

Registered number: 05464855
Charity number: 1110639

KENT MUSIC
Charitable Incorporated Organisation

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KENT MUSIC
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

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KENT MUSIC
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES (AT THE DATE OF
APPROVAL OF THE FINANCIAL STATEMENTS) AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2024**

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

Jessica Cooling
Rebecca Evernden
Heulwen Finley
Sarah Hamilton (appointed by Kent County Council)
Robin Hammerton
Timothy Leates
Ray Mia
Geoffrey Miles, Chair
Alicia Moyles
David Robey (appointed by Kent County Council)
Kyle Siwek
Elizabeth Topiwala

Company registered number

05464855

Charity registered number

1110639

Registered office

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

Chief Executive

Peter Bolton (retired April 25)
Gerry Sterling (appointed April 25)

Independent auditor

Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
37 St Margarets Street
Canterbury
Kent
CT1 2TU

Patron

Jools Holland OBE

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2024

The Trustees present their annual report together with the audited financial statements of Kent Music (The Charity) for the year ended 31 August 2024. The annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Structure, governance and management

Constitution

Kent Music was incorporated as a charitable company limited by guarantee 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.

Methods of appointment or election of Trustees

The management of the charity is the responsibility of the trustees who are elected under the terms in the articles of association.

Kent Music is keen to ensure that the board of trustees includes a broad base of relevant skills and experience. The method adopted for the recruitment and appointment of trustees is that vacancies are advertised, and applications invited. Shortlisted candidates are interviewed by the chair and one other trustee.

Trustees

The Trustees who served during the year are as follows:

Francesca Christmas (retired June 2024)
Jessica Cooling
Rebecca Evernden
Heulwen Finley (appointed July 2024)
Sarah Hamilton (appointed by Kent County Council)
Robin Hammerton
Sarah Hohler (retired September 2023)
Timothy Leates
Ray Mia
Geoffrey Miles (chair)
Alicia Moyles
David Robey (appointed October 2024)
Kyle Siwek
Elizabeth Topiwala

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Structure, governance and management (continued)

Chief Executive

Peter Bolton

Senior Leadership Team

Olivia Edwards (Senior Leader, Music Hub)
Trevor James (Senior Leader, Tuition & Ensembles)
Ruth Roberts (Senior Leader, Operations)

Organisational structure and decision-making policies

The Board of trustees of up to 14 members meets four times a year. A chief executive is appointed by the trustees to manage the day-to-day operations of the charity. There is an executive committee which also acts as the audit committee which meets to support the chief executive and senior leadership team on matters concerned the day-to-day running of the organisation. During the year the Articles of Association were reviewed by the trustees including terms of office for trustees which were confirmed as up to three terms of three years.

Objectives and activities

The objectives of the charity are the promotion of the performing arts in all their forms, in particular music and for this purpose to provide education, tuition and activities for the benefit of the public generally, particularly in the county of Kent and the unitary authority of Medway.

Vision

Kent & Medway is where music thrives and musicians flourish.

Mission

Transform lives with high-quality, inclusive music education that responds to need and provides inspirational opportunities for growth and progression.

Values

Creativity – we champion creativity, nurture imagination and spark inspiration.

Achievement – we empower people to progress and excel.

Inclusion – we open doors, fostering inclusivity and accessibility.

Awareness – we recognise the impact of our actions and make ethical and informed choices.

Joy – we encourage fun, seeking enjoyment and opportunities for celebration.

Core aims

Support schools to create the conditions where music thrives.

Provide accessible music education pathways for all children & young people.

Empower children & young people to pursue their musical aspirations.

Deliver a sustainable business.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Objectives and activities (continued)

Review of Activities

Tuition numbers remained stable during the course of the year. 2,700 people received instrumental & vocal lessons during the year at schools and in music centres.

Our music centres offered instrumental & vocal lessons and ensembles & choirs in Rochester, Sevenoaks, Tonbridge, Maidstone, Ashford, Folkestone, Broadstairs and Gravesend throughout the year.

Our creative ensemble, Orchestra ONE, took place during each half term creating new music from scratch in four-day courses, each ending with a performance. In October 2023 we collaborated with Jasmin Vardimon Company (JVC) on a music and dance project which brought together a group of young musicians and young dancers to create a new piece of music and dance which was performed in a double bill with Orchestra One at JV Home, the new home for JVC. The dance piece was repeated in a special performance for the Kent Ambassadors in November 2023. We added new courses in singing, strings and winds during the October and February half terms in response to excellent attendance at summer school courses.

