

Charity registration number: 1153716

Nottingham Music Service

Annual Report and Financial Statements

for the Year Ended 31 March 2022

Nottingham Music Service

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Nottingham Music Service

Reference and Administrative Details

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

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 2022.

Trustees:

David Wesker

Amanda Dawson

David Mellen

Nigel Cooke

James Gibbons

Helen Maddison (from 30/09/2021)

Rosemary Jacobs (from 30/09/2021)

Barbara Morgan (until 04/05/2021)

Tamba Roy (until 01/12/2021)

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 Music Service (NMS) operates in the local authority area of Nottingham City which has a population of 337,100 with a total school age population of 49,600 (ONS 2020). Nottingham is the 11th most deprived district in the country and has the lowest disposable household income in England (ONS 2018). Child poverty is a major issue in the city with 59% of children living in families where no adults work or where the household income is low enough to receive tax credits (compared to the national average of 37%) and 34% of children are classed as being affected by severe income deprivation (IMD 2019). The 2011 Census shows that Nottingham has a diverse population, of the largest population groups: 65% identify as White British, 5.5% Pakistani, 4% White and Black Caribbean, 3.25% Chinese and 3.2% African. Of the total population 34.7% identify as 'non-white British'.

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 Nottingham Music Service. 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 which are provided in schools and online. We also deliver after-school ensembles which focus on a wide variety of instruments/singing and musical styles.

Our Saturday Music School provides a clear progression route into our orchestras (RHYO InterConnect and our flagship Robin Hood Youth Orchestra).

Key programmes include:

- Whole Class Ensemble Teaching (WCET) programme — a year of ensemble teaching in whole classes on a range of instruments;
- Small group teaching in secondary schools;
- Music Camps — two day residentials for post-WCET pupils to kick start their learning into year 5 and beyond;
- Area Bands — a network of 24 Area Bands across the city, available for pupils to access immediately after their WCE year both in their school 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, Noise from the Next Generation, Sing City, the Great Orchestra Experiment, the Summer Sing, Move on up (Targeting progression), targeted workshops and visiting ensembles programme.

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

As the year progressed we have been able to return to almost a full programme of public events including:

- Our Annual Music Camp for Year 5 pupils returned in September 2021 following the pandemic, with 5 one-day “camps” being held at the University of Nottingham Music Department and Highfields Park.
- In November 2021, the Making Tracks Tour visited Nottingham for the first time, with GCSE Music pupils from two City Secondary schools attending a workshop and concert at the University of Nottingham Music Department and Djanogly Recital Hall.
- Although our prestigious annual Sing City competition remained online in 2021, the number and standard of entries was still very high.
- Christmas in the City was a very successful in-person / online hybrid event in December 2021, with pupils being invited to the Nottingham Albert Hall to record socially distanced performances, and those performances then being edited together into a full concert video that was premiered on our YouTube channel.
- Our first events to welcome live audiences of friends and families to a performance following the pandemic were our MAB (March Area Band) Week performances for our Area Bands, held at Ellis Guilford School.
- The Great Orchestra Experiment of 2022 was a return to a proper in-person event, welcoming Year 4 pupils and our Robin Hood Youth Orchestra to perform an eclectic programme of music together in the Nottingham Albert Hall. Performances were recorded enabling us to stream to schools with live presenters and our staff in classrooms accompanying pupils. This hybrid model enabled us to reach more pupils than our previous live programme of concerts.
- We welcomed a-cappella singing group Apollo 5 to the Nottingham Albert Hall to host our fantastic Summer Sing event which was attended by Primary and Secondary choirs from across the City.
- New for 2022 was our very successful Get Connected event, held at the Nottingham Trent University Music Department. This invitation-only event for pupils moving from Year 6 to Year 7 was designed to encourage them to join a NMS ensemble and continue to learn their instrument when they move up to Secondary school.
- Another new event for 2022 focusing on supporting pupils moving from Year 6 to Year 7 was Move On Up! held at the Nottingham Albert Hall. Participating Year 6 classes completed a post-SATs instrumental unit of work in Music before heading to the Albert Hall for workshops with Music and Performing Arts Leads from the Secondary schools to which the pupils would be moving, and a massed performance of Twist & Shout.
- To celebrate the visit of the Robin Hood Youth Orchestra’s German partner orchestra, the Jugendorchester Stadt Karlsruhe, the two orchestras enjoyed a residential in the Peak District during the hottest week of 2022. On their return to Nottingham they participated in two events: Orchestral Connections at St Mary’s Church in the Lace Market alongside our Area Bands, and The Great Big Orchestra Project the following evening at Nottingham Albert Hall featuring our Connect Ensembles and Robin Hood Young Voices.

