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**KENT MUSIC**  
(A company limited by guarantee)

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**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**KENT MUSIC**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**Trustees (at the date of approval of the financial statements)**

Geoff Miles, Chair  
Tim Leates  
Sarah Hohler (appointed by Kent County Council)  
Francesca Christmas  
James Williams  
Paul Danielsen  
Robin Hammerton  
Elizabeth Topiwala  
Geoffrey Lymer (appointed by Kent County Council)  
Lesley-Ann Thomson (appointed 27 September 2019)  
Kyle Siwek (appointed 27 September 2019)  
Alicia Moyles (appointed 27 September 2019)  
Jessica Cooling (appointed 27 September 2019)  
Rebecca Evernden (appointed 27 September 2019)

**Company registered number**

05464855

**Charity registered number**

1110639

**Registered office**

24 Turkey Court, Turkey Mill  
Ashford Road  
Maidstone  
Kent  
ME14 5PP

**Chief executive officer**

Peter Bolton

**Chief operating officer**

Sally Law (appointed 1 Dec 2020)

**Senior management team**

Samantha Rogerson, Senior Finance Manager  
Trevor James, Senior Manager (Tuition & Centres)

**Independent auditor**

Crowe U.K. LLP  
Riverside House  
40 - 46 High Street  
Maidstone  
Kent  
ME14 1JH

**Patron**

Jools Holland OBE

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**KENT MUSIC**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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The Trustees present their annual report together with the audited financial statements of the company for the year 1 September 2019 to 31 August 2020. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the 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 (FRS 102) (effective 1 January 2019).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Charity is registered as a charitable company limited by guarantee, incorporated on 26 May 2005 and registered as a charity on 29 July 2005. The charity took over the assets and liabilities of Kent Music School on 1 September 2005. Kent Music School was registered as a charity on 20 November 1969.

The Charity was created under a memorandum of association which established the objects and powers of the charity and is governed under its articles of association.

### **Method of appointment or election of trustees**

The management of the Charity is the responsibility of the trustees who are elected and co-opted under the terms of the articles of association.

Kent Music is keen to ensure that its board of trustees includes a broad base of skills and representations. The method adopted for the recruitment and appointment of new trustees is that vacancies are advertised and applications are invited. Shortlisted candidates are interviewed by the chair and another trustee.

### **Trustees**

The Trustees that served during the year are as follows:

Geoff Miles, Chair  
Tim Leates  
Sarah Hohler (appointed by Kent County Council)  
Francesca Christmas  
James Williams  
Paul Danielsen  
Robin Hammerton  
Elizabeth Topiwala  
Geoffrey Lymer (appointed by Kent County Council)  
Lesley-Anne Thompson (appointed 27th September 2019)  
Kyle Siwek (appointed 27th September 2019)  
Alicia Moyles (appointed 27th September 2019)  
Jessica Cooling (appointed 27th September 2019)  
Rebecca Evernden (appointed 27th September 2019)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**Organisational structure and decision making**

The board of trustees of up to 14 members meets 4 times a year to administer the Charity. A chief executive is appointed by the trustees to manage the day to day operations of the charity. There is an executive committee of trustees, which also acts as the audit committee which meets to support the chief executive and leadership team on matters concerning the day-to-day running of the organisation.

Induction training for new trustees is provided and they are also offered the opportunity to attend other relevant training courses.

**RISK MANAGEMENT**

The trustees continue to assess and monitor the risks facing the charity. In March 2020 a new risk register was presented to the Board along with a monitoring system which ensures that the risk register is updated and presented at each Board meeting.

**OBJECTIVES AND ACTIVITIES**

**Policies and objectives**

The purposes of the charity (the objects) shall be the promotion of the performing arts in all its forms and in particular music and for this purpose to provide education, tuition and activities for the benefit of the public generally, principally within the County of Kent and the Unitary Authority of Medway.

**Mission Statement**

Kent Music is an education charity that develops musical opportunities to support the aspirations of children, young people, adults and teachers in Kent.

**Values**

- Anticipating, valuing and supporting diversity and difference.
- Maintaining high expectations for all learners and staff
- Understanding the needs of children and young people
- Reducing barriers to engagement
- Keeping creativity at the heart of our thinking

Kent Music is funded by Kent County Council to provide out of school music centres, county level ensembles and choirs and an annual summer school. The organisation is also funded by Arts Council England as the lead partner of the music education hub for Kent. In this role Kent Music works with partners to provide music education services to children aged 5 to 18.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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The vision and values are lived through a business plan. In the business plan for 2018-20 there are eight core priorities:

1. Build tuition through a team of salaried music teachers.
2. Systematically build the out-of-school offer
3. Provide more opportunities for children with SEN/D and from disadvantaged backgrounds
4. Develop a coherent offer to schools
5. Introduce and implement a new Singing Strategy
6. Deliver sector leading continuing professional development and quality assurance
7. Provide opportunities for children and young people to hear high quality performers
8. Develop a long term, sustainable business model

## **ACHIEVEMENTS AND PERFORMANCE**

### **Review of activities**

2019/20 was an unusual year for Kent Music because in March, part way through the year, the country was hit by the Covid-19 pandemic. This caused considerable disruption to the services that the charity was able to provide.

