans and any significant items of current concern.

The Directors are confident that the governance and management structures that have been established are appropriate to the needs of a diverse, large, and growing organisation.

Related parties

The Trust has a close relationship with Arts Council England, North East and Gateshead Council, both of which provide funding to enable the charity to carry out its charitable objectives.

Pay policy for senior staff

Pay levels for all staff including senior staff are set in a banding system and are benchmarked against peer organisations as part of the Newcastle Gateshead Cultural Venues group.

North Music Trust

(A company limited by guarantee)

Trustees' report (continued) Year ended 31 March 2022

Structure, governance and management (continued)

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Public benefit

North Music Trust is a company limited by guarantee and a registered charity which operates under the name North Music Trust. It was founded in 2000 (with our home Sage Gateshead opening in 2004) to expand musical horizons of audience, artists, students and staff through musical discovery; seeking to make connections between performance, education and participation. It has a particular objective of serving the North East in which it is based. This objective is set out in its memorandum and articles of association and forms the basis upon which the charity's vision, mission and aims are formulated.

The directors have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission and are satisfied that the charity's activities are faithful to the charity's objectives and are to public benefit.

The charity's Performance programme and Creative Learning programme are planned to serve a broad cross-section of the North East communities. The programme embraces a wide range of artists, and the locations of events and projects are varied to serve different age groups and sections of the community.

The performance programme brings world-class artists into the region and nurtures local creativity. The Creative Learning programme offers a range of opportunities in music: from a first encounter to long-term and high-level training. As noted earlier in this report this is the first year of our recovery and indications are that this will be a long process.

In our future planning particular attention is being paid to ticket pricing and to schemes which enable first time attenders to come to events or participate in projects for free. Pricing of all activities takes into account affordability and we aim to offer a range of different prices for ticketed events; this is particularly a factor within Creative Learning in which bursaries are offered for some projects. Additional ticket offers for performances are extended through our Creative Learning programme to participants.

The charity has always had a strong commitment to physical accessibility, the pandemic showed us that there is a demand for streamed live performances and online lessons. We have introduced hybrid models in some areas of the programme to retain access for those who are unable to attend physically.

Disclosure of information to auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

Auditor

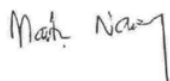
A resolution to reappoint UNW LLP as auditor for the forthcoming financial year will be tabled at the Annual General Meeting.

North Music Trust

(A company limited by guarantee)

Trustees' report (continued) **Year ended 31 March 2022**

Approved by order of the members of the board of trustees on 9 December 2022 and signed on their behalf by:



Sir Martin Narey
Chair of trustees

North Music Trust

(A company limited by guarantee)

Statement of trustees' responsibilities Year ended 31 March 2022

The trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 group will continue in business.

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



Independent auditor's report to the members of North Music Trust

Opinion

We have audited the financial statements of North Music Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

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

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

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



Independent auditor's report to the members of North Music Trust (continued)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company'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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the members of North Music Trust (continued)

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the group's legal correspondence and we discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We have communicated identified laws and regulations within our audit team and remained alert to any indications of non compliance throughout the audit.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection and certain aspects of company legislation, recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our auditor's report.



Independent auditor's report to the members of North Music Trust (continued)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

9 December 2022

North Music Trust

(A company limited by guarantee)

Consolidated Statement of financial activities (incorporating income and expenditure account)

Year ended 31 March 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £	Restated Total funds 2021 £
Income and endowments from:						
Donations and legacies	2	6,163,668	968,991	-	7,132,659	12,226,150
Charitable activities	3	3,370,714	-	-	3,370,714	914,696
Other trading activities		634,073	-	-	634,073	181,149
Investments	5	4,921	-	112,930	117,851	175,546
Total income and endowments		10,173,376	968,991	112,930	11,255,297	13,497,541
Expenditure on:						
Raising funds:	6,7					
Fundraising		223,090	-	27,953	251,043	254,774
Trading activities		669,321	-	-	669,321	958,852
Charitable activities	8	7,614,858	1,573,084	-	9,187,942	7,619,290
Exceptional costs	12	-	-	-	-	601,466
Total expenditure		8,507,269	1,573,084	27,953	10,108,306	9,434,382
Net income/(expenditure) before net gains on investments		1,666,107	(604,093)	84,977	1,146,991	4,063,159
Net gains on investments		-	-	240,340	240,340	1,032,429
Net income / (expenditure)		1,666,107	(604,093)	325,317	1,387,331	5,095,588
Transfers between funds	21	684,345	(565,824)	(118,521)	-	-
Net movement in funds		2,350,452	(1,169,917)	206,796	1,387,331	5,095,588
Reconciliation of funds:						
Total funds brought forward		5,370,423	1,803,255	7,349,523	14,523,201	9,427,613
Net movement in funds		2,350,452	(1,169,917)	206,796	1,387,331	5,095,588
Total funds carried forward		7,720,875	633,338	7,556,319	15,910,532	14,523,201

