

Charity registration number: 1153716

Nottingham Music Service

Annual Report and Financial Statements

for the Year Ended 31 March 2021

Community Accounting Plus
Units 1 and 2 North West
41 Talbot Street
Nottingham
NG1 5GL

Nottingham Music Service

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 8
Statement of Trustees' Responsibilities	9
Independent Examiner's Report	10
Statement of Financial Activities	11 to 12
Balance Sheet	13
Cash Flow Statement	14
Notes to the Financial Statements	15 to 25

Nottingham Music Service

Reference and Administrative Details

Trustees	James Gibbons
	David Wesker
	Amanda Dawson
	Tamba Roy
	David Mellen
	Nigel Cooke
Senior Management Team	Ian Burton, CEO
	Michael Aspinall, Business Operations and Strategy Manager
Principal Office	The Litehouse Crocus Street Nottingham NG2 3DP
Charity Registration Number	1153716
Bankers	CAF Bank Ltd
	25 Kings Hill Avenue
	Kings Hill
	West Malling
	Kent ME19 4JQ
Independent Examiner	John O'Brien, employee of Community Accounting Plus Units 1 and 2 North West 41 Talbot Street Nottingham NG1 5GL

Nottingham Music Service

Trustees' Report

The trustees present the annual report together with the financial statements of the charity for the year ended 31 March 2021.

Trustees

James Gibbons

David Wesker

Amanda Dawson

Tamba Roy

David Mellen

Nigel Cooke

Barbara Morgan (resigned 4 May 2021)

Objectives and activities

Objects and aims

The Charitable Objects of the Charity, as taken from the constitution are to advance the education, accessibility and enjoyment of music and the arts for children and young people.

We believe that music makes a difference. As a registered charity and lead partner for the Nottingham Music Education Hub, we are committed to making music more accessible and inclusive. We support young people from across the city to develop their musical skills, and participate in diverse ensembles and performances, contributing to the life of our great city.

Nottingham City has a very tight inner-city boundary and is one of the most deprived areas in the country where residents have the lowest household disposable income in the UK according to the Office for National Statistics and 38% of children live in income deprived households.

Nottingham Music Service

Trustees' Report

Objectives, strategies and activities

Prior to 2002, music making in the city was very limited, with only 15% of the schools providing an opportunity to learn to play an instrument. Nottingham Music Service (NMS) started its work on principles of access, inclusion, quality, progression and civic engagement. Our strategies are designed to include children of all backgrounds, including those who do not have support for music making.

We provide whole class instrumental teaching, and in 2020/21 74% of city primary schools received a First Access programme (which includes Whole Class Ensemble teaching and In Harmony) run or supported by NMS. We also provide progression routes so that young people can continue their music making outside of school and advance as musicians. Our Area Bands are beginner ensembles provided after school, while our Saturday Music School provides a clear progression route into one of our orchestras (RHYO InterConnect and our flagship Robin Hood Youth Orchestra).

Whilst the face-to-face delivery of our programmes has been severely affected in 2020/21 by the global pandemic, we are proud that we have been able to maintain the majority of our provision online. Once we return to face to face teaching we will be delivering a revised programme that support us to meet our charity objectives.

Key programmes include:

- Whole Class Ensemble Teaching (WCET) programme — a year of ensemble teaching in whole classes on a range of instruments;
- Music Camps — two day residentials for post-WCET pupils to kick start their learning into year 5 and beyond (This was held online during 2020 and as a smaller, one day face to face event in 2021 but we hope to return to our established model in 2022);
- Area Bands — a network of 7 Area Bands across the city, available for pupils to access immediately after their WCE year and online streamed;
- Nottingham Music School — operating on Saturday mornings and Thursday evenings providing ensemble opportunities through the Robin Hood Youth Orchestra family of ensembles;
- Singing Strategy — a programme of targeted schools provision;
- Continual Professional Development (CPD) and events;
- Exam Strategy — bespoke syllabus developed by NMS staff and accredited by Music Teachers Board (MTB). Targeted online support sessions for large scale Grade 1 and Grade 2 entries across the city;
- Events — an annual programme of events including Christmas in the City, Light Night, Noise from the Next Generation, Sing City, the Great Orchestra Experiment, the Summer Sing, targeted workshops and visiting ensembles programme. (We delivered the majority of these events online this year but hope to return to live events in 2022).

