

Company registration number: 06660387

Charity registration number: 1128587

# Leeds Music Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 October 2020

# **Leeds Music Trust**

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## **Leeds Music Trust**

### **Reference and Administrative Details**

<b>Trustees</b>	Mr T Wrigley Mr C Guerin Mr N Chapman Mrs S Smith
<b>Principal Office</b>	19 Cookridge Street Leeds West Yorkshire LS2 3AG
<b>Registered Office</b>	19 Cookridge Street Leeds West Yorkshire LS2 3AG
<b>Company Registration Number</b>	06660387
<b>Charity Registration Number</b>	1128587
<b>Accountants</b>	Jon Child & Co Chartered Accountants 79 Tib Street Manchester M4 1LS

# **Leeds Music Trust**

## **Trustees Report**

### **Structure governance and management**

Leeds Music Trust (the “Charity”) was incorporated as a charitable company limited by guarantee on 30 July 2008. The Charity’s governing document is the Memorandum and Articles of Association. The company number and other administrative details are set out in the introductory parts of the Accounts.

Following a special resolution to amend the objects, the Charity was accepted for registration with the Charity Commission on 16 March 2009 with the charity number set out above.

The Trustees of the Charity are appointed by the members. The Trustees may co-opt further Trustees. The Trustees have been selected by the promoters of the Charity for their commitment to Charity’s objects and achieving the objectives, with reference to the National Operational Standards for Trustees. The Charity’s Trustee appointments policy is based on identifying skills requirements and a strengths and weaknesses analysis of the current skills on the board together with demonstration of enthusiasm for the Charity’s objectives.

The Charity’s Trustee Induction Policy requires as a minimum that new Trustees shall be presented with copies of the Memorandum and Articles of Association, Charity Commission publication CC3, the National Operational Standards for Trustees, management financial data, forecast, and cashflow, and a precis of the current objectives of the Charity usually in the form of the Charity’s business plan.

Much of the day to day administration and activities are delegated to the Charity’s volunteers and consultants. All decision making on strategy, capital projects and financial matters is strictly reserved to the Trustees. The Charity has a wholly owned trading subsidiary Old Chapel Music CIC (“OCM”) to operate a community based music rehearsal facility and non-charitable community based music activities to fund the Charity’s activities.

The Trustees undertake SWOT analysis, feasibility studies and peer review to identify operational risks and devise the Charity’s strategy for managing risks while delivering the Charity’s objectives.

### **Objectives and activities**

The Trustees set the Charity’s objectives with reference to the charitable objects set out in the Memorandum and Articles of Association.

The vision of the Charity is to provide a sustainable community based music rehearsal facility by which the public benefit from the provision of music facilities for the purpose of formal and informal music education thereby promoting the art of music in a space in which it is intended all sections of the local community can congregate thereby breaking down social economic and cultural barriers towards a better community, with the additional benefits of local business and job creation opportunities.

In developing the objectives of the Charity and in all the Charity’s strategic decision making the Trustees have had regard to the Charity Commission’s published guidance on public benefit and particular advice received during the registration process.

The objects of the Charity are set out in full in the Memorandum and Articles of Association and also on the Charity Commission’s website. In summary the objects of the Charity are:

- Promotion of the art of music
- Promotion of musical education and training
- Provision of charitable recreational facilities
- Other charitable purposes consistent with the purposes set out above

# **Leeds Music Trust**

## **Trustees Report**

The Charity's main aims are:

- Provision of a high quality low cost music rehearsal facility
- Provision of formal and informal music education
- Provision of opportunities for public performances
- Provision of opportunities for disadvantaged groups to participate in music
- Conducting the above in a manner by which the public will benefit from collaborations and cooperative working between charities, local business and job creation.

The Charity intends to create opportunities for the public to benefit from the provision of local live music and to make a difference in the Charity's local area by providing music and community facilities in a deprived area.

The main objectives of the Charity during this accounting period were:

Maintaining a music rehearsal facility.

Providing musical education and grants and subsidies to amateur musicians towards rehearsal facilities and equipment.

Providing opportunities for disadvantaged groups to participate in music.

The coronavirus SARS CoV2 pandemic surfaced in the first half of the accounting period and in line with government guidance and legal requirements the charity's main facilities at Old Chapel, Czar Street Leeds were closed on the first UK lockdown on 23 March 2020.