North Music Trust

(A company limited by guarantee)

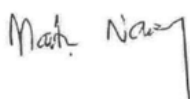
Consolidated balance sheet At 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	159	370
Tangible assets	15	4,345,481	3,170,873
Investments	16	7,556,319	7,349,523
		11,901,959	10,520,766
Current assets			
Stocks	17	50,889	28,746
Debtors	18	1,444,063	1,542,815
Cash at bank and in hand		9,508,224	9,650,367
		11,003,176	11,221,928
Creditors: amounts falling due within one year	19	(3,894,765)	(3,994,263)
Net current assets		7,108,411	7,227,665
Total assets less current liabilities		19,010,370	17,748,431
Creditors: amounts falling due after more than one year	20	(3,099,838)	(3,225,230)
Total net assets		15,910,532	14,523,201
Charity funds			
Endowment funds	21	7,556,319	7,349,523
Restricted funds	21	633,338	1,803,255
Unrestricted funds	21	7,720,875	5,370,423
Total funds		15,910,532	14,523,201

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 09 December 2022 and signed on their behalf by:

Sir Martin Narey
Chair of trustees



The notes on pages 32 to 63 form part of these financial statements.

North Music Trust

(A company limited by guarantee)

Company balance sheet At 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	159	370
Tangible assets	15	4,326,153	3,133,296
Investments	16	7,556,321	7,349,525
		11,882,633	10,483,191
Current assets			
Debtors	18	2,383,490	2,657,826
Cash at bank and in hand		7,434,303	7,955,717
		9,817,793	10,613,543
Creditors: amounts falling due within one year	19	(3,729,280)	(3,745,021)
Net current assets		6,088,513	6,868,522
Total assets less current liabilities		17,971,146	17,351,713
Creditors: amounts falling due after more than one year	20	(3,099,838)	(3,225,230)
Total net assets		14,871,308	14,126,483
Charity funds			
Endowment funds	21	7,556,319	7,349,523
Restricted funds	21	633,338	1,803,255
Unrestricted funds	21	6,681,651	4,973,705
Total funds		14,871,308	14,126,483

North Music Trust

(A company limited by guarantee)

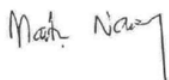
Company balance sheet (continued)

At 31 March 2022

The company's net movement in funds for the year was £744,825 (2021 - £5,639,363).

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 09 December 2022 and signed on their behalf by:



Sir Martin Narey

Chair of trustees

Company registered number: 04044936

The notes on pages 32 to 63 form part of these financial statements.

North Music Trust

(A company limited by guarantee)

Consolidated statement of cash flows Year ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	23	1,258,124	3,877,651
Cash flows from investing activities			
Dividends, interests and rents from investments		117,851	175,546
Purchase of tangible fixed assets		(1,464,401)	(1,126,539)
Proceeds from sale of investments		1,478,254	3,629,425
Purchase of investments		(1,444,710)	(3,590,754)
Net cash used in investing activities		(1,313,006)	(912,322)
Cash flows from financing activities			
Cash inflows from new borrowing		-	3,000,000
Repayments of borrowing		(79,220)	(73,104)
Repayments of finance leases		(8,041)	(15,132)
Net cash (used in)/provided by financing activities		(87,261)	2,911,764
Change in cash and cash equivalents in the year		(142,143)	5,877,093
Cash and cash equivalents at the beginning of the year		9,650,367	3,773,274
Cash and cash equivalents at the end of the year	24	9,508,224	9,650,367

The notes on pages 32 to 63 form part of these financial statements

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

North Music Trust 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.

The consolidated balance sheet (SOFA) and consolidated balance sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiary are consolidated on a line by line basis.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

1.2 Company status

The company is a company limited by guarantee, incorporated and domiciled in England. The members of the company are the trustees names on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

1.3 Going concern

Following a year in which Sage Gateshead was mainly closed, the charity is at the start of a recovery from the impact of the pandemic. Box office and traded income is gradually recovering, but this has been affected by restrictions throughout much of the year. While the support gratefully received in 2020/21 in the form of Covid Grants, Loans and the Furlough Scheme have ceased, we have benefitted from higher rates of orchestra tax relief and continued and valued support from our donors and benefactors.

The charity benefits from high levels of reserves as a result of the funding received during 2020/21, and is slowly beginning to build back both box office and traded income. Funding during 2021/22 has remained strong, and has contributed to the £1.5m surplus generated during the year. The Trust's current funding arrangement with Arts Council England as a National Portfolio Organisation continues into next year, 22/23. We have created a programme of activity for this year that reflects our commitments to our core funder, our strategic direction, and a realistic view on returning audience numbers.

The charity continues to plan recovery carefully and cautiously, and believes that a stringent approach to cost management, while building income generating opportunities, will enable Sage Gateshead to navigate the next 12 months successfully.