In Harmony - Nottingham Music Service delivers one of only six In Harmony programmes across England. Inspired by the principles of Venezuela's inspirational El Sistema, In Harmony is a national programme that aims to inspire and transform the lives of children in deprived communities, using the power and disciplines of community-based orchestral music-making. Initially focussed on 4 primary schools across the city, In Harmony is now extended to bridge the gap between IH schools and the WCET programme.

Nottingham Music Service

Trustees' Report

Achievements and performance

Whilst the global pandemic has meant that our usual achievements measured by Grade exams and numbers of children being taught hasn't happened this year we have had other major achievements. As a board we continue to be hugely impressed by the skill, commitment, and energy from such a small team to deliver the breadth and quality of events and activity.

As an organisation we have been on a steep learning curve with how best to support our pupils during lockdown. Some of our proudest achievements are:

- Since March 2020 we have produced over 250 video lessons for pupils to access and continue to learn their instrument at home;
- Run a nine-hour online NMS music festival and produced lockdown performances that have been commented on by members of the public globally;
- We have received over 50,000 views of our videos and 6000 new users have accessed our website, all under lockdown conditions;
- One of the proudest achievements for the organisation is the continuing of our RHYO rehearsal every Saturday morning, be it in a virtual capacity. Members of RHYO have been open about how much this has meant to them and that in some cases it has provided the structure and support that they vitally needed during the isolation of lockdown;
- During the third lockdown we delivered online lessons in the morning and afternoon each day with an average weekly attendance of to over 650 pupils taking part from 32 primary schools and home;
- We edited together a streamed version of our Christmas in the City concert with over 2000 taking part. The concert had over 4000 people viewing its YouTube premier.

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Nottingham Music Service

Trustees' Report

Chairs Report 2020/21

The Music Service is now returning to schools, and we are teaching to full classrooms again with minimal barriers in place. When I recall the situation we were in last year, in the midst of lockdown, it is so positive to be able to write these words. It has been heartening to see the enthusiasm that schools and pupils have welcomed us back with. We now are to hope that lockdown was a pause in our lives and learning, rather than the full stop that was feared.

However, we must be mindful of the toll that lockdown has had on us all. We are now feeling the long-term impact that the isolation of lockdown has had on us all, especially children, including their mental health, motivation and learning. It is imperative that the Music Service responds to these issues and offers a positive, inclusive service that addresses the needs and concerns of children. To this end we have created the role of a Pastoral Support Coordinator who is responsible for promoting the well-being of our pupils and of seeking their views through feedback. This will enable us to respond to any concerns or barriers that children may have either personally or when returning to playing as part of a large group.

Although there has been sadness and isolation during lockdown, I firmly believe that children will have built up skills and resilience that will make them far stronger than before. I am hoping they will be part of a generation that have got through the mundanity of lockdown and then exploded back out into the world with a pent-up creative energy and zest for life that has been put on hold for nearly two years. Their friendships will be so much stronger for having shared the collective isolation and uncertainty of the past 18 months. I believe that they will be part of a generation that takes their experience and focuses them into the arts; aided by all the strength and resourcefulness they are learning at the moment, to create beautiful experiences for all of us to enjoy. If the children of the second world war can write music that we still listen to 80 years later and walk on the moon, I am excited to experience all that will be achieved by the children we teach today.

As with all organisations we have had to adapt and change during the covid pandemic. As a service and staff team we have learnt new skills that make us far more adaptable than before. When we moved our teaching online, we were able to deliver lessons in the morning and afternoon each day with an average weekly attendance of over 650 pupils taking part from 32 primary schools and home. Taking the skills we have learnt from delivering these lessons we are currently exploring how we can utilise technology to break down barriers to accessing lessons even further (Including: geographical, financial, transport) and are including a digital streaming element to all of our smaller ensembles allowing access from wherever a student is located within the city.