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 2021/22

This has been a year of returning back to a more normal delivery for Nottingham Music Service. After the upheaval of the pandemic and lockdowns pupils and staff are finally enjoying making music together in large groups. Parents and carers are once again experiencing the joy of seeing children play in live concerts and events.

It has been a slow return though, our 2021 Christmas in the City Concert was once again streamed online and we started the school year in September 2021 with a socially distanced Music Camp at Nottingham University, rather than Ilam Hall. Gradually though we were able to start putting on public events beginning with our March 2022 series of Area Band concerts at Ellis Guilford School and culminating with our German partner orchestra, the Jugendorchester Stadt Karlsruhe visiting us for a week of residencies and concerts in July 2022. As we welcome the return to normality we also ensure that skills learnt during our lockdown teaching are utilised to make the service even more accessible to students. An example of this is our Great Orchestra Experiment which had previously been a one-day event. This year we filmed the concert and then streamed it into schools across the city, with live presenters, for the following three days. This meant that the concert now has a far wider reach and impact across Nottingham city schools.

We have also started to diversify our teaching packages and for the first time are delivering small group teaching and one to one lessons in secondary schools. This is an exciting move forward for the service and we hope to continue to expand this area of teaching and income over the coming years.

As with all organisations we are facing change and uncertainty. The music service still does not have a permanent base from which to operate but this also has positive aspects as it now means we work in partnership with a number of organisations across the city that welcome our pupils and ensembles every week. (Nottingham Contemporary, Nottingham College, Nottingham Playhouse, Fisher Gate Point, Nottingham Cathedral Hall). We also received the sad news that In Harmony funding will be ending in September 2023. This will have an impact on the level of music teaching across Nottingham City primary schools. However, the service is committed to developing teaching models that will maintain the high standards set by In Harmony and remain cost effective to schools.

The publication of the revised National Music Plan sets out clear ways and expectations of how Music Hubs and schools will work together. We anticipate that this will be an area of increased opportunities for the service that ensure we strengthen our links with local schools.

Whilst I have highlighted the challenges that the service faces we are positive that these changes will only strengthen the service and enhance its teaching packages. Through adapting our provision we have seen a large increase in the number of schools that have requested music teaching from Nottingham Music Service. Over the past 12 months we have employed ten hourly paid staff members and four trainee teachers to meet this demand. Our continued success and positivity when addressing future challenges would not be 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 and Tamba Roy who stood down from the Board this year. Their expertise and calm, kind and analytical approach to being Board members provided invaluable insight and direction. We wish them well for the future.

Nottingham Music Service

Trustees' Report

Nottingham Music Service continues to evolve and achieve; I am proud of the commitment shown by all staff, children, families, and schools to support musical learning across Nottingham City. It is only through all their efforts that we have been able to achieve all our successes this year.

A handwritten signature in dark ink, appearing to be 'J. Gibbons', with a long horizontal flourish extending to the right.

James Gibbons

Chair of Trustees

Nottingham Music Service

September 2022

Nottingham Music Service

Trustees' Report

Financial review

Since the end of the pandemic lockdowns, we have seen an increase in the take up of our services specifically for hourly paid staff delivering one-to-one and small group tuition in secondary schools. This is a provision that the organisation is planning to expand in 2022/23. We have also had a request from an academy chain to look at directly charging parents for one-to-one and small group provision: this would provide a new income stream and one we are planning to implement in 2022/23.

Due to the pressure on school budgets pre and post lockdown, we have only been able to make incremental increases in our charge for WCET/IH that do not match inflation and this has contributed to an overall deficit. With the introduction of the refreshed Music Plan in June 2022 we anticipate increased opportunities to develop new services that address music teaching and curriculum needs in schools.

We recognise that 2022/23 will be a period of change for the organisation with In Harmony Funding ending in September 2023. We are actively researching various teaching models/packages that will ensure that our income continues to meet the level required for the continuous running of the service.

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 2022 £207 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 2022 is £259,372.

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, in addition to the DfE and Arts Council England; schools buying in our services, performance income and music school contributions.

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, diversity 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 7 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 increased costs that outstrip income, changes to the National Music Plan and the ending of In Harmony funding in September 2023. 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 04/10/2022 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 2022.