As a result, after making enquiries, the trustees consider that the organisation remains a going concern and consequently these accounts have been prepared on that basis.

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

1. Accounting policies (continued)

1.4 Income

Incoming resources are recognised in the statement of financial activities when the charity has entitlement to the funds; any conditions attached to the income must have been met; it is probable that the income will be received and the amount can be measured reliably.

Income from donations and legacies

Income from donations and legacies includes sponsorships and donations and grants that provide core funding or are of a general nature. Income is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies that the grant or donation relates to future accounting periods.

Income from trading activities

Income generated from commercial trading is recognised as earned as the related goods and services are provided.

Income from charitable activities

Performance income includes box office sales, engagement income, hall hire and other performance related income.

It is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Tickets are sold through the box office for three different event categories in terms of income recognition; Self-Promotions, Co-Promotions and Hall Hires. Where the event is a Self-Promotion, ticket sales are recognised gross in full within revenue. Where the event is a Co-Promotion, a portion of the ticket income is recognised within revenue; any income from ticket sales belongs to the promoter and thus does not form part of the revenue figure.

Education income includes education fees from music lessons and school visits and other education related income. It is recognised as earned (as the related services are provided). Grant income included in this category provides funding to support education activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Charitable activity income is deferred when box office sales or bookings are received or invoiced in advance of the performances or event to which they relate or when the donor specifies that the grant or donation relates to future accounting periods.

Income from investments

Interest receivable is included when receivable and the amount can be measured reliably by the charity. This is normally upon notification of the interest by the bank.

Orchestra tax relief

Orchestra tax relief income is recognised based on a prudent estimate of the amount of qualifying expenditure and applying the repayment rates set out in current HMRC legislation.

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

1. Accounting policies (continued)

1.5 Donated services and facilities

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt, or capitalised as a fixed asset if the goods are to be retained for future benefits.

North Music Trust leases the premises from which it operates from Gateshead Metropolitan Borough Council at a peppercorn rent. It is not considered possible to determine the market value of the donated facility and therefore neither income nor the corresponding rental charge have been recognised in the statement of financial activities.

1.6 Expenditure

Expenditure is recognised when there is a legal or constructive obligation to make a payment to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on raising funds are those costs incurred in attracting donations, and those incurred in trading activities that raise funds.

Expenditure on charitable activities includes costs associated with the staging of concerts, musical performances and educational programmes and includes both the direct costs and support costs relating to these activities.

Governance costs are those incurred in governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs cover central functions and have been allocated to activity cost categories and costs of generating funds in proportion to the time given to support each activity.

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the group's objectives, as well as any associated support costs.

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

1. Accounting policies (continued)

1.7 Prior year restatement

The methodology for the allocation of direct and support costs across fundraising, trading and charitable activities has been revised in the current year to better reflect the nature of the expenditure incurred and the activities of the charity.

This does not affect the overall surplus for the year or the comparability of the financial statements as the basis for allocation in the prior year has also been revised as per notes 6-10.

1.8 Fund accounting

Restricted funds

The Trust has a number of restricted income and capital funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose. The aim and use of each restricted fund is set out in the notes.

Designated funds

Designated funds are unrestricted funds earmarked for specific purpose by the directors. They include amounts held as fixed assets purchased with specific capital funding secured.

Unrestricted funds

All other funds are unrestricted income funds, receivable or generated for the objects of the charity without further specified purpose.

Endowment fund

The permanent endowment fund is treated by the directors as a long term fund.

1.9 Intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation. Intangible assets are amortised at their expected useful economic lives on a straight line basis as follows:

Software and website development - 3 years straight line

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised as income and expenditure.

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

1. Accounting policies (continued)

1.10 Tangible fixed assets

Individual tangible fixed assets costing £5,000 or more are capitalised. Fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of the assets as follows:

Furniture, fixtures and fittings	-	3-10 years straight line
Music	-	10 years straight line
Instruments	-	10 years straight line
Computer equipment	-	3 years straight line
Technical equipment	-	5 years straight line
Leasehold property improvements	-	10 years straight line
Forestage lift	-	50 years straight line
Kitchen and catering equipment	-	3-5 years straight line
Car park equipment	-	5 years straight line

Depreciation is not charged on stringed instruments as under normal circumstances the residual values are considered to be greater than cost. However, the carrying values of stringed instruments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Subsequent costs, including replacement parts, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts are then derecognised. All other costs of repairs and maintenance are charged to the statement of financial activities.

1.11 Fixed asset investments

The group's endowment fund investments are classified as financial instruments and accounted for in accordance with the accounting policy at fair value through the statement of financial activities.

In the separate accounts of the charity, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses are recognised immediately in expenditure.

1.12 Stocks

Stocks are valued on a first in first out basis and stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition. Stock held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

1. Accounting policies (continued)

1.13 Foreign currencies

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction

All transaction differences are taken to the statement of financial activities, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

1.14 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade, intercompany and other accounts receivable and payable, cash and bank balances and loans from related parties.