In the first part of the year, from September to December, the charity continued to deliver its service as normal, maintaining the number of students at 2018/19 levels and running music centres and music labs throughout the county. During the autumn, the Kent junior county choirs moved their rehearsal venue to the Medway Towns Music Centre at Fort Pitt School in Chatham. The Kent Youth Wind Orchestra met through a series of non-residential rehearsal days culminating in a well-attended concert in December at the Collyer Fergusson Hall in Canterbury shared with the county junior and senior choirs. Kent County Youth Orchestra met for a residential course during the Christmas holidays and performed a concert at Mote Hall in Maidstone on 31 December.

<b>Number of instrumental and vocal lessons taught</b>	<b>February 2020</b>	<b>February 2021</b>
Number of "directly registered" instrument and vocal students*	1,100	520
Number of "agency" students*	700	-
Number of MusicPlus projects delivered by Kent Music***	112	-

\*Directly registered tuition is tuition where parents or carers are the customers

\*\*Agency projects are where schools are the customers

\*\*\*MusicPlus is a Kent Music programme to deliver whole class instrumental lessons to children in primary schools.

In March 2020 the charity closed its offices in Maidstone and Aylesham and staff were asked to work from home. This was a big change for the organisation but thanks to the flexibility of all members of the team, homeworking has generally worked well. The trustees moved their Board meetings to online meetings and apart from delaying one meeting at the start of the pandemic, have met as usual during this period.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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Throughout the pandemic Kent Music's major funders Arts Council England and Kent County Council, have been very supportive and relaxed funding conditions which enabled the charity to allocate funds more flexibly. This flexibility used in conjunction with the government's Coronavirus Job Retention Scheme enabled Kent Music to maintain its staffing levels which the trustees considered to be crucial to the charity's ability to recover once government restrictions were eased.

At the start of the pandemic the trustees approved a short-term recovery plan which, broadly speaking, aimed to bring student numbers back up to pre-pandemic levels by the end of the 2020/21 academic year. The plan also included the provision of an online professional development programme for instrumental and classroom teachers and the development of resources through a new virtual learning environment introduced during the pandemic.

As part of the plan, online lessons were introduced for one-to-one lessons and some ensemble, choir and music lab courses were delivered online. In total 122 people took part in online ensembles and choirs during the autumn of 2020. The charity has not run any face-to-face music centres, music labs, county ensembles, choirs or the annual summer school since the start of the pandemic. Online professional development courses have been well-attended as have school network meetings that have been held for classroom teachers in most of the districts in Kent. During the summer of 2020 the charity ran an online music festival which featured performances, interviews, discussions and masterclasses.

<b>"Day &amp; Night" Festival – an online festival run by Kent Music in July and August 2020</b>	
Number of unique videos	55
Number of participants in the festival finale	79
Number of unique views on YouTube	414
Number of unique views on Facebook	1,799
Number of minutes viewed on the Kent Music website	27,100
Percentage increase in Kent Music website sessions	33

Embracing online learning has enabled approximately 45% of the lessons that were organised directly with parents to be taught. Teaching bought directly by schools has been suspended. As schools re-opened, face-to-face teaching took place in approximately 50% of the schools the charity had been teaching in before the pandemic, but this was short-lived because of new restrictions introduced in December 2020 and January 2021.

Reaching the goal of bringing back student numbers to pre-pandemic levels by the end of the 2020/21 academic year is looking unlikely because of restrictions introduced in January 2021 and thus the timescale for the recovery plan is likely to be longer than originally envisaged.

During the year, a restructure of the charity's senior management was undertaken. The purpose of the restructure was to increase operational capacity so that more time can be devoted to compliance with key areas of regulation and legislation and to release the chief executive to focus on the long-term direction of Kent Music. Consultation was carried out with affected staff during the summer months and the new structure was introduced in September 2020.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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### Going concern

The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

During the preparation of these accounts the COVID-19 crisis is still prevalent and continues to impact the delivery of service where Schools have been closed. The one-year recovery plan that was submitted to the Board has been implemented and is being monitored closely. It is currently estimated that the level of support from reserves that had originally been predicted should not be necessary.