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: 20/12/2022

Nottingham Music Service

Statement of Financial Activities for the Year Ended 31 March 2022

	Note	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
Income and Endowments from:					
Donations and legacies	2	14,360	-	14,360	7,305
Charitable activities	3	349,026	633,606	982,632	991,541
Total Income		<u>363,386</u>	<u>633,606</u>	<u>996,992</u>	<u>998,846</u>
Expenditure on:					
Charitable activities	5	(16,313)	(995,726)	(1,012,039)	(884,033)
Total Expenditure		<u>(16,313)</u>	<u>(995,726)</u>	<u>(1,012,039)</u>	<u>(884,033)</u>
Net income/(expenditure)		347,073	(362,120)	(15,047)	114,813
Gross transfers between funds		<u>(332,358)</u>	<u>332,358</u>	-	-
Net movement in funds		14,715	(29,762)	(15,047)	114,813
Reconciliation of funds					
Total funds brought forward		<u>744,864</u>	<u>233,495</u>	<u>978,359</u>	<u>863,546</u>
Total funds carried forward	14	<u><u>759,579</u></u>	<u><u>203,733</u></u>	<u><u>963,312</u></u>	<u><u>978,359</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 14.

Nottingham Music Service

Statement of Financial Activities for the Year Ended 31 March 2022

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

	Note	Unrestricted £	Restricted £	Total 2021 £
Income and Endowments from:				
Donations and legacies	2	7,305	-	7,305
Charitable activities	3	<u>273,664</u>	<u>717,877</u>	<u>991,541</u>
Total Income		<u>280,969</u>	<u>717,877</u>	<u>998,846</u>
Expenditure on:				
Charitable activities	5	<u>(136,393)</u>	<u>(747,640)</u>	<u>(884,033)</u>
Total Expenditure		<u>(136,393)</u>	<u>(747,640)</u>	<u>(884,033)</u>
Net movement in funds		144,576	(29,763)	114,813
Reconciliation of funds				
Total funds brought forward		<u>600,288</u>	<u>263,258</u>	<u>863,546</u>
Total funds carried forward	14	<u><u>744,864</u></u>	<u><u>233,495</u></u>	<u><u>978,359</u></u>

The notes on pages 15 to 24 form an integral part of these financial statements.

Nottingham Music Service
(Registration number: 1153716)
Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	367,332	381,448
Current assets			
Debtors	11	25,782	19,344
Cash at bank and in hand	12	<u>789,511</u>	<u>805,169</u>
		815,293	824,513
Creditors: Amounts falling due within one year	13	<u>(219,313)</u>	<u>(227,602)</u>
Net current assets		<u>595,980</u>	<u>596,911</u>
Net assets		<u><u>963,312</u></u>	<u><u>978,359</u></u>
Funds of the charity:			
Restricted income funds			
Restricted funds	14	203,733	233,495
Unrestricted income funds			
Unrestricted funds		<u>759,579</u>	<u>744,864</u>
Total funds	14	<u><u>963,312</u></u>	<u><u>978,359</u></u>

The financial statements on pages 11 to 24 were approved by the trustees, and authorised for issue on ..04/10/2022.. and signed on their behalf by:



.....
David Wesker
Trustee

Nottingham Music Service

Cash Flow Statement for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash (expenditure)/income		(15,047)	114,813
Adjustments to cash flows from non-cash items			
Depreciation		<u>50,152</u>	<u>37,759</u>
		35,105	152,572
Working capital adjustments			
Increase in debtors	11	(6,438)	(2,395)
(Decrease)/increase in creditors	13	(17,480)	73,253
Increase in deferred income		<u>9,191</u>	<u>24,498</u>
Net cash flows from operating activities		20,378	247,928
Cash flows from investing activities			
Purchase of tangible fixed assets	10	<u>(36,036)</u>	<u>(127,232)</u>
Net (decrease)/increase in cash and cash equivalents		(15,658)	120,696
Cash and cash equivalents at 1 April		<u>805,169</u>	<u>684,473</u>
Cash and cash equivalents at 31 March		<u><u>789,511</u></u>	<u><u>805,169</u></u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash		(15,658)	120,696
Net funds at 1 April 2021		<u>805,169</u>	<u>684,473</u>
Net funds at 31 March 2022		<u><u>789,511</u></u>	<u><u>805,169</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 2022

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom 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 2022

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.

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.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2022

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.