All such instruments are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, in which case the transaction is measured at the present value of the future receipts discounted at a market rate of interest. All financial instruments are subsequently carried at amortised cost using the effective interest method.

1.15 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.16 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.17 Creditors

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

North Music Trust

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Notes to the financial statements Year ended 31 March 2022

1. Accounting policies (continued)

1.18 Finance leases and hire purchase

Finance leases

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the group similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charge to the statement of financial activities over the period of the leases to produce a constant periodic rate of charge on the remaining balance of the liability.

Operating leases - the group as lessee

The group classifies the lease of properties and equipment as operating leases. Rental charges are charged to the statement of financial activities on a straight line basis over the period of the lease. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight line basis over the lease term.

1.19 Employee benefits

The costs of short-term employee benefits are recognised as an expense in the period in which the service is received.

1.20 Retirement benefits

The charity operates a defined contribution scheme for employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

1. Accounting policies (continued)

1.21 Critical accounting estimates and areas of judgment

The preparation of financial statements requires management to make judgments, assumptions and estimates that affect the application of accounting policies and amounts reported in the statement of financial activities and balance sheet. Such decisions are made at the time the financial statements are prepared and adopted based on the best information available at the time. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Significant judgments in applying accounting policies:

In preparing these financial statements, management makes judgments in categorising leases as finance or operating leases, based upon whether significant risks and rewards of ownership have transferred to the group as a lessee, or to the lessee where the charity or group is the lessor.

Key sources of estimation uncertainty:

Estimates included within these financial statements include depreciation and asset impairments, including the estimated useful life of assets. In addition, the accrued income in respect of Orchestra Tax Relief depends on a number of factors that are determined by management, including judgment over qualifying expenditure.

None of the judgments and estimates applied in the preparation of these financial statements are considered to carry a significant risk of material adjustments to the carrying amounts of assets and liabilities in the future.

North Music Trust

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Notes to the financial statements Year ended 31 March 2022

2. Income from donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Arts Council England - core grant	3,576,742	-	3,576,742
GMBC - core grant	187,534	-	187,534
Other grants, recovery grant corporate donations and fundraising	1,540,896	968,991	2,509,887
Other grant income	121,712	-	121,712
Community Foundation - Sage Gateshead Fund*	736,784	-	736,784
	<u>6,163,668</u>	<u>968,991</u>	<u>7,132,659</u>
	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Arts Council England - core grant	3,576,744	-	3,576,744
GMBC - core grant	187,534	-	187,534
Other grants, corporate donations and fundraising	3,183,223	2,139,525	5,322,748
Other grant income	2,475,426	-	2,475,426
Community Foundation - Sage Gateshead Fund*	663,698	-	663,698
	<u>10,086,625</u>	<u>2,139,525</u>	<u>12,226,150</u>

*North Music Trust is the sole beneficiary of Sage Gateshead Fund, which is a restricted fund at the Community Foundation serving Tyne & Wear and Northumberland (registered charity number 700510). This fund was created from donations and sponsorship monies given to support the work of Sage Gateshead, some of which resulted in naming privileges to parts of the Sage Gateshead building and related facilities. From this fund, North Music Trust derived income totalling £736,784 (2021: £663,698) in the year).

North Music Trust

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Notes to the financial statements Year ended 31 March 2022

3. Income from charitable activities

	Unrestricted funds 2022 £	Total funds 2022 £
Income from performance programming and creative learning	3,370,714	3,370,714

	Unrestricted funds 2021 £	Total funds 2021 £
Income from performance programming and creative learning	914,696	914,696

4. Income from trading activities

	Unrestricted funds 2022 £	Total funds 2022 £
Conferences and events	122,208	122,208
Catering income	87,255	87,255
Car park income	422,629	422,629
Retail sales	1,982	1,982
	634,074	634,074

	Unrestricted funds 2021 £	Total funds 2021 £
Conferences and events	165,232	165,232
Catering income	2,700	2,700
Car park income	13,177	13,177
Retail sales	40	40
	181,149	181,149

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

5. Investment income

	Unrestricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Bank interest	4,921	-	4,921
Dividends	-	112,930	112,930
Total 2022	4,921	112,930	117,851
	Unrestricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Bank interest	14,168	-	14,168
Dividends	-	161,378	161,378
Total 2021	14,168	161,378	175,546

6. Expenditure on fundraising

	Unrestricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Marketing expenses	132,430	-	132,430
Investment management costs	-	27,953	27,953
Allocation of support costs (note 10)	90,660	-	90,660
	223,090	27,953	251,043

North Music Trust

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Notes to the financial statements Year ended 31 March 2022