Our county ensembles and county choir met throughout the year culminating in courses and concerts at Benenden School during the period of Kent Music Summer School. The summer school continued to grow and in summer 2024 there were 333 attendances on eight courses. In addition, primary schools from north Kent attended the summer school for a one day "Experience Day" which gave them the opportunity to play in the new Centenary Hall at Benenden School and see other courses taking place.

Music Hub

During the year Kent Music continued as the lead partner for the Music Hub for Kent. This included delivering whole class instrumental teaching to 3,752 children in 120 primary schools and funding a further 239 to buy in provision from other providers. 32 primary schools were supported to run an ensemble, 23 received bespoke curriculum support and 39 were supported to give them access to resources from *Sing Up* to enable them to develop singing in their schools.

78 secondary schools were funded during the year: 70 to enable them to provide an ensemble; 8 received bespoke support; 7 accessed Sing Up resources.

In addition, the hub supported 20 special schools and 19 junior schools during the year.

In total 145 ensembles were funded by the Music Hub in state schools in Kent during the year.

In November our annual Music Hub Schools Conference took place at the Kent Event Centre attracting delegates from 146 schools for a day of sessions from leading practitioners in the field of music education including an inspiring keynote presentation from Vaughan Fleischfresser, music education advocate and internationally recognised music educator.

The Music Hub provided professional development courses for classroom teachers and governors as well as tutoring on initial teacher training courses in partnership with *Kent Medway Trainers*. In total these activities reached 234 teachers and 16 school governors.

The Music Hub is prioritising "cold spot" areas as part of its future planning, focussing on areas of low engagement including Dover and the Isle of Sheppey. During the year the Hub undertook research in partnership with Pie Factory Music in Dover to understand the extent of the music provision in the town. The Hub was supported by Royal Opera & Ballet to undertake a similar piece of research on the Isle of Sheppey, commissioning The Audience Agency to carry out the research.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Objectives and activities (continued)

In May 2024 Arts Council England appointed Kent Music to lead the Music Hub for Kent & Medway from September 2024. The new hub will be a partnership of organisations including schools that come together to deliver the aims for Music Hubs as set out in the National Plan for Music Education. Kent Music has been appointed until the end of August 2030 and funded with a revenue grant of £2,648,822 for the year beginning 1 September 2024. Kent Music has also been awarded a one-off capital grant of £870,116 for the purchase of musical instruments and equipment. As part of the planning for the capital grant research has been undertaken to understand the need for adapted and adaptive music instruments to support children & young people with special educational needs and disabilities (SEND).

Environmental Sustainability

Kent Music has developed an environmental sustainability strategy which includes: banking ethically to ensure that funds in Kent Music bank accounts support environmentally sustainable investment; ensuring that our headquarters in Ashford is run as sustainably as possible, this includes investing in renewable energy; providing access to Cycle to Work and electric vehicle salary sacrifice schemes and providing advice and support to teachers who work in schools and other venues around the county.

Equity, Diversity & Inclusion (EDI)

Kent Music employs a full time Inclusion Manager (job share) who delivers the organisation's inclusion strategy. The main priorities in the strategy are to: support children & young people in disadvantaged communities in Kent; support music in special schools in Kent; provide adapted and adaptive instruments for children and young people with SEND; ensure the voice of children & young people is integrated into the organisation; ensure our workforce is EDI trained and our recruitment practices support EDI and to reduce the financial barriers to accessing music education.

Charging and remissions policy

Kent Music has a charging and remissions policy designed to remove as many barriers to music education as possible. The policy covers the following:

- Kent Music's tuition fees aim to recover the hourly rate paid to the teacher, the cost of providing DBS checks, the cost of hiring teaching venues and a small contribution to the overheads of Kent Music.
- We run a whole class instrumental teaching programme that provides every child in Kent the opportunity to have free instrumental teaching for one hour per week.
- We receive subsidy from Kent County Council that enables us to provide a network of out of school music centres and county ensembles and choirs at a subsidised rate.
- Other projects and programmes run by Kent Music are provided for a small charge or free. This includes professional development courses for teachers, large scale celebration events for schools, the Kent Music Roadshow and occasional short-term projects.
- A financial assistance scheme funded by part of the grant from Arts Council England and other ad hoc grants and legacies supports 75% of the cost of tuition fees for children & young people who fall into various categories for state benefits. During the year 507 children & young people received support from the financial assistance scheme.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Future activities

The organisation has set itself the following priorities for the future:

- Continuing its work in “cold spot” areas to bring music to children and young people who are currently underserved. This will mean delivering programmes in Dover and on the Isle of Sheppey, producing research on music activity in Medway and commissioning a study into music in Gravesham.
- Continuing to support schools throughout Kent & Medway through a programme of funding, specialist consultancy and professional development.
- Completing the purchase of our office and storage facility in Javelin Way, Ashford.
- Continuing to provide a tuition service, music centres throughout the county, county level ensembles and choirs and the annual Kent Music Summer School.
- Continuing as the Lead Organisation for the Kent & Medway Music Hub
- Developing a plan for bringing live professional performances to children & young people.
- Seeking ways to develop income, particularly through individual giving.