One of the key parts of the music service is our wide range of events that we deliver over the year. These add a focal point to our teaching and provide a unique opportunity for children to play in public spaces or on stages and for parents to see the result of all the hard work and practice. We have keenly felt the effect of not being able to deliver live events over the past 18 months. I am proud of how we have evolved our concerts to become online events. The Christmas in the City concert had over 2000 children taking part, including the videos created by schools. The combined viewing figure is now 5348 people viewing its YouTube premier. This highlights how new technology can break down barriers as we are always over subscribed for audience tickets, so it enabled all parents to watch their children perform.

An inspiring example of how we are embracing this new way of working for the positive is when we recently worked in partnership with Nottingham University and Nottingham Castle. On a beautiful summer evening RHYO played a one-hour concert (Their first in over 18 months) from the newly refurbished castle grounds. Nottingham University filmed the event in broadcast quality and also live streamed it over YouTube. During the live event we had over 1000 people watching and since then the footage has been viewed a further 500 times. This is far more than we could have ever accommodated as a live audience and means that the members of RHYO have a permanent reminder of them playing in a unique setting.

Nottingham Music Service

Trustees' Report

During the past year it became apparent that we would not be returning to our traditional methods of teaching that included pupils sharing brass and woodwind instruments. We were aware that we would need to increase our stock of instruments to enable every pupil learning one of these instruments to have their own. To enable us to purchase more instruments we applied to the Arts Council's Cultural Recovery Fund that was set up to help arts organisations adapt to the added pressures that lockdown brought. We were very pleased to have been awarded £120,000 which helped us to purchase over 1100 instruments to be used in schools. This has meant that we can continue to teach brass and woodwind instruments in schools and that pupils now have their own instruments to practise with.

We are in the position where we are now delivering our services in more schools across the city than ever before, including secondaries. This is a testament to our staff team's dedication with delivering such a high-quality service during lockdowns. However, we anticipate that there may be difficult decisions over the next couple of years, due to funding restrictions, but we are forecasting and trialling new and more efficient ways of working and delivering our ensembles, to address this.

All of the achievements I have highlighted and our successes over the past year would not have been possible without the dedication of our staff team and Board members and I would like to take this opportunity to thank them all for everything they have done over the past 12 months. I would also like to thank Barbara Morgan who stood down from the Board this year. Her input and HR expertise has been invaluable to the charity, and we wish her well for the future.

This organisation continues to inspire and achieve during a unique global situation, and I am proud of the extraordinary efforts and resolve shown by all staff, children, families, and schools in the face of these unprecedented times. It is only through all their efforts that we have been able to achieve all our successes this year.



James Gibbons

Chair of Trustees

Nottingham Music Service

September 2021

Nottingham Music Service

Trustees' Report

Financial review

The past year has been a particularly difficult year in regards to financial planning. We had concerns that schools would withhold payments during lockdown due to us not being able to deliver the service in schools and their budgets being stretched. This concern was alleviated by the DfE stipulating that all schools should continue to pay all external contractors, as their budgets were not being reduced. As we were able to continue our provision online and receive an income we did not have to furlough any staff during 2020/21.

In August 2020 we submitted a bid to the Arts Council's Cultural Recovery Fund. We were grateful to be awarded £120,000 to be used towards the purchase of new brass and woodwind instruments. The need for the purchase of these instruments was highlighted by schools indicating that our previous delivery model of children sharing instruments would no longer be sustainable. If we were unable to provide individual instruments there was a genuine concern that schools would not buy our teaching packages in unless we could offer each child their own instrument. The grant enabled us to do this and meant that no school cancelled their contract with us.

