
KENT MUSIC
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Financial review

Reserves policy

The charity has a target level of free reserves of three months' worth of unrestricted expenses this is circa £165,000. We currently have general reserves of £1,569,188. For a detailed breakdown please see page 27. Free reserves are held for the following eventualities:

- To cover potential fluctuations in funding from grants while costs are adjusted.
- To allow Kent Music to explore opportunities in line with its charitable objectives.
- For unexpected costs relating to the relocation of offices.

In addition the following sums are held in reserve:

- An endowment fund of £333,694 resulting from a gift to the charity by Mrs D Baker
- Restricted funds of £1,163,392.

Risk Management

The charity maintains a risk register that sets out the major risks in the following categories: governance; music education hub; external risks; regulation & compliance; finance; and operations. The risk register is updated for each board meeting and the changes since the previous board meeting are brought to the attention of the trustees who discuss and agree any action that is required.

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 2022 was 13 (2021:12). The trustees have no beneficial interest in the charitable company.

Information on Fund Raising activities

Kent Music complies with sector best practice. There were no complaints in relation to fundraising during the year and no professional fundraisers or commercial partners conducted fundraising as representatives of Kent Music. The trustees have been made aware of the Fundraising Regulator's 2019 Code of Fundraising Practice which is applied to all fundraising activities.

KENT MUSIC
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Statement of Trustees' responsibilities

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 Company and of its incoming resources and application of resources, including its 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 Company will continue in business.

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

Disclosure of information to auditor

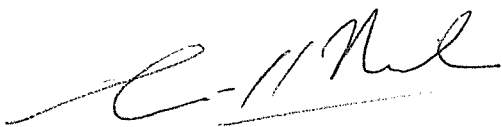
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity'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 charity's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, has indicated his willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:



.....
Mr Geoff Miles, Chair

Date: 31/3/23

KENT MUSIC
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT MUSIC

Opinion

We have audited the financial statements of Kent Music (the 'charitable company') for the year ended 31 August 2022 which comprise the statement of financial activities, 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 2022 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 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 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

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 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.

KENT MUSIC
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT MUSIC (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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

KENT MUSIC
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT MUSIC (CONTINUED)

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

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:

- Enquiry of management including considerations of known or suspected instances of non-compliance with laws and regulations and fraud.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combination.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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.

KENT MUSIC
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT MUSIC (CONTINUED)

Use of our report

This report is made solely to the charitable company's trustees, 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 trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, 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: 6 April 2023

KENT MUSIC
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income and endowments from:						
Donations and legacies	4	3,638	-	-	3,638	16,403
Charitable activities	5	1,031,609	2,189,806	-	3,221,415	2,956,288
Investments	6	1,436	-	-	1,436	2,531
Total income and endowments		1,036,683	2,189,806	-	3,226,489	2,975,222
Expenditure on:						
Charitable activities	7	860,074	2,342,237	-	3,202,311	2,900,710
Total expenditure		860,074	2,342,237	-	3,202,311	2,900,710
Net movement in funds before other recognised gains		176,609	(152,431)	-	24,178	74,512
Other recognised gains:						
Actuarial gains on defined benefit pension schemes	24	469,000	-	-	469,000	258,000
Net movement in funds		645,609	(152,431)	-	493,178	332,512
Reconciliation of funds:						
Total funds brought forward		923,579	1,315,823	333,694	2,573,096	2,240,584
Net movement in funds		645,609	(152,431)	-	493,178	332,512
Total funds carried forward		1,569,188	1,163,392	333,694	3,066,274	2,573,096

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 35 form part of these financial statements.

KENT MUSIC
(A company limited by guarantee)
REGISTERED NUMBER: 05464855

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	86,288	117,808
		<u>86,288</u>	<u>117,808</u>
Current assets			
Stocks	12	-	1,003
Debtors	13	1,324,386	1,259,143
Investments	14	333,694	333,694
Cash at bank and in hand		1,528,112	1,539,997
		<u>3,186,192</u>	<u>3,133,837</u>
Creditors: amounts falling due within one year	15	(186,206)	(182,549)
Net current assets		<u>2,999,986</u>	<u>2,951,288</u>
Total assets less current liabilities		<u>3,086,274</u>	<u>3,069,096</u>
Provisions for liabilities		(20,000)	(20,000)
Net assets excluding pension asset / liability		<u>3,066,274</u>	<u>3,049,096</u>
Defined benefit pension scheme asset / liability	25	-	(476,000)
Total net assets		<u><u>3,066,274</u></u>	<u><u>2,573,096</u></u>
Charity funds			
Endowment funds	17	333,694	333,694
Restricted funds	17	1,163,392	1,315,823
Unrestricted funds			
Unrestricted funds excluding pension liability	17	1,569,188	1,399,579
Pension reserve	17	-	(476,000)
Total unrestricted funds	17	<u>1,569,188</u>	<u>923,579</u>
Total funds		<u><u>3,066,274</u></u>	<u><u>2,573,096</u></u>