KCC will continue to support the charity with a grant at the same level as the previous year of £204,000, which will cover to period to 31st March 2022.

Arts Council England (ACE) have confirmed funding at similar levels to the previous year of £2,151,970. This funding will also cover the period to 31st March 2022. Kent Music took advantage of flexibility offered in the current year to use grant income in certain instances to cover overheads given the unprecedented circumstances.

These two grants account for 83% of overall current income.

Cash at bank as at 31st August 2020 was £1,533,988. With grants in place the only unpredictable income risk relates to the level of recovery of tuition. Utilising the Furlough scheme has covered any downturn in our tuition income by covering the cost of unfulfilled hours.

### FINANCIAL REVIEW

#### Reserves policy

In recent years the Board has been able to build up a reserve of £2,240,584 which includes an endowment fund of £333,694 and restricted funds of £1,368,214. Also included in the overall reserves figure is a Pensions reserve liability of £739,000.

Below is a breakdown of the current level of reserves and the free reserves available to the charity:

	August 2020	August 2019
	£	£
Total reserves	2,240,584.00	2,378,375.00
Less: restricted reserves	-1,368,214.00	-1,534,112.00
Less: endowment funds	-333,694.00	-333,694.00
Less: designated instruments	-154,380.00	-169,046.00
Free reserves	384,296.00	341,523.00

The target level of free reserves is 3 months worth of unrestricted expenditure, which would accommodate for any unforeseen changes in income streams. Currently the level of free reserves represents 6.4 months (2019 - 4.6 months) of unrestricted expenditure so the target has been achieved in the current financial year.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**PLANS FOR THE FUTURE**

A new business plan is in development to start in September 2021. The plan will draw on the experience of the 2020/21 academic year to plot a path to recovery and into a period of growth. The focus of the plan will be on four core aims: providing instrumental & vocal tuition to as many students as possible across the county; providing students access to a broad range of out-of-school music activities; creating the conditions where music thrives in Kent schools; supporting and developing the workforce. These core aims will be supported by plans for inclusion, youth voice, partnership working, income generation, communication and digital technology.

**PAY POLICY FOR SENIOR STAFF**

The board of Trustees review the pay and benefits for all staff once per year.

The pay for senior staff is based on industry benchmarks.

**GUARANTEES**

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 August 2020 was 12 (2019:12). The trustees have no beneficial interest in the charitable company.

**INFORMATION ON FUNDRAISING ACTIVITIES**

Kent Music complies with sector best practice. No complaints were received with regards to fundraising throughout the course of the year and no professional fundraisers or commercial partners conducted fundraising as charity representatives. The board of trustees monitors and manages its fundraising regulation and compliance which are discussed at board meetings.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of Kent Music 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

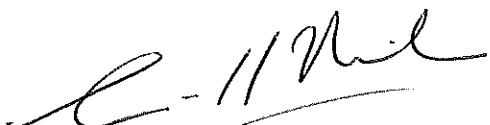
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**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 company'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 company's auditor is aware of that information.

This report was approved by the Trustees, on 26.03.21 and signed on their behalf by:



Mr Geoff Miles, Chair

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT MUSIC**

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**Opinion**

We have audited the financial statements of Kent Music (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the 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 charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for 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 charitable company 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**

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

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

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT MUSIC**

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misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

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

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

**Use of our report**

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditor's report and for

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT MUSIC**

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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 trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Weekes (Senior statutory auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Riverside House  
40 - 46 High Street  
Maidstone  
Kent  
ME14 1JH  
Date: 12 May 2021

Crowe U.K. LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**KENT MUSIC**  
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income and endowments from:</b>						
Donations and legacies	2	259	1,214	-	1,473	8,397
Charitable activities	4	746,721	2,138,658	-	2,885,379	1,079,927
Investments	3	635	4,496	-	5,131	4,719
<b>Total income and endowments</b>		<b>747,615</b>	<b>2,144,368</b>	<b>-</b>	<b>2,891,983</b>	<b>1,093,043</b>
<b>Expenditure on:</b>						
Charitable activities	5	666,508	2,310,266	-	2,976,774	3,270,185
<b>Total expenditure</b>		<b>666,508</b>	<b>2,310,266</b>	<b>-</b>	<b>2,976,774</b>	<b>3,270,185</b>
<b>Net income / (expenditure) before other recognised gains and losses</b>						
		81,107	(165,898)	-	(84,791)	(2,177,142)
Actuarial losses on defined benefit pension schemes	21	(53,000)	-	-	(53,000)	(130,000)
<b>Net movement in funds</b>		<b>28,107</b>	<b>(165,898)</b>	<b>-</b>	<b>(137,791)</b>	<b>(2,307,142)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		510,569	1,534,112	333,694	2,378,375	4,685,517
<b>Total funds carried forward</b>		<b>538,676</b>	<b>1,368,214</b>	<b>333,694</b>	<b>2,240,584</b>	<b>2,378,375</b>

The notes on pages 16 to 34 form part of these financial statements.