Policy on reserves

The trustees review the level of reserves at each quarterly management meeting and review policy and action required regarding reserve levels at year-end to build into the budget and project planning for the coming financial year. Due to the current Covid lockdown and the implications on teaching in schools it is vital that we utilise the reserves to ensure the long term future of the organisation. This is something that the Board discuss at each meeting and review the use of reserves on an ongoing basis.

The trustees have reviewed the nature of anticipated income and expenditure of the Charity, particularly with regards to the ongoing financial obligations of the existing programme of activity, administrative overheads and employment contracts of staff. The trustees consider that in order to safeguard the future of the charity or to be able to settle any liabilities in the event of its closure, reserves are ring-fenced to cover the following liabilities in the case of wind up:

1. Staff notice period pay (between 4 and 12 weeks) for NCC and Charity Employees;
2. Winding up of other on-going commitments (such as rent and venue hire);
3. Redundancy pay for Charity Employees;
4. Redundancy pay for NCC Employees;
5. Pension Strain and Underfunding for NCC Pension Fund.

The trustees have set aside a reserve of £200,000 to cover the areas listed above. In addition, the trustees have identified an additional fund of £40,000 to support organisational development (As of 31st March 2021 £16,520 remains of the Development Fund), with a focus on income generation and a ring fenced fund of £300,000 for the purchase of a charity base and instrument storage.

The balance of the General fund at 31st March 2021 is £228,344

The amounts of restricted and designated reserves at 31st March 2021 is £750,015 comprising of £233,495 in fixed assets, the £16,520 remaining development fund, the £200,000 contingency fund and £300,000 building purchase, as detailed above.

Principal funding sources

As the lead partner for the Nottingham Music Education Hub, our most significant funding stream is the Music Education Hub grant from the Department for Education (DfE) via Arts Council England which provides nearly 45% of our annual income. Other significant funding comes from our In Harmony Grant (£149,999 in 2020-21), in addition to the DfE and Arts Council England; schools buying in our services, performance income and music school contributions (£202,123 in 2020-21); and Nottingham City Council (£7,500 in 2020-21).

Nottingham City Council have withdrawn their financial support in kind (£22,000 P/A). This also meant that we had to move our office accommodation (Previously a Nottingham City Council run building) and seek alternative, affordable accommodation.

Nottingham Music Service

Trustees' Report

Structure, governance and management

Nature of governing document

The charity is operated under the rules of its constitution adopted 17 July 2013.

Recruitment and appointment of trustees

There must be a minimum of three and maximum of 12 trustees with every trustee appointed for a term of three years. In selecting individuals, the trustees have regard to the skills, knowledge and experience needed for the effective governance of the CIO. Trustees visit charity activities and events throughout the year and where appropriate, have attended training seminars and conferences on behalf of the organisation.

Arrangements for setting key management personnel remuneration

The charity has two senior managers, who are: Chief Executive Officer and the Business, Operations and Strategy Manager. The Chief Executive Officer is one of the 3 members of staff still seconded from Nottingham City Council (NCC) and as such his pay is set by NCC. The pay of the Business Operations and Strategy Manager has been set by a panel of CEO and Trustee (either Vice Chair or HR link trustee) and is in line with the wider cultural and charity sectors.

Organisational structure

Nottingham Music Service is a Charitable Incorporated Organisation. We, as the Board of Trustees, are responsible for the governance, strategic direction and policies of Nottingham Music Service. We currently have 6 members from a variety of different backgrounds, identified specifically for their individual experience and expertise. We usually meet quarterly, but have more frequent meetings when necessary, such as around the time of the establishment of the charity or the end of year.

We delegate day-to-day responsibility for the provision of Nottingham Music Service's activities to the Chief Executive Officer and Senior Team who are responsible for ensuring that the charity delivers the services specified in the Business Plan and for operational management of the organisation.

Major risks and management of those risks

Risks identified

The annual business plan draws attention to risks including financial, legal/governance, health and safety, quality and HR related. We are satisfied that appropriate financial systems and controls, and employment policies and practices are in place, but we continue to test and refine these processes during board meetings, through the policy buddy system and in a recent full policy review.