The current Chief Executive is standing down at the end of April 2025 and a new Chief Executive has been appointed to lead the organisation.

Financial review

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 operational existence for the foreseeable future.

Kent Music have been confirmed as the Hub Lead Organisation until 2030 and funding of £2,648,822 has been awarded to Kent Music until August 2025 plus a capital grant of £870,116 until August 2026. This significant level of restricted income ensures the financial stability of the charity for the foreseeable future. Kent County Council have confirmed that they wish to continue to support Kent Music with a grant of £175,000 until March 2025 which allows us to invest in the county music programme. It is anticipated that this will be renewed until March 2026.

The unrestricted income has increased to £1,044,518 (2023: £920,732) whilst cash equivalents at 31st Aug 2024 were £1,868,537 (2023: £1,655,975) reinforcing the trustee view that Kent Music is a going concern.

Pay Policy for Key Management Personnel

Kent Music's pay policy sets out how pay for all staff will be reviewed including key management personnel. When senior staff appointments are made, a benchmarking exercise is carried out to establish pay levels.

Reserves policy

The charity has a target level of free reserves of three months' worth of unrestricted expenses this is circa £220,000. We currently have unrestricted reserves of £1,699,856 (2023: £1,556,683) with general funds of £1,537,114 (2023: £1,433,239). For a detailed breakdown please see page 30.

Free reserves are held for the following eventualities:

- As a deposit in purchasing Javelin Way.
- To cover a shortfall on the annual budget due to unforeseen expenses.
- To allow Kent Music to explore opportunities in line with its charitable objectives.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Financial Review (continued)

In addition, we have an endowment fund of £333,694 resulting from a gift to the charity by Mrs D Baker and restricted funds of £3,628,762 (2023: £2,270,100) for a detailed breakdown please see page 30.

Risk Management

The charity maintains a risk register that sets out the major risks in the following categories: business interruption; governance & management; financial management & resilience; reputation; transition to the Music Hub for Kent & Medway. 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 2024 was 11 (2023: 13). 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.

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 and
- 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.

KENT MUSIC
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Disclosure of information to auditor

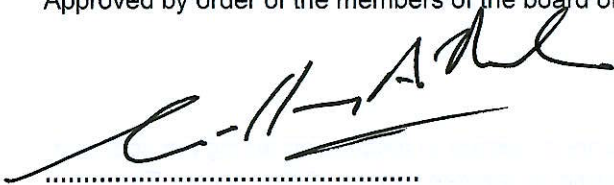
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- 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, Kreston Reeves LLP, has indicated 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:



.....
Geoffery Miles (Chair)

Date:

28/3/25

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 2024 which comprise statement of financial activities (incorporating income and expenditure account), balance sheet, and notes to the financial statements, including 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 2024, 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 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

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

Opinions 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; and
- 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 the 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 the trustees' report.

We have nothing to report in respect of the following matters in relation to which the 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, 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 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:

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

Auditor responsibilities for the audit of the financial statements (Continued)

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the charity and the sector as a whole, and through discussion with the Trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to safeguarding health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities SORP (FRS 102) Second Edition (released October 2019), the Companies Act 2006 and other relevant charity legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including safeguarding and health and safety) and fraud, and review of the reports made by management and internal audit; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax and regulatory authorities; and
- Review of internal controls and physical inspection of tangible assets susceptible to fraud or irregularity.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

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

Auditor responsibilities for the audit of the financial statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP

Samantha Rouse FCCA DchA (Senior Statutory Auditor)