**KENT MUSIC**  
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**REGISTERED NUMBER: 05464855**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Note	£	2020 £	£	2019 £
<b>Fixed assets</b>					
Intangible assets	10		-		16
Tangible assets	11		<b>154,380</b>		169,030
			<b>154,380</b>		169,046
<b>Current assets</b>					
Stocks	12	<b>2,964</b>		13,581	
Debtors	13	<b>1,129,297</b>		1,333,984	
Investments	14	<b>333,694</b>		333,694	
Cash at bank and in hand		<b>1,533,988</b>		1,609,617	
			<b>2,999,943</b>	3,290,876	
<b>Creditors:</b> amounts falling due within one year	15	<b>(174,739)</b>		<b>(395,547)</b>	
<b>Net current assets</b>			<b>2,825,204</b>		2,895,329
<b>Total assets less current liabilities</b>			<b>2,979,584</b>		3,064,375
Defined benefit pension scheme liability	21		<b>(739,000)</b>		<b>(686,000)</b>
<b>Net assets including pension scheme liabilities</b>			<b>2,240,584</b>		2,378,375
<b>Charity Funds</b>					
Endowment funds	17		<b>333,694</b>		333,694
Restricted funds	17		<b>1,368,214</b>		1,534,112
Unrestricted funds:					
Unrestricted funds excluding pension liability		<b>1,277,676</b>		1,196,569	
Pension reserve		<b>(739,000)</b>		<b>(686,000)</b>	
Total unrestricted funds			<b>538,676</b>		510,569
<b>Total funds</b>			<b>2,240,584</b>		2,378,375

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**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2020**

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The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

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

The financial statements were approved and authorised for issue by the Trustees on 26.03.21 and signed on their behalf, by:

  
**Mr Geoff Miles, Chair**

The notes on pages 16 to 34 form part of these financial statements.



**KENT MUSIC**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	<b>(52,915)</b>	71,418
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		5,130	4,719
Purchase of tangible fixed assets		<b>(27,844)</b>	(68,932)
<b>Net cash used in investing activities</b>		<b>(22,714)</b>	(64,213)
<b>Change in cash and cash equivalents in the year</b>		<b>(75,629)</b>	7,205
Cash and cash equivalents brought forward		<b>1,609,617</b>	1,602,412
<b>Cash and cash equivalents carried forward</b>	20	<b>1,533,988</b>	1,609,617

The notes on pages 16 to 34 form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting Policies**

**1.1 Charity information**

The principal activity of the entity during the year was the provision of music education.

The charity is a charitable company limited by guarantee which is incorporated and registered in England and Wales (05464855).

The address of the Registered office is:

24 Turkey Court  
Turkey Mill  
Ashford Road  
Maidstone  
Kent  
ME14 5PP

**1.2 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The accounts have been prepared on a going concern basis. The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

During the preparation of these accounts the COVID-19 crisis is still prevalent and continues to impact the delivery of service where Schools have been closed. The one-year recovery plan that was submitted to the Board has been implemented and is being monitored closely. It is currently estimated that the level of support from reserves that had originally been predicted should not be necessary.

KCC will continue to support the charity with a grant at the same level as the previous year of £204,000, which will cover to period to 31st March 2022.

Arts Council England (ACE) have confirmed funding at the same level as the previous year of £2,151,970. This funding will also cover the period to 31st March 2022. Kent Music took advantage of flexibility offered in the current year to use grant income in certain instances to cover overheads given the unprecedented circumstances.

These two grants account for 83% of overall current income.

Cash at bank as at 31st August 2020 was £1,533,988. With grants in place the only unpredictable income risk relates to the level of recovery of tuition. Utilising the Furlough scheme has covered any downturn in our tuition income by covering the cost of unfulfilled hours.

Kent Music 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.

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**KENT MUSIC**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting Policies (continued)**

**1.3 Company status**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

**1.4 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**1.5 Income**

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

**1.6 Expenditure**

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.

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**KENT MUSIC**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting Policies (continued)**

Charitable activities and Governance costs are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

**1.7 Intangible fixed assets and amortisation**

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

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

Computer software	-	25% straight line
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**1.8 Tangible fixed assets and depreciation**

All assets costing more than £700 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Term Leasehold Property	-	Over the term of the 10 year lease
Fixtures & fittings	-	12-50% reducing Balance
Instruments	-	4-33% straight line

**1.9 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.10 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.11 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

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**KENT MUSIC**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting Policies (continued)**

**1.12 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.

**1.13 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.

**1.14 Liabilities and provisions**

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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.15 Financial instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.16 Pensions**

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The charity previously operated a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2016 and updated to the 31st August 2020.