	Restated Unrestricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Building expenses	258	-	258
Marketing expenses	128,200	-	128,200
Investment management costs	-	38,672	38,672
Allocation of support costs (note 10)	87,644	-	87,644
	<hr/>	<hr/>	<hr/>
	216,102	38,672	254,774
	<hr/>	<hr/>	<hr/>

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

7. Expenditure on trading activities

	Unrestricted funds 2022 £	Total funds 2022 £
Conferences and events	3,310	3,310
Catering expenses	410,633	410,633
Car park expenses	18,496	18,496
Retail expenses	10,233	10,233
Allocation of support costs (note 10)	226,649	226,649
Total 2022	669,321	669,321

	Restated Unrestricted funds 2021 £	Total funds 2021 £
Conferences and events	167,498	167,498
Catering expenses	520,653	520,653
Car park expenses	18,369	18,369
Retail expenses	33,223	33,223
Allocation of support costs (note 10)	219,109	219,109
Total 2021	958,852	958,852

North Music Trust

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Notes to the financial statements Year ended 31 March 2022

8. Expenditure on charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Provision of charitable activities	7,614,858	1,573,084	9,187,942
	Restated Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Provision of charitable activities	7,109,724	509,566	7,619,290

9. Analysis of expenditure by activities

	Direct costs 2022 £	Support costs 2022 £	Total funds 2022 £
Performance programming - classical	2,755,864	1,651,458	4,407,322
Performance programming - popular and contemporary	665,232	1,651,458	2,316,690
Creative learning - young people programme	1,387,124	686,105	2,073,229
Creative learning - public engagement programme	96,321	226,649	322,970
Other costs	67,731	-	67,731
	4,972,272	4,215,670	9,187,942

North Music Trust

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Notes to the financial statements Year ended 31 March 2022

	Restated Direct costs 2021 £	Restated Support costs 2021 £	Total funds 2021 £
Performance programming - classical	1,747,384	1,300,115	3,047,499
Performance programming - popular and contemporary	246,776	1,300,115	1,546,891
Creative learning - young people programme	1,429,706	673,370	2,103,076
Creative learning - public engagement programme	189,592	673,370	862,962
Other costs	58,862	-	58,862
	<hr/>	<hr/>	<hr/>
	3,672,320	3,946,970	7,619,290
	<hr/>	<hr/>	<hr/>

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

10. Support costs

	Costs of raising funds 2022 £	Trading activities 2022 £	Charitable activities 2022 £	Total funds 2022 £
Direction and policy	7,683	19,206	357,238	384,127
Human resources	2,602	6,505	120,993	130,100
Building services	23,646	59,114	1,099,527	1,182,287
Finance, accountancy and audit	7,614	19,034	354,041	380,689
IT	8,759	21,897	407,289	437,945
Marketing and customer experience	16,446	41,115	764,731	822,292
Irrecoverable VAT	4,405	11,012	204,816	220,233
Tech Team	8,036	20,089	373,664	401,789
Depreciation	5,018	12,544	233,322	250,884
Strategy and external relations	6,451	16,133	300,049	322,633
	<u>90,660</u>	<u>226,649</u>	<u>4,215,670</u>	<u>4,532,979</u>
	Restated Costs of raising funds 2021 £	Restated Trading activities 2021 £	Restated Charitable activities 2021 £	Total funds 2021 £
Direction and policy	5,083	12,706	236,339	254,128
Human resources	3,034	7,586	141,094	151,714
Building services	19,495	48,738	906,522	974,755
Finance, accountancy and audit	4,041	10,102	187,891	202,034
IT	7,699	19,247	357,993	384,939
Marketing and customer experience	27,448	68,620	1,173,560	1,269,628
Irrecoverable VAT	2,990	7,476	139,047	149,513
Tech Team	8,906	22,264	414,116	445,286
Process Planning	2,736	6,840	127,221	136,797
Depreciation	4,882	12,205	227,019	244,106
Other support costs	1,330	3,325	36,168	40,823
	<u>87,644</u>	<u>219,109</u>	<u>3,946,970</u>	<u>4,253,723</u>

North Music Trust

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Notes to the financial statements Year ended 31 March 2022

11. Net income

This is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets: - owned by the charitable group	289,793	298,865
Amortisation of intangible fixed assets	211	4,362
Auditor's remuneration - audit	18,250	17,400
Auditor's remuneration - other services	1,250	1,250
Operating lease rentals	14,687	14,687
	<u> </u>	<u> </u>

12. Exceptional costs

	2022 £	2021 £
Restructuring costs	-	601,466
	<u> </u>	<u> </u>

Exceptional costs in the prior year include the redundancy costs of restructuring the business as a result of the impact of the Covid 19 pandemic.