### **Achievements and performance**

Notable achievements and performance against the main objectives of the Charity during this accounting period were as follows:

#### **1. Maintaining the music rehearsal facility.**

The Old Chapel studios were open as normal 1 Nov 2019 to 20 Mar 2020. In line with government guidance and legal requirements the charity's main music rehearsal facilities at Old Chapel, Czar Street Leeds were closed on the first UK lockdown on 23 March 2020 due to the coronavirus SARS CoV2 pandemic.

During the open period the demographic of users was very similar to previous years with well over 90% of users being amateur musicians with occasional professional day to day bookings of studio time. Many are regular users of the studio. Since 23 March 2020 all amateurs are currently unable to perform or access facilities such as ours due to the coronavirus pandemic. However, we were able to continue some of our programmes in online formats, see below.

OCM continues to deliver a charitable music rehearsal facility on behalf of the Charity in accordance with the requirements of the Charity as prescribed by the Trustees from time to time.

The Trustees have received regular reports on progress from OCM and monitor delivery and reviewed the coronavirus related laws and government guidance.

Charging rates when open are approximately 10% lower than standard market rates for similar equipped rehearsal facilities.

Discounts to market rates are automatically given to all the Charity's beneficiaries i.e. amateur musicians (full market rates are payable by professional musicians).

## **Leeds Music Trust**

### **Trustees Report**

2. Provided musical education and grants and subsidies to amateur musicians towards rehearsal facilities and equipment.

The Charity via OCM subsidised amateur musicians' rehearsal time and equipment hire while the studios were open in the same fashion as previous years and in line with the 10% reduction on open market rates.

The trustees are extremely grateful to the dedicated volunteers whose hard work has enabled the studios and projects to continue to run despite limited funding and in a very difficult and uncertain period due to the coronavirus pandemic.

Feedback from beneficiaries and stakeholders continues to be very positive.

The local community activities we usually run and support have all ceased this year due to the pandemic. Looking to the future and a post lockdown era the Trustees remain committed to local community events and seeking further opportunities towards more structured musical education including opportunities for teaching, mentoring and performance.

3. Provided opportunities for disadvantaged groups to participate in music.

Due to the face to face nature of making live music many of our normal activities were forced to close during government enforced lockdowns. However, we needed to ensure continuity with our beneficiaries particularly in our Bringing It All Back Home project (BIABH) catering for vulnerable people who were already isolated pre Covid. The team quickly adapted to an online model, grants were used to supply equipment required to keep in touch with the service users and we have built and sustained very regular contact with everyone.

Once some restrictions were lifted some beneficiaries met for outside music activity and walks, but during the lockdowns the online community has actually flourished. We have started remote recording sessions and plan to release an albums of songs about the experiences of the pandemic and lockdown. This has attracted attention from celebrities and we hope to make videos to accompany the album which will serve as a record of an unprecedented and harrowing time, and the resilience that has sprung from it.

The board has reflected on this change, and the wider requirements of the community we serve and we foresee a future where many more people will be seeking help combat isolation loneliness and mental health issues, many of which can be addressed through social activities and positive educational experiences such as music making.

There is talk of social prescribing for communal self help, and the board believes our experience and success this year will prove useful in directly helping some of the vulnerable in society. The board is seeking to grow this area of activity in response to need.

One BIABH client shared the impact the project has had on his life this year:

"It has helped a tremendous amount, coming down to the studio and now on Zoom and the like... you all listen when I talk which I do a bit too much (laughs). Music is my thing really and with my mental health it helps to, well... I don't know where I'd be without it."

"I don't work at the moment and I'm on my own, but there are people here who I can relate to, who listen and... people understand, we can relate to each other, the music and the mental health, we're not just left to our own devices. It's good we get to play and talk and it's really good to be understood."

"Lyrics and music mean so much to me; meaningful lyrics, even angry ones help me, they mean a lot. I get to play and I get to talk, they're a circle of friends now. It's changed me... definitely, it's given me somewhere to go and people to be with, like-minded people."

Unfortunately, the ReBalance programme was put on hold in March 2020. The trustees are hopeful the project can return post pandemic.

# **Leeds Music Trust**

## **Trustees Report**

### **Financial review**

Of course, this financial period has been unlike no other due to the pandemic and government lockdown restrictions. The Charity's financial position is stable.