For and on behalf of

Kreston Reeves LLP

Statutory Auditor

Chartered Accountants

Canterbury

Date: 28 March 2025

KENT MUSIC
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2024**

		Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment 2024 £	Total funds 2024 £	Total funds 2023 £
	Note					
Income and endowments from:						
Donations and legacies	4	0	13,261	0	13,261	10,083
Charitable activities	5	1,015,043	3,698,938	0	4,713,981	4,210,717
Investments	6	29,475	16,784	0	46,259	10,433
Total income and endowments		1,044,518	3,728,983	0	4,773,501	4,231,233
Expenditure on:						
Charitable activities	7	855,345	2,370,321	0	3,225,666	3,115,030
Total expenditure		855,345	2,370,321	0	3,225,666	3,115,030
Net movement in funds before other recognised gains/(losses)						
		189,173	1,358,662	0	1,547,835	1,116,203
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	21	(46,000)	0	0	(46,000)	(22,000)
Net movement in funds		143,173	1,358,662	0	1,501,835	1,094,203
Reconciliation of funds:						
Total Funds brought forward		1,556,683	2,270,100	333,694	4,160,477	3,066,274
Net movement in funds		143,173	1,358,662	0	1,501,835	1,094,203
Total funds carried forward		1,699,856	3,628,762	333,694	5,662,312	4,160,477

The Statement of financial activities includes all gains and losses recognised in the year.
The notes on pages 19 to 38 form part of these financial statements.

KENT MUSIC
(A company limited by guarantee)

BALANCE SHEET
AS AT AUGUST 2024
REGISTERED NUMBER: 05464855

		2024	2023
	Note	£	£
Fixed assets			
Tangible assets	11	152,482	123,444
Intangible assets	11.1	10,260	0
		<u>162,742</u>	<u>123,444</u>
Current assets			
Debtors	12	3,730,981	2,482,002
Investments	13	333,694	333,694
Cash at bank and in hand		1,868,537	1,655,975
		<u>5,933,212</u>	<u>4,471,671</u>
Creditors: amounts falling due within one year	14	<u>(413,642)</u>	<u>(414,638)</u>
Net current assets		<u>5,519,570</u>	<u>4,057,033</u>
Total assets less current liabilities		<u>5,682,312</u>	<u>4,180,477</u>
Provisions for liabilities		(20,000)	(20,000)
Net assets excluding pension asset		<u>5,662,312</u>	<u>4,160,477</u>
Total net assets		<u><u>5,662,312</u></u>	<u><u>4,160,477</u></u>
Charity Funds			
Endowment funds	15	333,694	333,694
Restricted funds	15	3,628,762	2,270,100
Unrestricted funds	15	1,699,856	1,556,683
Total funds		<u><u>5,662,312</u></u>	<u><u>4,160,477</u></u>

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.

KENT MUSIC
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2024

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:



Timothy Leates

Date: 28th March 2025

The notes on pages 19 to 38 form part of these financial statements.

KENT MUSIC
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Net cash used in operating activities	17	<u>239,315</u>	<u>199,815</u>
Cash flows from investing activities			
Dividends, interests and rents from investments		46,259	12,320
Purchase of tangible fixed assets		(64,752)	(84,272)
Purchase of intangible fixed assets		(10,260)	0
Proceeds from sale of tangible fixed assets		2,000	0
Net cash used in investing activities		<u>(26,753)</u>	<u>(71,952)</u>
Cash flows from financing activities			
Cash inflows from financing		0	0
Net cash provided by financing activities		<u>0</u>	<u>0</u>
Change in cash and cash equivalents in the year		212,562	127,863
Cash and cash equivalents at the beginning of the year		1,655,975	1,528,112
Cash and cash equivalents at the end of the year	18	<u><u>1,868,537</u></u>	<u><u>1,655,975</u></u>

The notes on pages 19 to 38 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

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.

The accounts are prepared in Pound Sterling (GBP£) and are rounded to the nearest pound.

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 operational existence for the foreseeable future.

Kent Music have been confirmed as the Hub Lead Organisation until 2030 and funding of £2,648,822 has been awarded to Kent Music until August 25 plus a capital grant of £870,116 until August 26. This significant level of restricted income ensures the financial stability of the charity for the foreseeable future.

Kent County Council have confirmed that they wish to continue to support Kent Music with a grant of £175,000 until March 2025 which allows us to invest in the county music programme.

The unrestricted income has increased to £1,044,518 (2023: £920,732) plus cash equivalents as at 31st August 2024 was £1,868,537 (2023: £1,655,975) reinforcing that Kent Music is a going concern.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

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 Charity 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

2. Accounting policies (continued)

2.6 Intangible fixed assets and amortisation

Intangible fixed 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 residual value, over their expected lives on the following basis:

Website Development and Design: 20% straight line

2.7 Tangible fixed assets and depreciation

Tangible fixed assets costing £1000 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:

Fixtures, fittings and equipment - 3.33%-25% straight line

Instruments - 4%-33% straight line

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 Investments

Current asset investments includes cash or other short-term liquid investments with a short maturity of more than three months but less than 12 months from the date of acquisition or opening of the deposit or similar account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 Operating leases

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

2.14 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 2022 and updated to the 31st August 2024.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

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 22, 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 2022 has been used by the actuary in valuing the pensions fund at 31 August 2024.