North Music Trust

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Notes to the financial statements Year ended 31 March 2022

13. Staff costs

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	4,777,716	5,835,013	4,603,933	5,115,592
Social security costs	380,817	414,864	374,389	398,149
Contribution to defined contribution pension schemes	231,024	263,796	229,157	257,810
	5,389,557	6,513,673	5,207,479	5,771,551

The average number of persons employed by the company during the year was as follows:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Performance Programming	63	50	63	50
Creative Learning	82	107	82	107
Management and administration	91	108	91	108
Customer services team	244	243	244	243
	480	508	480	508

	Group 2022 No	Group 2021 No
In the band £60,001 - £70,000	4	4
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	1	1
In the band £100,001 - £110,000	1	1

The key management personnel of the charity comprise the trustees and executive directors listed on page 1. The employees benefits total £461,630 (2021: £487,093).

North Music Trust

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Notes to the financial statements Year ended 31 March 2022

Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2021: £nil).

During the year ended 31 March 2022, £913 of trustee expenses have been incurred (2021: £nil) payable to three trustees (2021: nil).

14. Intangible assets

Group and company

	Software & website development £
Cost	
At 1 April 2021	60,163
At 31 March 2022	<u>60,163</u>
Amortisation	
At 1 April 2021	59,793
Charge for the year	211
At 31 March 2022	<u>60,004</u>
Net book value	
At 31 March 2022	<u><u>159</u></u>
At 31 March 2021	<u><u>370</u></u>

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

15. Tangible fixed assets

Group

	Leasehold property improvements £	Fixtures, fittings & equipment £	Instruments £	Assets under construction £	Total £
Cost					
At 1 April 2021	1,540,659	3,571,475	617,624	1,498,668	7,228,426
Additions	-	562,566	-	901,835	1,464,401
Transfers between classes	2,048,964	-	-	(2,048,964)	-
At 31 March 2022	3,589,623	4,134,041	617,624	351,539	8,692,827
Depreciation					
At 1 April 2021	856,116	2,825,055	376,382	-	4,057,553
Charge for the year	34,942	233,990	20,861	-	289,793
At 31 March 2022	891,058	3,059,045	397,243	-	4,347,346
Net book value					
At 31 March 2022	2,698,565	1,074,996	220,381	351,539	4,345,481
At 31 March 2021	684,543	746,420	241,242	1,498,668	3,170,873

The net book value of assets held under finance leases, included above, is £nil (2020: £31,258). The depreciation charged in the year in respect of such assets was £31,258 (2020: £32,978).

North Music Trust

(A company limited by guarantee)

Notes to the financial statements Year ended 31 March 2022

15. Tangible fixed assets (continued)

Company

	Leasehold property improvements £	Fixtures, fittings & equipment £	Instruments £	Assets under construction £	Total £
Cost					
At 1 April 2021	1,540,659	2,808,208	617,624	1,498,668	6,465,159
Additions	-	562,566	-	901,835	1,464,401
Transfers between classes	2,048,964	-	-	(2,048,964)	-
At 31 March 2022	<u>3,589,623</u>	<u>3,370,774</u>	<u>617,624</u>	<u>351,539</u>	<u>7,929,560</u>
Depreciation					
At 1 April 2021	856,116	2,099,365	376,382	-	3,331,863
Charge for the year	34,942	215,741	20,861	-	271,544
At 31 March 2022	<u>891,058</u>	<u>2,315,106</u>	<u>397,243</u>	<u>-</u>	<u>3,603,407</u>
Net book value					
At 31 March 2022	<u>2,698,565</u>	<u>1,055,668</u>	<u>220,381</u>	<u>351,539</u>	<u>4,326,153</u>
At 31 March 2021	<u>684,543</u>	<u>708,843</u>	<u>241,242</u>	<u>1,498,668</u>	<u>3,133,296</u>

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Notes to the financial statements Year ended 31 March 2022

16. Fixed asset investments

Group	Listed investments £		
Cost or valuation			
At 1 April 2021			7,349,523
Additions			1,444,710
Disposals			(1,203,990)
Revaluations			(33,924)
At 31 March 2022			<u>7,556,319</u>
Net book value			
At 31 March 2022			<u>7,556,319</u>
At 31 March 2021			<u>7,349,523</u>

Company	Investments in subsidiary companies £	Listed investments £	Total £
Cost or valuation			
At 1 April 2021	2	7,349,523	7,349,525
Additions	-	1,444,710	1,444,710
Disposals	-	(1,203,990)	(1,203,990)
Revaluations	-	(33,924)	(33,924)
At 31 March 2022	<u>2</u>	<u>7,556,319</u>	<u>7,556,321</u>
Net book value			
At 31 March 2022	<u>2</u>	<u>7,556,319</u>	<u>7,556,321</u>
At 31 March 2021	<u>2</u>	<u>7,349,523</u>	<u>7,349,525</u>

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Notes to the financial statements Year ended 31 March 2022

16. Fixed asset investments (continued)

Principal subsidiaries

The following were subsidiary undertakings of the company:

Names	Company number	Class of shares	Holding	Included in consolidation
Music North Limited	04344453	Ordinary	100%	Yes
Royal Northern Sinfonia Limited	100998218	Ordinary	100%	Yes

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit for the year £	Net assets/(liabilities) £
Music North Limited	665,514	(446,997)	218,517	164,445
Royal Northern Sinfonia Limited	4,250,212	(3,831,881)	418,331	874,851

17. Stocks

	Group 2022 £	Group 2021 £
Goods for resale	50,889	28,746

18. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	246,922	284,961	200,259	155,579
Amounts owed by group undertakings	-	-	1,847,428	1,932,951
Other debtors	914,742	852,834	83,393	188,661
Prepayments and accrued income	282,399	405,020	252,410	380,635
	1,444,063	1,542,815	2,383,490	2,657,826

Amounts owed by group companies are unsecured and repayable on demand.