The charity managed to secure grant assistance which covered rent, rates and some building adaptations.

Mark Hubbard was part of a group formed to provide feedback to DCMS on music studios which had not been covered in the early government guidance. This led to forming a new sector representative body the Association of Independent Rehearsal and Recording Studios (AIRRS). AIRRS recommended continued closure of studios in line with existing guidance for certain leisure facilities. Around the country access and allocation of grants to similar facilities nationwide has not been uniform or guaranteed. Mark Hubbard OCM studio manager successfully argued the case to be included in the leisure facilities grants and secured financial aid from Leeds City Council. Without this it is unlikely the charity could have survived

Grants from the government for the covid pandemic totalled £38,232.

Rent/long term room use was obviously reduced for the year. Long term occupiers opted to continue to pay for their rooms and the income from that source was £11,282 in total which is a good performance considering the circumstances.

The OCM studios were open until 20 Mar 2020, during which time rehearsal room and equipment hire was £45,757 which was on track to be a good financial year.

Overall the Trustees are cautiously optimistic that once the lockdown restrictions end and the pandemic is at a manageable level i.e. where most studio users will be able and feel safe to use the facilities and attend events that the finances can recover and the services offered will be attractive to people in the "new normal".

The Trustees are extremely grateful to the hard work dedication and resilience of OCM director Mark Hubbard and the OCM staff and volunteers. Without them none of this would be possible.

### **Relationships and potential conflicts**

Tim Wrigley is a Trustee, company secretary and a solicitor at Wrigleys Solicitors LLP. Wrigleys Solicitors LLP have acted pro-bono on all advice and work undertaken on behalf of the Charity.

The Trustees continue to manage the potential for conflicts to arise. No benefit has been conferred upon any Trustee by virtue of their position as a Trustee. No payments to Trustees have been made and no expenses have been claimed by Trustees.

### **Volunteers**

The Charity's Trustees and volunteers have contributed their time to various discussions and meetings towards the development and delivery of the Charity's projects. In the accounting period the charitable activities have been delivered with only incidental management and administration costs, which would not have been possible without the contribution of the volunteers.

### **Plans for future**

The Trustees aim to provide free or subsidised rehearsal time in the OCM facility in line with previous years.

The Trustees aim to ensure that all beneficiaries have access to opportunities for education and development in music composition, technique and performance. The Trustees aim to embrace online technologies to help improve access to the programmes we operate.

## **Leeds Music Trust**

### **Trustees Report**

The Trustees recognise the need to review the impact of the pandemic and learn lessons from the threats and opportunities that it presented. This may include reviewing the direction and charitable purposes to ensure that they are fit for purpose and allow the charity to target help and support where it is most needed.



## Leeds Music Trust

### Statement of Trustees' Responsibilities

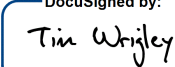
The trustees (who are also the directors of Leeds Music Trust for the purposes of company law) are responsible for preparing the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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 apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Approved by the trustees of the charity on 25 October 2021 and signed on its behalf by:

DocuSigned by:  
  
.....126E5DE0802D40C.....  
Mr T Wrigley  
Trustee

**Chartered Accountants' Report to the Trustees on the Preparation of the Unaudited  
Statutory Accounts of  
Leeds Music Trust  
for the Year Ended 31 October 2020**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Leeds Music Trust for the year ended 31 October 2020 as set out on pages 9 to 22 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/> ].

This report is made solely to the Board of Directors of Leeds Music Trust, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Leeds Music Trust and state those matters that we have agreed to state to the Board of Directors of Leeds Music Trust, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Leeds Music Trust and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Leeds Music Trust has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and results of Leeds Music Trust. You consider that Leeds Music Trust is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Leeds Music Trust. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

DocuSigned by:  
*Jon Child & Co*  
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Jon Child & Co  
Chartered Accountants  
79 Tib Street  
Manchester  
M4 1LS  
25 October 2021