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.

The plan surplus as at 31 August 2024 was £629,000 (2023: £591,000). A pension plan asset is recognised to the extent that the charity is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. In the opinion of the trustees, the charity will not recover the surplus through reduced contributions and they do not anticipate receiving any refunds from the plan and therefore the net surplus recognised within the financial statements has been restricted to £NIL.

4. Income from donations and legacies

	Unrestricted funds 2024 £	Total funds 2024 £	<i>Total funds 2023 £</i>
One off donations by individuals	<u>13,261</u>	<u>13,261</u>	<u>10,083</u>

KENT MUSIC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

5. Income from charitable activities

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Tuition fees	916,035	0	916,035	734,902
Kent County Council	0	175,000	175,000	119,000
Instruments hire fees	88,342	0	88,342	59,906
Concert fees and admission charges	2,788	0	2,788	3,016
Other income	7,878	5,000	12,878	3,908
Grants	0	3,518,938	3,518,938	3,289,985
	<u>1,015,043</u>	<u>3,698,938</u>	<u>4,713,981</u>	<u>4,210,717</u>
Total 2023	<u>920,732</u>	<u>3,289,985</u>	<u>4,210,717</u>	

Income from Kent County Council in the financial year was £175,000 (2023, £175,000). In the prior year charitable income from Kent County Council was shown against Kent County Council £119,000 and Grants £56,000.

6. Investment income

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Investment income	<u>29,475</u>	<u>16,784</u>	<u>46,259</u>	<u>10,433</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

7. Analysis of expenditure by Fund type

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Pension finance costs	6,600	0	6,600	8,250
Staff costs	380,572	1,622,442	2,003,014	1,860,448
Travel costs	41,575	0	41,575	51,408
Instrument costs	0	31,959	31,959	18,291
Staff training and recruitment	0	43,457	43,457	24,224
Operating lease rentals	7,349	0	7,349	7,290
Accommodation, computer and office costs	159,714	148,252	307,966	358,457
Other expenses	142,347	5,000	147,347	147,674
Other teaching and administrative costs	0	55,449	55,449	57,693
Bursaries	0	160,253	160,253	140,421
(Profit)/Loss on disposal of fixed assets	201	0	201	2,201
Trustees' Indemnity Insurance	1,097	0	1,097	554
Professional fees	76,581	0	76,581	63,683
School funding	0	303,509	303,509	302,744
Life insurance	5,795	0	5,795	5,926
Depreciation and amortisation	33,514	0	33,513	65,766
	<u>855,345</u>	<u>2,370,321</u>	<u>3,225,666</u>	<u>3,115,030</u>
Total 2023	<u>931,753</u>	<u>2,183,277</u>	<u>3,115,030</u>	

8. Auditor's remuneration

	2024 £	2023 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	14,450	15,000
Fees payable to the Company's auditor in respect of:		
Preparation of the financial statements	<u>0</u>	<u>3,000</u>

KENT MUSIC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

9. Staff costs

	2024	2023
	£	£
Wages and salaries	1,821,675	1,698,370
Social security costs	133,421	117,231
Contribution to defined contribution pension schemes	47,918	44,847
	<u>2,003,014</u>	<u>1,860,448</u>

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

	2024	2023
	No.	No.
Teachers	90	89
Administration	36	30
	<u>126</u>	<u>119</u>

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

	2024	2023 - As restated	2023
	No.	No.	No.
In the band £90,001 - £100,000	1	1	0
In the band £100,001 - £110,000	0	0	1

The prior year number of employees has been restated from banding £100,001-£110,000 to £90,001-£100,000 as previously it including elements not classified by SORP as employee benefits.

The senior management team comprised the Chief Executive, senior leader music hub, senior leader tuition & ensembles and senior leader operations. The total remuneration of key management personnel in the year was £253,947 (2023 - £245,525). Total remuneration includes gross pay, employer national insurance and employer pension costs.

KENT MUSIC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

10. Trustees' remuneration and expenses

During the year ended 31 August 2024, £135 was reimbursed or paid directly to a Trustee for travel expenses. (2023 - £nil).