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Notes to the financial statements Year ended 31 March 2022

19. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other loans (see note 20)	190,043	79,220	190,043	79,220
Trade creditors	925,377	494,485	881,746	435,285
Other taxation and social security	155,093	170,842	155,384	171,133
Obligations under finance lease and hire purchase contracts	-	8,041	-	-
Other creditors	30,269	32,953	29,691	32,375
Accruals and deferred income	2,593,983	3,208,722	2,472,416	3,027,008
	3,894,765	3,994,263	3,729,280	3,745,021

Finance leases are secured against the assets to which they relate.

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Deferred income at 1 April 2021	2,651,221	3,301,196	2,501,183	3,062,016
Resources deferred during the year	1,355,124	1,825,022	1,355,124	1,825,022
Amounts released from previous periods	(2,039,768)	(2,474,997)	(2,013,087)	(2,385,855)
	1,966,577	2,651,221	1,843,220	2,501,183

Deferred income comprises:

Advance box office sales

Education fee income and hall bookings invoiced in advance; and

Grant income, core funding and endowment interest relating to future accounting periods.

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Notes to the financial statements Year ended 31 March 2022

20. Creditors: amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other loans	3,099,838	3,225,230	3,099,838	3,225,230

Other loans comprise £230,163 (2021: £304,450) which are repayable in annual instalments until 1 April 2024 and bear interest annually at a rate of 1.62%. A further loan of £3,000,000 was taken out on 10 March 2021 to support and maintain the cultural ecology of the charity. The loan is repayable in six monthly instalments until 10 March 2041, commencing from 10 March 2023. The loan bears interest annually at a rate of 2%.

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Notes to the financial statements Year ended 31 March 2022

21. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Unrestricted funds						
Designated funds						
Capital projects	1,498,668	-	-	(1,498,668)	-	-
Fixed asset fund	1,066,695	-	-	2,781,007	-	3,847,702
Financial security fund	500,000	-	-	-	-	500,000
	<u>3,065,363</u>	<u>-</u>	<u>-</u>	<u>1,282,339</u>	<u>-</u>	<u>4,347,702</u>
General funds						
General funds	<u>2,305,060</u>	<u>10,173,376</u>	<u>(8,507,269)</u>	<u>(597,994)</u>	<u>-</u>	<u>3,373,173</u>
Total Unrestricted funds	<u>5,370,423</u>	<u>10,173,376</u>	<u>(8,507,269)</u>	<u>684,345</u>	<u>-</u>	<u>7,720,875</u>
Endowment funds						
Endowment funds	<u>7,349,523</u>	<u>112,930</u>	<u>(27,953)</u>	<u>(118,521)</u>	<u>240,340</u>	<u>7,556,319</u>

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Notes to the financial statements Year ended 31 March 2022

21. Statement of funds (continued)

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Restricted funds						
Forestage Lift	605,510	-	-	(16,620)	-	588,890
Capital Project	322,745	270,907	-	(549,204)	-	44,448
Garfield Weston	875,000	-	(875,000)	-	-	-
In Harmony	-	186,184	(186,184)	-	-	-
LNER Customer and Community Fund	-	170,059	(170,059)	-	-	-
Arts Council England	-	30,674	(30,674)	-	-	-
CoMusica - National Foundation for Youth Music	-	41,610	(41,610)	-	-	-
David Goldman awards	-	269,557	(269,557)	-	-	-
	1,803,255	968,991	(1,573,084)	(565,824)	-	633,338
Total of funds	14,523,201	11,255,297	(10,108,306)	-	240,340	15,910,532

Forestage Lift is funding used to purchase the lift, with depreciation charged against the fund each year. The two grants used to purchase the asset have been combined into one fund to represent the underlying asset.

All other restricted funds relate to revenue projects for a variety of programmes, the activities of which are described in the Trustees Report.

Transfers relate to:

- The completion of the Capital Project
- Transfers into the designated fixed asset fund (£2,781k), transferred from the capital project and unrestricted funds to represent the monetary value of the fixed asset.
- Income generated from Endowment funds transferred to Unrestricted (£113k).