KENT MUSIC
(A company limited by guarantee)
REGISTERED NUMBER: 05464855

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

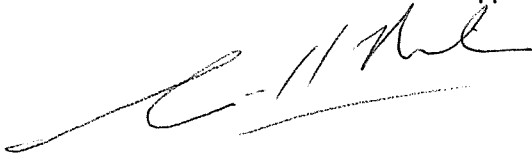
The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

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 preparation of financial statements.

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

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



Mr Geoff Miles (Chair)



Mr Timothy Leates

Date: 31/3/23

The notes on pages 17 to 35 form part of these financial statements.

KENT MUSIC
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	2022	2021
	£	£
Cash flows from operating activities		
Net cash used in operating activities	(7,867)	27,021
Cash flows from investing activities		
Dividends, interests and rents from investments	1,469	4,539
Purchase of tangible fixed assets	(5,487)	(25,551)
Net cash used in investing activities	(4,018)	(21,012)
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents in the year	(11,885)	6,009
Cash and cash equivalents at the beginning of the year	1,539,997	1,533,988
Cash and cash equivalents at the end of the year	1,528,112	1,539,997

The notes on pages 17 to 35 form part of these financial statements

KENT MUSIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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:

Units 25 & 26,
Creative Enterprise Quarter,
Javelin Way,
Ashford,
TN24 8FN

2. Accounting policies

2.1 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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.

2.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 3. 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.

2.3 Going concern

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 operation existence for the foreseeable future.

We are in discussion with Kent County Council to confirm their level of support for the coming year.

Arts Council England (ACE) have confirmed that funding to music hubs will remain at current levels until August 2024. In advance of August 2024 there will be a bidding process to run music education hubs when funding for an unspecified period beyond September 2024 will be confirmed.

Cash in bank at 31 August 2022 was £1,528,112. With the grant from ACE confirmed and tuition income stabilising we anticipate that there is more than enough cash to cover any eventuality.

KENT MUSIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.4 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.

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Teaching income is recognised in the period in which it is receivable and to the extent the lessons have been provided or on completion of the service.

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.

2.5 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.

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

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.

All expenditure is inclusive of irrecoverable VAT.

KENT MUSIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £200 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Long Term Leasehold Property	- Over the term of the lease
Fixtures, fittings and equipment	- 12-50% reducing Balance
Instruments	- 4-33% straight line

2.7 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 overhead costs.

2.8 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.

2.9 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.

2.10 Liabilities

Liabilities and provisions 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 in the statement of financial activities as a finance cost.

KENT MUSIC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.11 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.

2.12 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

2.13 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 2019 and updated to the 31st August 2022.

2.14 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.

KENT MUSIC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

3. 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 fund 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 fund.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions fund at 31 August 2022.

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 fund.

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

4. Income from donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	3,638	-	3,638	16,403
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2021</i>	1,394	15,009	16,403	
	<hr/>	<hr/>	<hr/>	

KENT MUSIC
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

5. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Tuition fees	754,992	-	754,992	427,683
Kent County Council	204,000	-	204,000	204,000
Instruments hire fees	61,118	-	61,118	38,710
Concert fees and admission charges	2,566	-	2,566	-
Other income	755	-	755	129
Grants	-	2,189,806	2,189,806	2,144,653
Coronavirus job retention scheme	8,178	-	8,178	141,113
	<u>1,031,609</u>	<u>2,189,806</u>	<u>3,221,415</u>	<u>2,956,288</u>
<i>Total 2021</i>	<u>811,635</u>	<u>2,144,653</u>	<u>2,956,288</u>	

6. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Investment income	<u>1,436</u>	<u>1,436</u>	<u>2,531</u>