11. Tangible fixed assets

	Assets under Construction £	Fixtures, fittings and equipment £	Instruments £	Total £
Cost or valuation				
At 1 September 2023	0	210,288	618,472	828,760
Additions	5,000	39,731	20,021	64,752
Disposals	0	(1,254)	(24,834)	(26,088)
At 31 August 2024	<u>5,000</u>	<u>248,765</u>	<u>613,659</u>	<u>867,424</u>
Depreciation				
At 1 September 2023	0	127,002	578,314	705,316
Charge for the year	0	18,240	15,273	33,513
On disposals	0	(1,254)	(22,633)	(23,887)
At 31 August 2024	<u>0</u>	<u>143,988</u>	<u>570,954</u>	<u>714,942</u>
Net book value				
At 31 August 2024	<u>5,000</u>	<u>104,777</u>	<u>42,705</u>	<u>152,482</u>
At 31 August 2023	<u>0</u>	<u>83,286</u>	<u>40,158</u>	<u>123,444</u>

KENT MUSIC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

11.1 Intangible fixed assets

Assets under Construction

	AUC Website Development and Design £	Total £
Cost or valuation		
At 1 September 2023	0	0
Additions	10,260	10,260
Disposals	0	0
At 31 August 2024	<u>10,260</u>	<u>10,260</u>
Net book value		
At 31 August 2024	<u>10,260</u>	<u>10,260</u>
At 31 August 2023	<u>0</u>	<u>0</u>

12. Debtors

	2024	2023
	£	£
Due within one year		
Trade debtors	51,742	35,197
Prepayments and accrued income	3,679,239	2,446,805
	<u>3,730,981</u>	<u>2,482,002</u>

KENT MUSIC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

13. Current asset investments

	2024	2023
	£	£
Unlisted investments	<u>333,694</u>	<u>333,694</u>

14. Creditors: Amounts falling due within one year

	2024	2023
	£	£
Trade creditors	49,221	690
Other taxation and social security	38,808	34,981
Other creditors	25,808	35,445
Accruals	85,954	151,997
Deferred income	<u>213,851</u>	<u>191,525</u>
	<u>413,642</u>	<u>414,638</u>

At the balance sheet date the Charity held funds received in advance of the 2024/25 financial year in respect of tuition fees.

	2024	2023
	£	£
Deferred income at 1 September 2023	191,525	0
Amounts released from previous periods	(191,525)	0
Resources deferred during the year	<u>213,851</u>	<u>191,525</u>
Deferred income at 31 August 2024	<u>213,851</u>	<u>191,525</u>

KENT MUSIC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

15. Statement of funds

Statement of funds - current year

	Balance at 1 September 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2024 £
Designated funds						
Fixed Asset Fund	123,444	0	(33,513)	62,551	0	152,482
Assets under construction - Intangible	0	0	0	10,260	0	10,260
General funds						
General Funds - all funds	1,433,239	1,044,518	(821,832)	(72,811)	(46,000)	1,537,114
Total						
Unrestricted funds	1,556,683	1,044,518	(855,345)	0	(46,000)	1,699,856
Endowment Funds	333,694	0	0	0	0	333,694
Restricted funds						
(i) KYWO instrument fund	6,015	0	0	0	0	6,015
(ii) Bursary fund	33,702	13,261	(3,042)	0	0	43,921
(iii) Kent Youth Choir (KYC)	3,078	0	(3,078)	0	0	0
(iv) Youth Music	10,724	0	0	0	0	10,724
(v) Arts Council England	2,197,399	3,518,938	(2,197,399)	0	0	3,518,938
(vi) D A Baker Endowment	0	16,784	(11,802)	0	0	4,982
(vii) Kent County Council	19,182	175,000	(150,000)	0	0	44,182
(viii) Royal Opera House	0	5,000	(5,000)	0	0	0
	2,270,100	3,728,983	(2,370,321)	0	0	3,628,762
Total of funds	4,160,477	4,773,501	(3,225,666)	0	(46,000)	5,662,312