## Leeds Music Trust

### Statement of Financial Activities for the Year Ended 31 October 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	421	50,065	50,486
Total income		421	50,065	50,486
<b>Expenditure on:</b>				
Raising funds	4	(3,593)	(7,899)	(11,492)
Charitable activities	5	(2,006)	(41,920)	(43,926)
Total expenditure		(5,599)	(49,819)	(55,418)
Net (expenditure)/income		(5,178)	246	(4,932)
Net movement in funds		(5,178)	246	(4,932)
<b>Reconciliation of funds</b>				
Total funds brought forward		28,771	31,729	60,500
Total funds carried forward	13	23,593	31,975	55,568
	Note	Unrestricted funds £	Restricted funds £	Total 2019 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	4,199	49,300	53,499
Total income		4,199	49,300	53,499
<b>Expenditure on:</b>				
Raising funds	4	(7,979)	(7,965)	(15,944)
Charitable activities	5	-	(49,300)	(49,300)
Total expenditure		(7,979)	(57,265)	(65,244)
Net expenditure		(3,780)	(7,965)	(11,745)
Net movement in funds		(3,780)	(7,965)	(11,745)
<b>Reconciliation of funds</b>				
Total funds brought forward		32,551	39,694	72,245
Total funds carried forward	13	28,771	31,729	60,500

All of the charity's activities derive from continuing operations during the above two periods.  
The funds breakdown for 2019 is shown in note 13.

**Leeds Music Trust**  
**(Registration number: 06660387)**  
**Balance Sheet as at 31 October 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	8	11,250	12,500
Tangible assets	9	31,960	42,202
Investments	10	1	1
		<u>43,211</u>	<u>54,703</u>
<b>Current assets</b>			
Cash at bank and in hand	11	13,157	7,526
<b>Creditors: Amounts falling due within one year</b>	12	<u>(800)</u>	<u>(1,729)</u>
<b>Net current assets</b>		<u>12,357</u>	<u>5,797</u>
<b>Net assets</b>		<u>55,568</u>	<u>60,500</u>
<b>Funds of the charity:</b>			
<b>Restricted income funds</b>			
Restricted funds		31,975	31,729
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>23,593</u>	<u>28,771</u>
<b>Total funds</b>	13	<u>55,568</u>	<u>60,500</u>

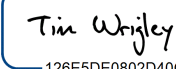
For the financial year ending 31 October 2020 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 9 to 22 were approved by the trustees, and authorised for issue on 25 October 2021 and signed on their behalf by:

DocuSigned by:  
  
 126E5DE0802D40C...  
 Mr T Wrigley  
 Trustee

# **Leeds Music Trust**

## **Notes to the Financial Statements for the Year Ended 31 October 2020**

### **1 Charity status**

The charity is limited by guarantee, incorporated in , and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

19 Cookridge Street

Leeds

West Yorkshire

LS2 3AG

The principal place of business is:

19 Cookridge Street

Leeds

West Yorkshire

LS2 3AG

These financial statements were authorised for issue by the trustees on 25 October 2021.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

#### **Basis of preparation**

Leeds Music Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

#### **Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

#### **Exemption from preparing a cash flow statement**

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

## **Leeds Music Trust**

### **Notes to the Financial Statements for the Year Ended 31 October 2020**

#### **Income and endowments**

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

#### ***Donations and legacies***

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

#### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### ***Raising funds***

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

#### ***Charitable activities***

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

#### ***Grant provisions***

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

#### **Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Goodwill**

Goodwill is amortised over its useful life of 20 years on a straight line basis.

#### **Tangible fixed assets**

Individual fixed assets costing £0.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

## Leeds Music Trust

### Notes to the Financial Statements for the Year Ended 31 October 2020

#### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land and buildings	straight line basis over 10 years
Plant and machinery	15 % reducing balance basis

#### Business combinations

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the charity. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

#### Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## **Leeds Music Trust**

### **Notes to the Financial Statements for the Year Ended 31 October 2020**

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Foreign exchange**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in the Statement of Financial Activities in the period in which they arise except for:

- 1) exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- 2) exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- 3) in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

#### **Fund structure**

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

#### **Financial instruments**

##### ***Classification***

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.



## **Leeds Music Trust**

### **Notes to the Financial Statements for the Year Ended 31 October 2020**

#### ***Recognition and measurement***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## **Leeds Music Trust**

### **Notes to the Financial Statements for the Year Ended 31 October 2020**

#### ***Debt instruments***

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

#### ***Investments***

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

## Leeds Music Trust

### Notes to the Financial Statements for the Year Ended 31 October 2020

#### *Derivative financial instruments*

The charity uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The charity does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in statement of financial activities immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of financial activities depends on the nature of the hedge relationship.