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Notes to the financial statements Year ended 31 March 2022

21. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Unrestricted funds						
Designated funds						
Capital projects	573,448	-	-	925,220	-	1,498,668
Fixed asset fund	-	-	-	1,066,695	-	1,066,695
Financial security fund	-	-	-	500,000	-	500,000
	<u>573,448</u>	<u>-</u>	<u>-</u>	<u>2,491,915</u>	<u>-</u>	<u>3,065,363</u>
General funds						
General funds	<u>1,711,921</u>	<u>11,196,638</u>	<u>(8,886,144)</u>	<u>(1,717,355)</u>	<u>-</u>	<u>2,305,060</u>
Total Unrestricted funds	<u>2,285,369</u>	<u>11,196,638</u>	<u>(8,886,144)</u>	<u>774,560</u>	<u>-</u>	<u>5,370,423</u>
Endowment funds						
Endowment fund	<u>6,034,312</u>	<u>161,378</u>	<u>(38,672)</u>	<u>160,076</u>	<u>1,032,429</u>	<u>7,349,523</u>

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Notes to the financial statements Year ended 31 March 2022

21. Statement of funds (continued)

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Restricted funds						
Forestage Lift	615,030	-	-	(9,520)	-	605,510
Capital Project	492,902	754,959	-	(925,116)	-	322,745
Garfield Weston	-	875,000	-	-	-	875,000
CoMusica - National Foundation for Youth Music	-	92,860	(92,860)	-	-	-
David Goldman awards	-	3,654	(3,654)	-	-	-
Community Music Sparks	-	178,289	(178,289)	-	-	-
CoMusica - National Foundation for Youth Music	-	189,771	(189,771)	-	-	-
Individual donations	-	18,279	(18,279)	-	-	-
Principal partners	-	26,713	(26,713)	-	-	-
	<u>1,107,932</u>	<u>2,139,525</u>	<u>(509,566)</u>	<u>(934,636)</u>	<u>-</u>	<u>1,803,255</u>
 Total of funds	 <u>9,427,613</u>	 <u>13,497,541</u>	 <u>(9,434,382)</u>	 <u>-</u>	 <u>1,032,429</u>	 <u>14,523,201</u>

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Notes to the financial statements Year ended 31 March 2022

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Tangible fixed assets	3,756,591	588,890	-	4,345,481
Intangible fixed assets	159	-	-	159
Fixed asset investments	-	-	7,556,319	7,556,319
Current assets	10,958,728	44,448	-	11,003,176
Creditors due within one year	(3,894,765)	-	-	(3,894,765)
Creditors due in more than one year	(3,099,838)	-	-	(3,099,838)
Total	7,720,875	633,338	7,556,319	15,910,532

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Tangible fixed assets	2,565,363	605,510	-	3,170,873
Intangible fixed assets	370	-	-	370
Fixed asset investments	-	-	7,349,523	7,349,523
Current assets	10,024,183	1,197,745	-	11,221,928
Creditors due within one year	(3,994,263)	-	-	(3,994,263)
Creditors due in more than one year	(3,225,230)	-	-	(3,225,230)
Total	5,370,423	1,803,255	7,349,523	14,523,201

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Notes to the financial statements Year ended 31 March 2022

23. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2022 £	Group 2021 £
Net income for the year (as per Statement of Financial Activities)	1,387,331	5,095,588
Adjustments for:		
Depreciation and amortisation charges	290,004	291,138
Losses/(gains) on investments	(240,340)	(1,032,429)
Dividends, interests and rents from investments	(117,851)	(175,546)
Loss on the sale of fixed assets	-	14,252
Decrease/(increase) in stocks	(22,143)	10,535
Decrease in debtors	98,752	774,562
Decrease in creditors	(137,629)	(1,100,449)
Net cash provided by operating activities	1,258,124	3,877,651

24. Analysis of cash and cash equivalents

	Group 2022 £	Group 2021 £
Cash in hand	9,508,224	9,650,367

25. Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash at bank and in hand	9,650,367	(142,143)	-	9,508,224
Debt due within 1 year	79,220	(79,220)	190,043	(190,043)
Debt due after 1 year	3,225,230	-	(125,392)	(3,099,838)
Finance leases	8,041	(8,041)	-	-
	6,337,876	(54,882)	(64,651)	6,218,343

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Notes to the financial statements Year ended 31 March 2022

26. Capital commitments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Contracted for but not provided in these financial statements				
Acquisition of tangible fixed assets	343,228	656,000	343,228	656,000

27. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £231,024 (2021: £186,115). Contributions totalling £29,343 (2021: £24,592) were payable to the fund at the balance sheet date and are included in creditors.

28. Operating lease commitments

At 31 March 2022 the group and the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £
Not later than 1 year	12,688	14,687
Later than 1 year and not later than 5 years	9,015	23,702
	21,703	38,389

29. Related party transactions

Transactions with the wholly owned subsidiaries Music North Limited and Royal Northern Sinfonia Limited are included in the consolidated financial statements.

There are no other related party transactions in either period.