KENT MUSIC
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

7. Analysis of expenditure by Fund type

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Pension finance costs	9,000	-	9,000	13,000
Staff costs	243,069	1,635,477	1,878,546	1,779,077
Travel costs	33,774	-	33,774	22,921
Instrument costs	-	46,877	46,877	24,277
Staff training and recruitment	-	25,089	25,089	20,459
Operating lease rentals	104,960	-	104,960	128,535
Accommodation, computer and office costs	244,688	-	244,688	215,675
Other expenses	84,114	-	84,114	44,408
Other teaching and administrative costs	42,036	-	42,036	28,718
Bursaries	-	150,168	150,168	79,625
(Profit)/Loss on disposal of fixed assets	(206)	-	(206)	(125)
Trustees' Indemnity Insurance	896	-	896	821
Professional fees	53,530	-	53,530	51,787
School funding	-	484,626	484,626	422,328
Projects and workshop expenditure	-	-	-	571
Life insurance	7,210	-	7,210	6,510
Depreciation and amortisation	37,003	-	37,003	62,123
	<u>860,074</u>	<u>2,342,237</u>	<u>3,202,311</u>	<u>2,900,710</u>
<i>Total 2021</i>	<u>688,657</u>	<u>2,212,053</u>	<u>2,900,710</u>	

8. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	15,000	12,500
Fees payable to the Company's auditor in respect of: Preparation of the financial statements	<u>3,800</u>	<u>3,100</u>

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9. Staff costs

	2022	2021
	£	£
Wages and salaries	1,707,124	1,625,080
Social security costs	126,840	117,654
Contribution to defined contribution pension schemes	44,582	36,343
	<u>1,878,546</u>	<u>1,779,077</u>

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

	2022	2021
	No.	No.
Teachers	108	104
Administration	43	39
	<u>151</u>	<u>143</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
	No.	No.
In the band £90,001 - £100,000	-	-
In the band £100,001 - £110,000	1	1

The senior management team comprised the Chief Executive, the Chief Operating Officer, Senior Manager Finance, Senior Manager Education and Head of Partnerships. The total remuneration of key management personnel in the year was £248,266 (2021 - £247,301).

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10. Trustees' remuneration and expenses

During the year ended 31 August 2022, no Trustees received any remuneration or other benefits (2021 - £Nil).

During the year ended 31 August 2022, expenses totalling £NIL were reimbursed or paid directly to Trustee (2021 - £295 to 1 Trustee). These costs were in respect of CPD training and pilot work.

11. Tangible fixed assets

	Long-term leasehold property £	Fixtures, fittings and equipment £	Instruments £	Total £
Cost or valuation				
At 1 September 2021	75,919	155,908	672,530	904,357
Additions	-	1,187	4,300	5,487
Disposals	-	(3,696)	-	(3,696)
At 31 August 2022	75,919	153,399	676,830	906,148
Depreciation				
At 1 September 2021	72,132	109,285	605,132	786,549
Charge for the year	3,787	14,902	18,314	37,003
On disposals	-	(3,692)	-	(3,692)
At 31 August 2022	75,919	120,495	623,446	819,860
Net book value				
At 31 August 2022	-	32,904	53,384	86,288
At 31 August 2021	3,787	46,623	67,398	117,808

12. Stocks

	2022 £	2021 £
Raw materials and consumables	-	1,003

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13. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	127,291	15,380
Other debtors	2,863	2,563
Prepayments and accrued income	1,194,232	1,241,200
	<u>1,324,386</u>	<u>1,259,143</u>

14. Current asset investments

	2022 £	2021 £
Unlisted investments	<u>333,694</u>	<u>333,694</u>

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	4,808	34,379
Other taxation and social security	36,128	46,780
Other creditors	23,768	20,394
Accruals and deferred income	121,502	80,996
	<u>186,206</u>	<u>182,549</u>

16. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through income and expenditure	<u>1,861,806</u>	<u>1,873,691</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

17. Statement of funds

Statement of funds - current year

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds					
Designated funds					
Fixed asset fund	117,808	-	(31,520)	-	86,288
General funds					
General Funds - all funds	1,281,771	1,036,683	(828,554)	(7,000)	1,482,900
Pension reserve	(476,000)	-	-	476,000	-
	805,771	1,036,683	(828,554)	469,000	1,482,900
Total Unrestricted funds	923,579	1,036,683	(860,074)	469,000	1,569,188
Endowment funds					
Endowment Funds - all funds	333,694	-	-	-	333,694
Restricted funds					
KYWO instrument fund	11,865	-	-	-	11,865
Bursary fund	37,091	-	-	-	37,091
Kent Youth Choirs (KYC)	3,078	-	-	-	3,078
Youth Music - Fund C	366	11,178	(9,000)	-	2,544
Youth Music	8,180	-	-	-	8,180
Arts Council England	1,244,464	2,178,628	(2,333,237)	-	1,089,855
D A Baker Endowment	10,779	-	-	-	10,779
	1,315,823	2,189,806	(2,342,237)	-	1,163,392
Total of funds	2,573,096	3,226,489	(3,202,311)	469,000	3,066,274