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

15. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Designated funds						
Fixed Asset Fund	86,288	0	(65,766)	102,922	0	123,444
General funds						
General Funds - all funds	<u>1,482,900</u>	<u>941,248</u>	<u>(865,987)</u>	<u>(102,922)</u>	<u>(22,000)</u>	<u>1,433,239</u>
Total Unrestricted funds	<u>1,569,188</u>	<u>941,248</u>	<u>(931,753)</u>	<u>0</u>	<u>(22,000)</u>	<u>1,556,683</u>
Endowment Funds	<u>333,694</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>333,694</u>
Restricted funds						
(i) KYWO instrument fund	11,865	0	(5,850)	0	0	6,015
(ii) Bursary fund	37,091	0	(3,389)	0	0	33,702
(iii) Kent Youth Choir (KYC)	3,078	0	0	0	0	3,078
(iv) Youth Music	10,724	0	0	0	0	10,724
(v) Arts Council England	1,089,855	3,113,098	(2,005,554)	0	0	2,197,399
(vi) D A Baker Endowment	10,779	1,887	(12,666)	0	0	0
(vii) Kent County Council	0	175,000	(155,818)	0	0	19,182
	<u>1,163,392</u>	<u>3,289,985</u>	<u>(2,183,277)</u>	<u>0</u>	<u>0</u>	<u>2,270,100</u>
Total of funds	<u>3,066,274</u>	<u>4,231,233</u>	<u>(3,115,030)</u>	<u>0</u>	<u>(22,000)</u>	<u>4,160,477</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

15. Statement of funds (continued)

Purpose of restricted funds

- (i) The Kent Youth Wind Orchestra instrument fund relates to funds received for the benefit of the Kent Youth Wind Orchestra.
- (ii) The bursary fund relates to income received specially to assist students with the cost tuition fees.
- (iii) The Kent Youth Choir fund is a donation received from Medway Opera when it closed and relates to the unspent balance of monies received.
- (iv) Youth Music is the unspent balance of funds received from the National Foundation for Youth Music for the completion of a project.
- (v) The Arts Council England fund is funding from Arts Council England to deliver the core and extension roles of the music education hub for Kent.
- (vi) The D A Baker endowment fund is a fund left to Kent Music to support music tuition for children in West Kent. The figures in Unrestricted Funds relate to the annual income and expenditure derived from the interest earned on the capital sum.
- (vii) Kent County Council grant runs from April 24 to March 25 and is to support out of school provision including orchestras, ensembles and the summer school.
- (viii) Royal Opera House provided a grant to support music education in Isle of Sheppey which was fully utilised in the year.

In the prior year there was a change in the timing of the grant receivable from the Arts Council England which brought the funding in line with the academic year. Previously grant income was confirmed as at 1 April for the 12 month period and was recognised in full at that date. Costs are considered to be incurred evenly over the term of the grant which was previously 1 April to 31 March. The prior year figures historically included 7 months of income which was to be used from September to March in line with the grant term. As at 31 August 2024 there is a balance of £3,518,938 which recognises the entire revenue grant for the increased area of Kent and Medway and the newly awarded capital grant confirmed in accordance with the accounting policy, but takes into account no costs as the entire amount relates to the post year end period.

Purpose of designated funds

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

16. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total funds 2024 £
Tangible fixed assets	152,482	0	0	152,482
Intangible Fixed Assets	10,260	0	0	10,260
Current assets	1,970,756	3,628,762	333,694	5,933,212
Creditors due within one year	(413,642)	0	0	(413,642)
Provisions for liabilities and charges	(20,000)	0	0	(20,000)
Total	1,699,856	3,628,762	333,694	5,662,312

Analysis of net assets between funds - prior year

	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total funds 2023 £
Tangible fixed assets	123,444	0	0	123,444
Current assets	1,712,059	2,425,918	333,694	4,471,671
Creditors due within one year	(414,638)	0	0	(414,638)
Provisions for liabilities and charges	(20,000)	0	0	(20,000)
Difference	155,818	(155,818)	0	0
Total	1,556,683	2,270,100	333,694	4,160,477

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

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

	2024	2023
	£	£
Net income for the year (as per Statement of Financial Activities)	<u>1,547,835</u>	<u>1,116,203</u>
Adjustments for:		
Depreciation charges	33,513	65,765
Actuarial gains	(46,000)	(22,000)
Dividends, interests and rents from investments	(46,259)	(12,320)
Loss/(profit) on the sale of fixed assets	201	2,201
Increase in debtors	(1,248,979)	(1,157,616)
Increase in creditors	(996)	228,432
Non cash Fixed Asset additions	0	(20,850)
Net cash provided by/(used in) operating activities	<u><u>239,315</u></u>	<u><u>199,815</u></u>

18. Analysis of cash and cash equivalents

	2024	2023
	£	£
Cash in hand	<u>1,868,537</u>	<u>1,655,975</u>
Total cash and cash equivalents	<u><u>1,868,537</u></u>	<u><u>1,655,975</u></u>