#### *Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

### 3 Income from donations and legacies

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	General £	£	£	£
Donations and legacies;				
Donations from individuals	421	50,065	50,486	53,499
	<u>421</u>	<u>50,065</u>	<u>50,486</u>	<u>53,499</u>

# Leeds Music Trust

## Notes to the Financial Statements for the Year Ended 31 October 2020

### 4 Expenditure on raising funds

#### a) Costs of generating donations and legacies

		Unrestricted funds			
	Note	General £	Restricted funds £	Total 2020 £	Total 2019 £
Depreciation, amortisation and other similar costs		3,593	7,899	11,492	11,574
Other direct costs of generating voluntary income		-	-	-	4,370
		<u>3,593</u>	<u>7,899</u>	<u>11,492</u>	<u>15,944</u>

### 5 Expenditure on charitable activities

		Unrestricted funds			
	Note	General £	Restricted funds £	Total 2020 £	Total 2019 £
Grant funding of activities		<u>2,006</u>	<u>41,920</u>	<u>43,926</u>	<u>49,300</u>

## Leeds Music Trust

### Notes to the Financial Statements for the Year Ended 31 October 2020

#### 6 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2020 £	2019 £
Depreciation of fixed assets	10,242	10,324
Amortisation of goodwill	<u>1,250</u>	<u>1,250</u>

#### 7 Taxation

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

#### 8 Intangible fixed assets

	Goodwill £	Total £
<b>Cost</b>		
At 1 November 2019	<u>25,000</u>	<u>25,000</u>
At 31 October 2020	<u>25,000</u>	<u>25,000</u>
<b>Amortisation</b>		
At 1 November 2019	12,500	12,500
Charge for the year	<u>1,250</u>	<u>1,250</u>
At 31 October 2020	<u>13,750</u>	<u>13,750</u>
<b>Net book value</b>		
At 31 October 2020	<u>11,250</u>	<u>11,250</u>
At 31 October 2019	<u>12,500</u>	<u>12,500</u>

# Leeds Music Trust

## Notes to the Financial Statements for the Year Ended 31 October 2020

### 9 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Total £
<b>Cost</b>			
At 1 November 2019	97,800	16,277	114,077
At 31 October 2020	97,800	16,277	114,077
<b>Depreciation</b>			
At 1 November 2019	58,680	13,194	71,874
Charge for the year	9,780	463	10,243
At 31 October 2020	68,460	13,657	82,117
<b>Net book value</b>			
At 31 October 2020	29,340	2,620	31,960
At 31 October 2019	39,120	3,083	42,203

### 10 Fixed asset investments

	2020 £	2019 £
Shares in group undertakings and participating interests	1	1

# Leeds Music Trust

## Notes to the Financial Statements for the Year Ended 31 October 2020

### Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
<b>Cost</b>		
At 1 November 2019	<u>1</u>	<u>1</u>
At 31 October 2020	<u>1</u>	<u>1</u>
<b>Net book value</b>		
At 31 October 2020	<u>1</u>	<u>1</u>
At 31 October 2019	<u>1</u>	<u>1</u>

### 11 Cash and cash equivalents

	2020 £	2019 £
Cash at bank	<u>13,157</u>	<u>7,526</u>

### 12 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	-	930
Other creditors	-	(1)
Accruals	<u>800</u>	<u>800</u>
	<u>800</u>	<u>1,729</u>

# Leeds Music Trust

## Notes to the Financial Statements for the Year Ended 31 October 2020

### 13 Funds

	Balance at 1 November 2019 £	Incoming resources £	Resources expended £	Balance at 31 October 2020 £
<b>Unrestricted funds</b>				
General	28,771	421	(5,599)	23,593
<b>Restricted funds</b>	<u>31,729</u>	<u>50,065</u>	<u>(49,819)</u>	<u>31,975</u>
<b>Total funds</b>	<u>60,500</u>	<u>50,486</u>	<u>(55,418)</u>	<u>55,568</u>
	Balance at 1 November 2018 £	Incoming resources £	Resources expended £	Balance at 31 October 2019 £
<b>Unrestricted funds</b>				
General	32,551	3,029	(6,809)	28,771
<b>Restricted funds</b>	<u>39,694</u>	<u>49,300</u>	<u>(57,265)</u>	<u>31,729</u>
<b>Total funds</b>	<u>72,245</u>	<u>52,329</u>	<u>(64,074)</u>	<u>60,500</u>