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

17. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2021 £</i>
Unrestricted funds					
Designated funds					
Fixed asset fund	154,380	-	(36,572)	-	117,808
General funds					
General Funds - all funds	1,123,296	815,560	(657,085)	-	1,281,771
Pension reserve	(739,000)	-	5,000	258,000	(476,000)
	384,296	815,560	(652,085)	258,000	805,771
Total Unrestricted funds	538,676	815,560	(688,657)	258,000	923,579
Endowment Funds - all funds	333,694	-	-	-	333,694
Restricted funds					
KYWO instrument fund	11,865	-	-	-	11,865
Bursary fund	37,091	-	-	-	37,091
Kent Youth Choirs (KYC)	3,078	-	-	-	3,078
Youth Music - Fund C	1,066	1,350	(2,050)	-	366
Youth Music	-	9,000	(820)	-	8,180
Arts Council England	1,308,994	2,144,653	(2,209,183)	-	1,244,464
D A Baker Endowment	6,120	4,659	-	-	10,779
	1,368,214	2,159,662	(2,212,053)	-	1,315,823
Total of funds	2,240,584	2,975,222	(2,900,710)	258,000	2,573,096

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Purpose of restricted funds

- (i) The Kent Youth Wind Orchestra (KYWO) instrument fund relates to funds received for the benefit of the Kent Youth Wind Orchestras.
- (ii) The Bursary fund relates to income received specifically to assist students with payments of tuition fees.
- (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) Youth Music fund relates to funds received for the benefit of the Youth Music Group and Youth Music Group C.
- (vi) The Arts Council England fund relates to funding for the delivery of Music Education Hubs.
- (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.

As at 31 August 2022 there is a balance of £1,089,855 because in accordance with 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 reserves represents any defined benefit liability. In the current year there is no liability on the fund (2021 - £476,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Summary of funds

Summary of funds - current year

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2022 £
Designated funds	117,808	-	(31,520)	-	86,288
General funds	805,771	1,036,683	(828,554)	469,000	1,482,900
Endowment funds	333,694	-	-	-	333,694
Restricted funds	1,315,823	2,189,806	(2,342,237)	-	1,163,392
	<u>2,573,096</u>	<u>3,226,489</u>	<u>(3,202,311)</u>	<u>469,000</u>	<u>3,066,274</u>

Summary of funds - prior year

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2021 £
Designated funds	154,380	-	(36,572)	-	117,808
General funds	384,296	815,560	(652,085)	258,000	805,771
Endowment funds	333,694	-	-	-	333,694
Restricted funds	1,368,214	2,159,662	(2,212,053)	-	1,315,823
	<u>2,240,584</u>	<u>2,975,222</u>	<u>(2,900,710)</u>	<u>258,000</u>	<u>2,573,096</u>

19. 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	86,288	-	-	86,288
Current assets	1,689,106	1,163,392	333,694	3,186,192
Creditors due within one year	(186,206)	-	-	(186,206)
Provisions for liabilities and charges	(20,000)	-	-	(20,000)
Total	<u>1,569,188</u>	<u>1,163,392</u>	<u>333,694</u>	<u>3,066,274</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Endowment funds 2021 £</i>	<i>Total funds 2021 £</i>
Tangible fixed assets	117,808	-	-	117,808
Current assets	1,484,320	1,315,823	333,694	3,133,837
Creditors due within one year	(182,549)	-	-	(182,549)
Provisions for liabilities and charges	(496,000)	-	-	(496,000)
Total	923,579	1,315,823	333,694	2,573,096

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

	2022 £	2021 £
Net income for the year (as per Statement of Financial Activities)	24,178	74,512
Adjustments for:		
Depreciation charges	37,003	62,123
Dividends, interests and rents from investments	(8,263)	(4,539)
Profit on the sale of fixed assets	(206)	(125)
Decrease in stocks	1,003	1,841
Increase in debtors	(65,243)	(129,846)
Increase in creditors	3,661	23,055
Net cash provided by/(used in) operating activities	(7,867)	27,021

21. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	1,528,112	1,539,997
Total cash and cash equivalents	1,528,112	1,539,997

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

22. Analysis of changes in net debt

	At 1 September 2021	Cash flows	At 31 August 2022
	£	£	£
Cash at bank and in hand	1,539,997	(11,885)	1,528,112
Liquid investments	333,694	-	333,694
	<u>1,873,691</u>	<u>(11,885)</u>	<u>1,861,806</u>

23. Provisions

	Dilapidation provision £
At 1 September 2021	20,000
	<u>20,000</u>

24. Actuarial gains on defined benefit pension schemes

	Pension reserve 2022 £	Projected pension expense 2022 £	Total funds 2022 £	Total funds 2021 £
Net pension asset in the statement of financial position				
Present value of the defined benefit obligation	2,156,000	-	2,156,000	2,966,000
Fair value of Fund assets	(2,334,000)	-	(2,334,000)	(2,490,000)
Non recognised pension surplus	178,000	-	178,000	-
Total 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,000</u>
<i>Actuarial gains on defined benefit pension schemes</i>	<u>469,000</u>	<u>7,000</u>	<u>476,000</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments

The group operates a defined contribution 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 £44,582 (2021 - £36,343) were payable to the fund at the balance sheet date and are included in creditors

The Charity also operates a defined benefit pension scheme which is closed to new members.

The pension charge is based on a full actuarial valuation dated 31 March 2019 and updated to the 31st August 2022.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	At 31 August 2022	<i>At 31 August 2021</i>
	%	%
Discount rate	4.25	1.60
Future salary increases	4.25	3.90
Future pension increases	3.20	2.90
RPI increases	3.70	3.40
CPI increases	3.20	2.90
	<hr/> <hr/>	<hr/> <hr/>
	At 31 August 2022	<i>At 31 August 2021</i>
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	21.0	21.9
- at 65 for a male aged 45 now	22.3	23.3
- for a female aged 65 now	23.5	23.8
- at 65 for a female aged 45 now	24.9	25.3
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**NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

The Company's share of the assets in the scheme was:

	At 31 August 2022 £	At 31 August 2021 £
Equities	1,528,000	1,630,000
Gilts	14,000	14,000
Other bonds	309,000	346,000
Property	275,000	256,000
Cash and other liquid assets	40,000	71,000
Absolute return fund	168,000	173,000
Total fair value of assets	2,334,000	2,490,000

The actual return on scheme assets was £318,930 (2021 - £323,000).

The amounts recognised in the Statement of financial activities are as follows:

	2022 £	2021 £
Interest cost	8,000	11,000
Administrative expenses	1,000	2,000
Total amount recognised in the Statement of financial activities	9,000	13,000

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

	2022 £	2021 £
Opening defined benefit obligation	2,966,000	3,043,000
Interest on assets	39,000	32,000
Actuarial (gains)/losses	(539,000)	33,000
Benefits paid	(127,000)	(137,000)
Unfunded pension payments	(5,000)	(5,000)
Non recognised pension surplus	(178,000)	-
Closing defined benefit obligation	2,156,000	2,966,000

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25. Pension commitments (continued)

Movements in the fair value of the Company's share of scheme assets were as follows:

	2022 £	2021 £
Opening fair value of scheme assets	2,490,000	2,304,000
Actuarial (losses)/gains	(70,000)	291,000
Contributions by employer	16,000	18,000
Contributions by scheme participants	39,000	32,000
Benefits paid	(140,000)	(153,000)
Administrative expenses	(1,000)	(2,000)
Closing fair value of scheme assets	2,334,000	2,490,000

26. Operating lease commitments

At 31 August 2022 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	14,501	152,184
Later than 1 year and not later than 5 years	-	13,712
	14,501	165,896

In the current year Kent Music entered into an agreement for the purchase of the virtual freehold (999-year lease) of two units located in Javelin Way, Ashford. The purchase is being made from Kent County Council at the agreed purchase price of £1,400,000. The funding of this purchase will be made via a loan of £1,400,000 from Ashford Borough Council. The loan period will be 40 years with the interest being fixed for the duration of the loan at 3.17%. No contract had been signed as at 31 August 2022 and therefore there is no accounting implication of this arrangement in the current year beyond a £1 peppercorn rent.