As Trustees, we feel that the key risks facing the charity at this time are operational risks arising from the very stretched organisational capacity and the uncertainty of our business model in the face of the global pandemic. To address this, we need to ensure that quality issues arising from the challenges in recruiting appropriately skilled staff, and financial arising from the short-term nature of our current key funding agreements and the current national education funding environment is continually assessed and planned for.

Nottingham Music Service

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 07/01/2022 and signed on its behalf by:



.....
James Gibbons
Trustee

Nottingham Music Service

Independent Examiner's Report to the trustees of Nottingham Music Service

Independent examiner's report to the trustees of Nottingham Music Service

I report to the trustees on my examination of the accounts of Nottingham Music Service (the Charity) for the year ended 31 March 2021.

Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable directions given by the Charity Commission under section 145(5)(b) of the Act.

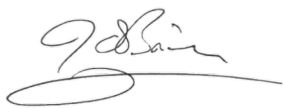
Independent examiner's statement

Since the Charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member and Fellow of the Association of Charity Independent Examiners, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



.....
John O'Brien MSc, FCCA, FCIE, employee of Community Accounting Plus
Fellow of the Association of Charity Independent Examiners

Units 1 and 2 North West
41 Talbot Street
Nottingham
NG1 5GL

Date: 07/01/2022

Nottingham Music Service

Statement of Financial Activities for the Year Ended 31 March 2021

	Note	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Income and Endowments from:					
Donations and legacies	2	7,305	-	7,305	19,634
Charitable activities	3	273,664	717,877	991,541	965,864
Other trading activities	5	-	-	-	1,316
Total Income		<u>280,969</u>	<u>717,877</u>	<u>998,846</u>	<u>986,814</u>
Expenditure on:					
Raising funds	6	-	-	-	(3,443)
Charitable activities	7	<u>(136,393)</u>	<u>(747,640)</u>	<u>(884,033)</u>	<u>(963,544)</u>
Total Expenditure		<u>(136,393)</u>	<u>(747,640)</u>	<u>(884,033)</u>	<u>(966,987)</u>
Net movement in funds		144,576	(29,763)	114,813	19,827
Reconciliation of funds					
Total funds brought forward		<u>600,288</u>	<u>263,258</u>	<u>863,546</u>	<u>843,719</u>
Total funds carried forward	15	<u><u>744,864</u></u>	<u><u>233,495</u></u>	<u><u>978,359</u></u>	<u><u>863,546</u></u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for the period is shown in note 15.

Nottingham Music Service

Statement of Financial Activities for the Year Ended 31 March 2021

These are the figures for the previous accounting period and are included for comparative purposes

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £
Income and Endowments from:				
Donations and legacies	2	19,634	-	19,634
Charitable activities	3	286,572	679,292	965,864
Other trading activities	5	1,316	-	1,316
Total Income		<u>307,522</u>	<u>679,292</u>	<u>986,814</u>
Expenditure on:				
Raising funds	6	-	(3,443)	(3,443)
Charitable activities	7	<u>(221,370)</u>	<u>(742,174)</u>	<u>(963,544)</u>
Total Expenditure		<u>(221,370)</u>	<u>(745,617)</u>	<u>(966,987)</u>
Net income/(expenditure)		86,152	(66,325)	19,827
Gross transfers between funds		<u>8,868</u>	<u>(8,868)</u>	<u>-</u>
Net movement in funds		95,020	(75,193)	19,827
Reconciliation of funds				
Total funds brought forward		<u>541,239</u>	<u>302,480</u>	<u>843,719</u>
Total funds carried forward	15	<u><u>636,259</u></u>	<u><u>227,287</u></u>	<u><u>863,546</u></u>