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**KENT MUSIC**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting Policies (continued)**

**1.17 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1.) The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020.

Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The liability has also been calculated using mortality rates used by the UK government.

**KENT MUSIC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**2. Income from donations and legacies**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	259	1,214	-	1,473	8,397
<i>Total 2019</i>	3,272	5,125	-	8,397	

**3. Investment income**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Investment income	635	4,496	-	5,131	4,719
<i>Total 2019</i>	-	4,719	-	4,719	

**4. Income from charitable activities**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Tuition fees	471,226	-	-	471,226	764,672
Kent County Council	204,000	-	-	204,000	219,225
Instruments hire fees	46,059	-	-	46,059	45,189
Concert fees and admission charges	3,743	-	-	3,743	14,917
Other income	1,826	-	-	1,826	4,315
Grants	-	2,138,658	-	2,138,658	31,609
Coronavirus job retention scheme	19,867	-	-	19,867	-
	746,721	2,138,658	-	2,885,379	1,079,927
<i>Total 2019</i>	1,048,318	31,609	-	1,079,927	

**KENT MUSIC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**5. Direct costs**

	Unrestricted £	Restricted £	Total 2020 £	Total 2019 £
Pension income	12,000	-	12,000	13,000
Travel costs	37,577	477	38,054	62,436
Instrument costs	8,656	39,174	47,830	55,579
Staff training and recruitment	4,657	22,794	27,451	37,331
Operating lease rentals	129,811	-	129,811	130,935
Accommodation, computer and office costs	57,098	193,226	250,324	310,556
Other expenses	35,876	72	35,948	31,066
Other teaching and administrative costs	36,572	3,333	39,905	54,541
Bursaries	-	72,917	72,917	95,305
(Profit)/Loss on disposal of fixed assets	272	-	272	(6,141)
Trustees' Indemnity Insurance	827	-	827	679
Professional fees	28,119	67,219	95,338	69,662
School funding	-	423,194	423,194	569,442
Projects and workshop expenditure	380	-	380	1,947
Life insurance	5,366	-	5,366	8,991
Wages and salaries	188,034	1,444,120	1,632,154	1,639,961
National insurance	75,919	33,625	109,544	108,753
Pension cost	3,105	10,115	13,220	27,259
Depreciation and amortisation	42,239	-	42,239	58,883
	<u>666,508</u>	<u>2,310,266</u>	<u>2,976,774</u>	<u>3,270,185</u>
<i>Total 2019</i>	<u>933,897</u>	<u>2,336,288</u>	<u>3,270,185</u>	

**6. Net income/(expenditure)**

This is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets:		
- owned by the charity	42,223	47,891
Amortisation of intangible fixed assets	16	10,992
(Profit)/Loss on disposal of fixed asset	272	(6,141)
	<u>42,511</u>	<u>52,742</u>

During the year, no trustees received any remuneration (2019 - £NIL)

During the year, no Trustees received any benefits in kind (2019 - £NIL).

During the year, Robin Hammerton received payments totalling £350.00 relating to C.P.D. (2019 - £NIL).



**KENT MUSIC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**7. Auditors' remuneration**

The Auditor's remuneration amounts to an Audit fee of £10,250 (2019 - £10,000), and accounts preparation of £2,500 (2019 - £2,500).

**8. Staff costs**

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	1,632,154	1,639,961
Social security costs	109,544	108,753
Other pension costs (Note 21)	13,220	27,259
	<u>1,754,918</u>	<u>1,775,973</u>

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

	2020 No.	2019 No.
Teachers	30	30
Administration	33	34
	<u>63</u>	<u>64</u>

The number of higher paid employees was:

	2020 No.	2019 No.
In the band £100,001 - £200,000	1	1

During the year, the senior management team comprised the Chief Executive, Head of Education, Head of Finance and Operations and Head of Partnerships and Development. The total remuneration of key management personnel in the year was £257,601 (2019 - £271,995)

**9. Other finance income**

	2020 £	2019 £
Interest on pension scheme liabilities	<u>(12,000)</u>	<u>(13,000)</u>

**KENT MUSIC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**10. Intangible fixed assets**

	Computer software £
<b>Cost</b>	
At 1 September 2019 and 31 August 2020	43,968
<b>Amortisation</b>	
At 1 September 2019	43,952
Charge for the year	16
At 31 August 2020	43,968
<b>Carrying amount</b>	
At 31 August 2020	-
At 31 August 2019	16