19. Analysis of changes in net debt

	At 1 September 2023	Cash flows	At 31 August 2024
	£	£	£
Cash at bank and in hand	1,655,975	212,562	1,868,537
Liquid investments	333,694	0	333,694
	<u><u>1,989,669</u></u>	<u><u>212,562</u></u>	<u><u>2,202,231</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

20. Provisions

	Dilapidation provision £
At 1 September 2023	20,000
	<u>20,000</u>

21. Actuarial gains on defined benefit pension schemes

	Pension reserve 2024 £	Total funds 2024 £	Total funds 2023 £
Net pension asset in the statement of financial position			
Present value of the defined benefit obligation	1,688,000	1,688,000	1,664,000
Fair value of Fund assets	(2,317,000)	(2,317,000)	(2,255,000)
Non recognised pension surplus	629,000	629,000	591,000
Total for 2024	<u>0</u>	<u>0</u>	<u>0</u>

Actuarial losses and gains on defined benefit pension schemes as shown in the Statement of financial activities are as follows.

	2024 £	2023 £
Actuarial (losses)/ gains - defined benefit obligation	(95,000)	78,000
Actuarial (losses)/ gains from fair value of scheme assets	<u>49,000</u>	<u>(100,000)</u>
Actuarial (losses)/ gains on defined benefit pension schemes	<u>(46,000)</u>	<u>(22,000)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

22. Pension commitments

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the defined contribution pension scheme and amounted to £47,918 (2023: £44,847) as shown in note 9. These 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 2022, and updated to the 31st August 2024. The plan surplus as at 31 August 2024 was £629,000 (2023: £591,000). A pension plan asset is recognised to the extent that the charity is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. In the opinion of the trustees, the charity will not recover the surplus through reduced contributions and they do not anticipate receiving any refunds from the plan and therefore the net surplus recognised within the financial statements has been restricted to £NIL.

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

	At 31 August 2024	At 31 August 2023
	%	%
Discount rate	4.95%	5.40%
Future salary increases	3.80%	3.85%
Future pension increases	2.80%	2.85%
RPI increases	3.25%	3.35%
CPI increases	<u>2.80%</u>	<u>2.85%</u>

	At 31 August 2024	At 31 August 2023
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	20.7	20.7
- at 65 for a male aged 45 now	22.0	22.0
- for a female aged 65 now	23.3	23.2
- at 65 for a female aged 45 now	<u>24.7</u>	<u>24.6</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

22. Pension commitments (continued)

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

	<i>At 31 August</i> 2024	<i>At 31 August</i> 2023
	£	£
Equities	1,323,000	1,432,000
Gilts	162,000	13,000
Other bonds	337,000	312,000
Property	214,000	227,000
Cash and other liquid assets	56,000	24,000
Absolute return fund	117,000	162,000
Infrastructure	108,000	85,000
Total fair value of assets	<u>2,317,000</u>	<u>2,255,000</u>

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

	2024	2023
	£	£
Interest cost	(32,000)	(8,000)
Administrative expenses	2,000	1,000
Total amount recognised in the Statement of financial activities	<u>(30,000)</u>	<u>(7,000)</u>

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

	2024	2023
	£	£
Opening defined benefit obligation	1,664,000	2,156,000
Interest on assets	87,000	90,000
Actuarial (gains) / losses	95,000	(78,000)
Benefits paid	(115,000)	(87,000)
Unfunded pension payments	(5,000)	(4,000)
Non recognised pension surplus	(38,000)	(413,000)
Closing defined benefit obligation	<u>1,688,000</u>	<u>1,664,000</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

22. Pension commitments (continued)

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

	2024	2023
	£	£
Opening fair value of scheme assets	2,255,000	2,342,000
Actuarial gains / (losses)	49,000	(100,000)
Contributions by employer	16,000	15,000
Contributions by scheme participants	119,000	90,000
Benefits paid	(120,000)	(91,000)
Administrative expenses	(2,000)	(1,000)
Closing fair value of scheme assets	<u>2,317,000</u>	<u>2,255,000</u>

23. Operating lease commitments

At 31 August 2024 the Company had commitments to make future minimum lease payments under noncancellable operating leases as follows:

	2024	2023
	£	£
Not later than 1 year	10,584	10,584
Later than 1 year and not later than 5 years	14,722	26,327
	<u>25,306</u>	<u>36,911</u>

In 2022 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 rate and term under consideration. No contract had been signed as at 31 August 2024, and therefore there is no accounting implication of this arrangement in the current year beyond a £1 peppercorn rent.

24. Related Party Disclosures

There have been no related party transactions in the year under review.