Nottingham Music Service
(Registration number: 1153716)
Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	381,448	291,975
Current assets			
Debtors	13	19,344	16,949
Cash at bank and in hand		<u>805,169</u>	<u>684,473</u>
		824,513	701,422
Creditors: Amounts falling due within one year	14	<u>(227,602)</u>	<u>(129,851)</u>
Net current assets		<u>596,911</u>	<u>571,571</u>
Net assets		<u><u>978,359</u></u>	<u><u>863,546</u></u>
Funds of the charity:			
Restricted funds		233,495	263,258
Unrestricted income funds			
Unrestricted funds		<u>744,864</u>	<u>600,288</u>
Total funds	15	<u><u>978,359</u></u>	<u><u>863,546</u></u>

The financial statements on pages 11 to 25 were approved by the trustees, and authorised for issue on ..07/01/2022.. and signed on their behalf by:



.....
David Wesker
Trustee

Nottingham Music Service

Cash Flow Statement for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash income		114,813	19,827
Adjustments to cash flows from non-cash items			
Depreciation	6	<u>37,759</u>	<u>35,971</u>
		152,572	55,798
Working capital adjustments			
(Increase)/decrease in debtors	13	(2,395)	62,291
Increase/(decrease) in creditors	14	73,253	(52,491)
Increase in deferred income		<u>24,498</u>	<u>406</u>
Net cash flows from operating activities		<u>247,928</u>	<u>66,004</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	12	(127,232)	(5,046)
Sale of tangible fixed assets		<u>-</u>	<u>8,868</u>
Net cash flows from investing activities		<u>(127,232)</u>	<u>3,822</u>
Net increase in cash and cash equivalents		120,696	69,826
Cash and cash equivalents at 1 April		<u>684,473</u>	<u>614,647</u>
Cash and cash equivalents at 31 March		<u><u>805,169</u></u>	<u><u>684,473</u></u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash		120,696	69,826
Net funds at 1 April 2020		<u>684,473</u>	<u>614,647</u>
Net funds at 31 March 2021		<u><u>805,169</u></u>	<u><u>684,473</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

1 Accounting policies

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) and the Charities Act 2011.

Basis of preparation

Nottingham Music Service 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 financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Income and endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

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 aggregates 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.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

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.

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.

Tangible fixed assets

Individual fixed assets are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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
IT equipment	33.3% straight line
Musical instruments	6.67% straight line

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

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.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

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.

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 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 has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

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

Designated funds are unrestricted funds and resources set aside for specific purposes at the discretion of the trustees.

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.

Pensions and other post retirement obligations

The Charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the Charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

A number of staff within the charity are seconded from Nottingham City Council. The council operates a defined benefit pension scheme. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

2 Income from donations and legacies

	Unrestricted funds	Total 2021	Total 2020
	General £	£	£
Donations and legacies;			
Donations from companies, trusts and similar proceeds	7,305	7,305	19,634
	<u>7,305</u>	<u>7,305</u>	<u>19,634</u>

3 Income from charitable activities

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	General £	£	£	£
Fees	273,664	-	273,664	286,572
Grants & donations	-	717,877	717,877	679,292
	<u>273,664</u>	<u>717,877</u>	<u>991,541</u>	<u>965,864</u>

4 Grants and donations

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Arts Council England	-	712,877	712,877
BBC Children in Need	-	5,000	5,000
Gift Aid	6,812	-	6,812
Nottingham Trent University	225	-	225
Sundry donations	268	-	268
	<u>7,305</u>	<u>717,877</u>	<u>725,182</u>

5 Income from other trading activities

	Total 2021	Total 2020
	£	£
Trading income;		
Sales of goods and services	-	1,316
	<u>-</u>	<u>1,316</u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

6 Expenditure on raising funds

a) Costs of trading activities

	Note	Total 2021 £	Total 2020 £
Fundraising trading costs;			
Fundraising		-	3,443
		-	3,443