**11. Tangible fixed assets**

	Long Term Leasehold Property £	Fixtures & Equipment £	Instrument s £	Total £
<b>Cost</b>				
At 1 September 2019	70,218	112,503	672,530	855,251
Additions	8,370	19,474	-	27,844
Disposals	(4,289)	-	-	(4,289)
At 31 August 2020	74,299	131,977	672,530	878,806
<b>Depreciation</b>				
At 1 September 2019	56,574	76,586	553,061	686,221
Charge for the year	9,383	6,734	26,106	42,223
On disposals	(4,018)	-	-	(4,018)
At 31 August 2020	61,939	83,320	579,167	724,426
<b>Net book value</b>				
At 31 August 2020	12,360	48,657	93,363	154,380
At 31 August 2019	13,644	35,917	119,469	169,030

**KENT MUSIC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**12. Stocks**

	2020 £	2019 £
Raw materials	2,964	13,581

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**13. Debtors**

	2020 £	2019 £
Trade debtors	125	132,884
Other debtors	2,568	2,121
Prepayments and accrued income	1,126,604	1,198,979
	<u>1,129,297</u>	<u>1,333,984</u>

**14. Current asset investments**

	2020 £	2019 £
Long term deposit account	333,694	333,694

**15. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	32,580	106,555
Other taxation and social security	33,763	43,354
Other creditors	17,839	12,252
Accruals and deferred income	90,557	233,386
	<u>174,739</u>	<u>395,547</u>

**KENT MUSIC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**16. Prior year adjustment**

The charity has since 2017 provided for a number of unfunded pension liabilities in accordance with FRS 102 and has recorded them within the financial statements at the present value of the commitments using an appropriate discount factor. Some of these were paid direct by the charity and some through Kent County Council. Confirmation was sought in the current year as to the status of these individuals and it was confirmed that those being paid by Kent County Council had also been included within the actuarial report and were therefore provided for twice. An adjustment has been made to strip out the duplicated amounts. This has resulted in an increase to unrestricted reserves of £78,859 as at 1 September 2018.

	<b>Pension Reserve</b>	<b>Pension Reserve</b>
	<b>As re-stated</b>	<b>As perviously reported</b>
1 September 2016	(1,430,715)	(1,430,715)
Prior year adjustment	86,702	
Gains	579,013	579,013
Expenditure	(1,151)	(1,151)
31 August 2017	(766,151)	(852,853)
Prior year adjustment	(7,843)	
Gains	213,000	213,000
31 August 2018	(560,994)	(639,853)
Prior year adjustment		
Losses	(130,000)	(130,000)
Income	4,994	4,994
31 August 2019	(686,000)	(764,859)

**KENT MUSIC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**17. Statement of funds**

**Statement of funds - current year**

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2020 £
<b>Designated funds</b>					
Fixed asset fund	169,048	-	(14,668)	-	154,380
<b>General funds</b>					
General funds	1,027,521	747,615	(651,840)	-	1,123,296
Pension reserve	(686,000)	-	-	(53,000)	(739,000)
	341,521	747,615	(651,840)	(53,000)	384,296
Total Unrestricted funds	510,569	747,615	(666,508)	(53,000)	538,676
<b>Endowment funds</b>					
Endowment funds	333,694	-	-	-	333,694
<b>Restricted funds</b>					
KYWO instrument fund	10,265	-	-	-	10,265
Bursary fund	37,468	1,214	(1,591)	-	37,091
Kent Youth Choirs (KYC)	3,078	-	-	-	3,078
Kent Youth Wind Orchestra (KYWO)					
fundraising fund	1,600	-	-	-	1,600
Orchestra ONE	330	-	(330)	-	-
Youth Music (Fund C)	4,098	4,500	(7,532)	-	1,066
Arts Council England	1,475,649	2,134,158	(2,300,813)	-	1,308,994
D A Baker Endowment	1,624	4,496	-	-	6,120
	1,534,112	2,144,368	(2,310,266)	-	1,368,214
Total of funds	2,378,375	2,891,983	(2,976,774)	(53,000)	2,240,584