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

7 Expenditure on charitable activities

	Unrestricted General funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Accreditation	-	-	-	9,717
Bank charges	-	795	795	945
CPD and quality assurance	-	5,420	5,420	7,497
Depreciation	-	37,759	37,759	35,971
Events - concert expenses	-	1,390	1,390	8,905
Events - music camp	-	-	-	25,494
Events - residential	-	-	-	11,217
Events - venue hire	-	718	718	19,716
Fundraising	-	3,388	3,388	-
Instrument repairs and consumables	-	9,408	9,408	11,937
Insurance	-	10,548	10,548	9,363
IT upgrade	-	5,576	5,576	2,244
Legal & professional fees	-	6,310	6,310	8,070
Materials	-	3,736	3,736	2,304
Ongoing travel	-	895	895	32,941
Partnership costs	-	5,254	5,254	16,448
Postage & carriage	-	-	-	167
PPE	-	2,230	2,230	-
Recruitment	-	84	84	1,596
Rent	-	15,927	15,927	22,720
Safeguarding	-	561	561	2,049
Staffing costs & freelance	-	2,443	2,443	11,255
Stationery & telephone	-	2,773	2,773	3,456
Subscriptions & publications	-	1,495	1,495	1,483
Sundry costs	-	332	332	1,684
Venue hire (music school)	-	848	848	7,699
Wages, NI & pension	136,393	629,750	766,143	708,666
	<u>136,393</u>	<u>747,640</u>	<u>884,033</u>	<u>963,544</u>

8 Net incoming/outgoing resources

Net incoming resources for the year include:

	2021 £	2020 £
Depreciation of fixed assets	<u>37,759</u>	<u>35,971</u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

9 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

10 Staff costs

The aggregate payroll costs were as follows:

	2021 £	2020 £
Staff costs during the year were:		
Wages and salaries	686,770	640,817
Social security costs	45,602	38,856
Pension costs	33,771	28,993
	<u>766,143</u>	<u>708,666</u>

The monthly average number of persons (including senior management team) employed by the charity during the year was as follows:

	2021 No	2020 No
Average weekly number of employees	<u>33</u>	<u>27</u>

25 (2020 - 22) of the above employees participated in the Defined Contribution Pension Schemes.

3 (2020 - 5) of the above employees participated in the Defined Benefit Pension Schemes.

Contributions to the employee pension schemes for the year totalled £33,770 (2020 - £28,993).

No employee received emoluments of more than £60,000 during the year

The total employee benefits of the key management personnel of the charity were £109,001 (2020 - £104,370).

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

11 Taxation

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

12 Tangible fixed assets

	Computer equipment £	Musical instruments £	Total £
Cost			
At 1 April 2020	40,583	481,427	522,010
Additions	4,294	122,938	127,232
At 31 March 2021	44,877	604,365	649,242
Depreciation			
At 1 April 2020	36,095	193,940	230,035
Charge for the year	4,765	32,994	37,759
At 31 March 2021	40,860	226,934	267,794
Net book value			
At 31 March 2021	4,017	377,431	381,448
At 31 March 2020	4,488	287,487	291,975

13 Debtors

	2021 £	2020 £
Trade debtors	6,119	15,086
Accrued income	13,225	1,863
	19,344	16,949

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	100,280	27,830
Other taxation and social security	10,666	10,777
Pension scheme creditor	4,944	5,093
Accruals	20,917	19,854
Deferred income	90,795	66,297
	227,602	129,851