**KENT MUSIC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**17. Statement of funds (continued)**

**Statement of funds - prior year**

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/(out) £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Fixed asset fund	217,514	-	(58,883)	10,417	-	169,048
<b>General funds</b>						
General funds	883,123	1,065,844	(880,008)	(41,439)	-	1,027,520
Pension reserve	(560,993)	-	4,994	-	(130,000)	(685,999)
	<u>322,130</u>	<u>1,065,844</u>	<u>(875,014)</u>	<u>(41,439)</u>	<u>(130,000)</u>	<u>341,521</u>
Endowment funds	<u>333,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,694</u>
<b>Restricted funds</b>						
KYWO instrument fund	10,265	-	-	-	-	10,265
Bursary fund	36,944	8,397	(7,873)	-	-	37,468
Kent Youth Choirs (KYC)	3,078	-	-	-	-	3,078
Kent Youth Wind Orchestra (KYWO) fundraising fund	1,600	-	-	-	-	1,600
Safer Kent	1,478	-	-	(1,478)	-	-
Orchestra ONE	315	2,362	(34,847)	32,500	-	330
Youth Music (Fund C)	-	7,650	(3,552)	-	-	4,098
Arts Council England	3,758,311	4,402	(2,287,064)	-	-	1,475,649
D A Baker Endowment	188	4,388	(2,952)	-	-	1,624
	<u>3,812,179</u>	<u>27,199</u>	<u>(2,336,288)</u>	<u>31,022</u>	<u>-</u>	<u>1,534,112</u>
Total of funds	<u>4,685,517</u>	<u>1,093,043</u>	<u>(3,270,185)</u>	<u>-</u>	<u>(130,000)</u>	<u>2,378,375</u>

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**KENT MUSIC**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**17. Statement of funds (continued)**

**Purpose of restricted funds**

- (i) The Bursary fund relates to income received specifically to assist students with payments of tuition fees.
- (ii) The Kent Youth Wind Orchestra (KYWO) instrument fund relate to funds received for the benefit of the Kent Youth Wind Orchestras.
- (iii) The Kent Youth Choirs (KYC) donation fund is monies received on the closure of Medway Opera and relates to the unspent balance of monies received.
- (iv) Orchestra ONE is a large scale ensemble for all abilities, particularly aimed at children and young people in challenging circumstances. Funding from the Music Education Hub has been allocated to enable it to continue for a further year.
- (v) Band without Boundaries is a West Kent jazz project aimed at people of all abilities, including those with learning difficulties and restricted physical ability.
- (vi) The Arts Council England fund relates to funding for the delivery of Music Education Hubs.
- (vii) Safer Kent is a project for young persons who are at risk of exclusion or have behavioural issues by providing music programmes.
- (viii) D A Baker endowment fund relates to the income and expenditure utilised from the endowment fund for tuition for children in the West Kent area.

In the current year a misallocation of Arts Council England funding was identified where costs incurred and approved by ACE has been incorrectly left within Unrestricted Funds. A retrospective adjustment has been made in respect of these amounts which has led to an adjustment of £578,988 between Unrestricted and Restricted reserves as at 31 August 2018.

As at 31 August 2020 there is a balance of £1,308,994 because in accordance with the the Charity's accounting policy, Grant income confirmed as at 1 April for the 12 month period is recognised in full at that date. Costs are considered to be incurred evenly over the term of the grant being 1 April to 31 March. The outstanding balance includes 7 months of income which will be used from September to March in line with the grant term.

**Purpose of designated funds**

- (i) The Fixed asset fund represents the value of funds invested in fixed assets which are not, by the nature of fixed assets, readily available for other purposes.

**Pension reserve**

The pension reserve included within the unrestricted reserve represents the defined benefit liability of £739,000.

**KENT MUSIC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**18. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Tangible fixed assets	154,380	-	-	154,380
Current assets	1,298,035	1,368,214	333,694	2,999,943
Creditors due within one year	(174,739)	-	-	(174,739)
Provisions for liabilities and charges	(739,000)	-	-	(739,000)
	<u>538,676</u>	<u>1,368,214</u>	<u>333,694</u>	<u>2,240,584</u>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Intangible fixed assets	16	-	-	16
Tangible fixed assets	169,032	-	-	169,032
Current assets	1,423,069	1,534,112	333,694	3,290,875
Creditors due within one year	(395,548)	-	-	(395,548)
Provisions for liabilities and charges	(686,000)	-	-	(686,000)
	<u>510,569</u>	<u>1,534,112</u>	<u>333,694</u>	<u>2,378,375</u>

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

	2020 £	2019 £
Net expenditure for the year (as per Statement of Financial Activities)	(84,791)	(2,177,142)
<b>Adjustment for:</b>		
Depreciation charges	42,239	58,883
Dividends, interest and rents from investments	(5,131)	(4,719)
Loss on the sale of fixed assets	271	58,515
Decrease in stocks	-	2,047,477
Decrease in debtors	211,257	-
(Decrease)/increase in creditors	(227,377)	98,616
Decrease/(increase) in stocks	10,617	(6,212)
Pension scheme costs	-	(4,000)
<b>Net cash (used in)/provided by operating activities</b>	<u>(52,915)</u>	<u>71,418</u>



**KENT MUSIC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**20. Analysis of cash and cash equivalents**

	2020 £	2019 £
Cash in hand	1,533,988	1,609,617
Total	<u>1,533,988</u>	<u>1,609,617</u>

**21. Pension commitments**

The company operates Defined Benefit pension schemes. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions payable by the company to the fund amounted to £28,452 (2019 - £27,259). The contributions payable by the company to the fund amounting to £8,239 (2019 - £8,479) were payable to the fund at the balance sheet date and included within creditors.

The company operates a Defined benefit pension scheme which is closed to new members..  
Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages) :

	2020	2019
Discount rate at 31 August	1.45 %	1.75 %
Future salary increases	3.40 %	3.85 %
Future pension increases	2.40 %	2.35 %
RPI increases	3.25 %	3.35 %
CPI increases	2.40 %	2.35 %

<b>Sensitivity analysis</b>	<b>At 31 August 2020 £</b>	<b>At 31 August 2019 £</b>
Discount rate +0.1%	3,003,000	2,919,000
Discount rate -0.1%	3,084,000	2,999,000
Mortality assumption - 1 year increase	3,213,000	3,113,000
Mortality assumption - 1 year decrease	2,883,000	2,813,000

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. Pension commitments (continued)**

The assets in the scheme and the expected rates of return were:

	<b>Fair value at 31 August 2020 £</b>	<i>Fair value at 31 August 2019 £</i>
Equities	<b>1,493,000</b>	<i>1,549,000</i>
Gilts	<b>15,000</b>	<i>16,000</i>
Other bonds	<b>298,000</b>	<i>205,000</i>
Property	<b>253,000</b>	<i>265,000</i>
Cash	<b>70,000</b>	<i>61,000</i>
Absolute return fund	<b>175,000</b>	<i>177,000</i>
Total market value of assets	<b><u>2,304,000</u></b>	<i><u>2,273,000</u></i>

The actual return on scheme assets was £1,250,000 (2019 - £44,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2020 £</b>	<i>2019 £</i>
Interest on obligation	<b><u>(12,000)</u></b>	<i><u>(13,000)</u></i>

Movements in the present value of the defined benefit obligation were as follows:

	<b>2020 £</b>	<i>2019 £</i>
Opening defined benefit obligation	<b>2,959,000</b>	<i>2,839,000</i>
Interest cost	<b>51,000</b>	<i>70,000</i>
Actuarial losses	<b>167,000</b>	<i>174,000</i>
Unfunded pension payments	<b>-</b>	<i>(7,000)</i>
Benefits paid	<b><u>(134,000)</u></b>	<i><u>(117,000)</u></i>
Closing defined benefit obligation	<b><u>3,043,000</u></b>	<i><u>2,959,000</u></i>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Pension commitments (continued)**

Changes in the fair value of scheme assets were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	<b>2,273,000</b>	2,279,000
Actuarial gains and (losses)	<b>114,000</b>	44,000
Contributions by employer including unfunded pension payments	<b>7,000</b>	18,000
Admin expenses	<b>(1,000)</b>	(1,000)
Interest on assets	<b>39,000</b>	57,000
Benefits paid	<b>(134,000)</b>	(124,000)
Other actuarial gains/(losses)	<b>(5,000)</b>	-
	<b>2,293,000</b>	2,273,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £NIL (2019 - £NIL).

The company expects to contribute £NIL to its Defined benefit pension scheme which is closed to new members. in 2021.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2020</b>	<b>2019</b>
Equities	<b>65.00 %</b>	68.00 %
Bonds	<b>13.00 %</b>	9.00 %
Cash	<b>3.00 %</b>	3.00 %
Gilts	<b>1.00 %</b>	1.00 %
Property	<b>11.00 %</b>	12.00 %
Target Return Portfolio	<b>8.00 %</b>	8.00 %

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**21. Pension commitments (continued)**

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2020 £	2019 £	2018 £	2017 £	2016 £
Defined benefit obligation	(3,043,000)	(2,959,000)	(2,839,000)	(3,060,000)	(3,421,000)
Scheme assets	2,293,000	2,273,000	2,279,000	2,288,000	2,075,000
Deficit	(750,000)	(686,000)	(560,000)	(772,000)	(1,346,000)
Experience adjustments on scheme assets	114,000	44,000	48,000	284,000	198,000

**22. Operating lease commitments**

At 31 August 2020 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
<b>Amounts payable:</b>		
Within 1 year	152,954	-
Between 1 and 5 years	25,602	174,728
Total	178,556	174,728

**23. Related party transactions**

During the year, trustee indemnity insurance was purchased for £827 (2019 - £679). In addition to this, trustees expenses reimbursed in the year amounted to £nil (2019 - £nil).