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

15 Funds

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2021 £
Unrestricted funds					
<i>General</i>					
General fund	61,351	280,969	(136,393)	22,417	228,344
<i>Designated</i>					
Development fund	38,937	-	-	(22,417)	16,520
Charity Base fund	300,000	-	-	-	300,000
Contingency fund	200,000	-	-	-	200,000
	<u>538,937</u>	<u>-</u>	<u>-</u>	<u>(22,417)</u>	<u>516,520</u>
Total unrestricted funds	<u>600,288</u>	<u>280,969</u>	<u>(136,393)</u>	<u>-</u>	<u>744,864</u>
Restricted funds					
NCC Asset Transfer	263,258	-	(29,763)	-	233,495
Music Hub and In Harmony (General)	-	203,977	(203,977)	-	-
Music Hub and In Harmony (Core Roles)	-	386,535	(386,535)	-	-
Music Hub and In Harmony (Extension)	<u>-</u>	<u>127,365</u>	<u>(127,365)</u>	<u>-</u>	<u>-</u>
Total restricted funds	<u>263,258</u>	<u>717,877</u>	<u>(747,640)</u>	<u>-</u>	<u>233,495</u>
Total funds	<u><u>863,546</u></u>	<u><u>998,846</u></u>	<u><u>(884,033)</u></u>	<u><u>-</u></u>	<u><u>978,359</u></u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2020 £
Unrestricted funds					
<i>Unrestricted general funds</i>					
General fund	301,239	307,522	(257,341)	(290,069)	61,351
<i>Unrestricted designated funds</i>					
Development fund	40,000	-	-	(1,063)	38,937
Charity Base fund	-	-	-	300,000	300,000
Contingency fund	200,000	-	-	-	200,000
	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>298,937</u>	<u>538,937</u>
Total unrestricted funds	<u>541,239</u>	<u>307,522</u>	<u>(257,341)</u>	<u>8,868</u>	<u>600,288</u>
Restricted funds					
NCC Asset Transfer	302,480	-	(30,354)	(8,868)	263,258
Music Hub and In Harmony (General)	-	110,948	(110,948)	-	-
Music Hub and In Harmony (Core Roles)	-	438,362	(438,362)	-	-
Music Hub and In Harmony (Extension)	-	129,982	(129,982)	-	-
	<u>302,480</u>	<u>679,292</u>	<u>(709,646)</u>	<u>(8,868)</u>	<u>263,258</u>
Total restricted funds	<u>302,480</u>	<u>679,292</u>	<u>(709,646)</u>	<u>(8,868)</u>	<u>263,258</u>
Total funds	<u>843,719</u>	<u>986,814</u>	<u>(966,987)</u>	<u>-</u>	<u>863,546</u>

The specific purposes for which the funds are to be applied are as follows:

Contingency Fund - To cover and safeguard the future of the charity and/or to be able to settle any liabilities in the event of its closure.

Organisational Development - For organisational development (Specifically development of a Trading Arm).

Charity Base fund - to accumulate funds for future premises.

NCC Asset Transfer - Relates to the instrument stock transferred from the Council to the charity when it was originally set up.

Music Hub and In Harmony (General) - Arts Council and DfE funding restricted to subsidise the cost of teaching packages the charity offers schools (45% subsidy).

Music Hub and In Harmony (Core Roles) - Arts Council and DfE funding restricted to the salary of direct delivery costs.

Music Hub and In Harmony (Extension Roles) - Arts Council and DfE funding restricted to non direct delivery costs.

The transfer from the Development fund to the General fund relates to costs incurred on development

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2021

16 Analysis of net assets between funds

	Unrestricted funds		Restricted funds	Total funds
	General £	Designated £	£	£
Tangible fixed assets	147,953	-	233,495	381,448
Current assets	307,993	516,520	-	824,513
Current liabilities	(227,602)	-	-	(227,602)
Total net assets	<u>228,344</u>	<u>516,520</u>	<u>233,495</u>	<u>978,359</u>

	Unrestricted funds		Restricted funds	Total funds at 31 March 2020
	General £	Designated £	£	£
Tangible fixed assets	28,717	-	263,258	291,975
Current assets	162,485	538,937	-	701,422
Current liabilities	(129,851)	-	-	(129,851)
Total net assets	<u>61,351</u>	<u>538,937</u>	<u>263,258</u>	<u>863,546</u>

17 Independent examiner's fees

During the period, the fees payable (excluding VAT) to the charity's independent examiner Community Accounting Plus are analysed as follows:

	2021 £	2020 £
Independent examination	1,545	1,545
Other financial services	156	482
	<u>1,701</u>	<u>2,027</u>

18 Related party transactions

There were no related party transactions in the year.

19 Benefits in kind

Nottingham City Council agreed to provide office accommodation and storage space at College Street Centre to the value of £7,500 for this financial year.