2 Income from donations and legacies

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Donations and legacies;			
Donations from companies, trusts and similar proceeds	14,360	14,360	7,305
	<u>14,360</u>	<u>14,360</u>	<u>7,305</u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2022

3 Income from charitable activities

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Fees	349,026	-	349,026	273,664
Grants & donations	-	633,606	633,606	717,877
	<u>349,026</u>	<u>633,606</u>	<u>982,632</u>	<u>991,541</u>

4 Grants and donations

	Unrestricted funds £	Restricted funds £	Total funds £
Arts Council England	-	615,786	615,786
Nottingham City Council	-	5,400	5,400
Capital One (Europe)	-	5,000	5,000
D'Oyly Carte	-	3,000	3,000
Nottingham Schools Trust	-	1,650	1,650
Skipton Building Society	-	1,270	1,270
Foreman Hardy Charitable Trust	-	1,000	1,000
AW Lymn Foundation	-	500	500
Gift Aid	9,860	-	9,860
Sundry donations	4,500	-	4,500
	<u>14,360</u>	<u>633,606</u>	<u>647,966</u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2022

5 Expenditure on charitable activities

	Unrestricted funds Designated £	Restricted funds £	Total 2022 £	Total 2021 £
Accreditation	-	503	503	-
Bank charges	-	564	564	795
CPD and quality assurance	-	8,029	8,029	5,420
Depreciation	-	50,152	50,152	37,759
Equipment	-	5,878	5,878	-
Events - concert expenses	-	2,239	2,239	1,390
Events - music camp	-	1,500	1,500	-
Events - venue hire	-	9,035	9,035	718
Fundraising	-	4,084	4,084	3,388
Instrument repairs and consumables	-	6,931	6,931	9,408
Insurance	-	9,094	9,094	10,548
IT upgrade	-	9,486	9,486	5,576
Legal & professional fees	-	6,610	6,610	6,310
Materials	-	9,605	9,605	3,736
Ongoing travel	-	2,955	2,955	895
Partnership costs	-	4,466	4,466	5,254
Postage & carriage	-	637	637	-
PPE	-	2,480	2,480	2,230
Repairs & renewals	-	358	358	-
Recruitment	-	797	797	84
Rent	-	30,079	30,079	15,927
Safeguarding	-	2,511	2,511	561
Staffing costs & freelance	-	2,952	2,952	2,443
Stationery & telephone	-	2,764	2,764	2,773
Subscriptions & publications	-	1,906	1,906	1,495
Sundry costs	-	1,999	1,999	332
Venue hire (music school)	-	14,970	14,970	848
Wages, NI & pension	16,313	803,142	819,455	766,143
	<u>16,313</u>	<u>995,726</u>	<u>1,012,039</u>	<u>884,033</u>

6 Net incoming/outgoing resources

Net (outgoing)/incoming resources for the year include:

	2022 £	2021 £
Depreciation of fixed assets	<u>50,152</u>	<u>37,759</u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2022

7 Staff costs

The aggregate payroll costs were as follows:

	2022 £	2021 £
Staff costs during the year were:		
Wages and salaries	738,079	686,770
Social security costs	48,598	45,602
Pension costs	32,778	33,771
	<u>819,455</u>	<u>766,143</u>

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

	2022 No	2021 No
Average weekly number of employees	<u>37</u>	<u>33</u>

24 (2021 - 25) of the above employees participated in the Defined Contribution Pension Schemes.

3 (2021 - 3) of the above employees participated in the Defined Benefit Pension Schemes.

Contributions to the employee pension schemes for the year totalled £32,778 (2021 - £33,770).

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 £108,640 (2021 - £109,001).

8 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:

	2022 £	2021 £
Independent examination	1,545	1,545
Other financial services	406	156
	<u>1,951</u>	<u>1,701</u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2022

9 Taxation

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

10 Tangible fixed assets

	Computer equipment £	Musical instruments £	Total £
Cost			
At 1 April 2021	44,877	604,365	649,242
Additions	12,907	23,129	36,036
Disposals	-	(1,764)	(1,764)
At 31 March 2022	<u>57,784</u>	<u>625,730</u>	<u>683,514</u>
Depreciation			
At 1 April 2021	40,860	226,934	267,794
Charge for the year	8,319	41,833	50,152
Eliminated on disposals	-	(1,764)	(1,764)
At 31 March 2022	<u>49,179</u>	<u>267,003</u>	<u>316,182</u>
Net book value			
At 31 March 2022	<u><u>8,605</u></u>	<u><u>358,727</u></u>	<u><u>367,332</u></u>
At 31 March 2021	<u><u>4,017</u></u>	<u><u>377,431</u></u>	<u><u>381,448</u></u>

11 Debtors

	2022 £	2021 £
Trade debtors	15,375	6,119
Accrued income	10,025	13,225
Other debtors	382	-
	<u>25,782</u>	<u>19,344</u>

12 Cash and cash equivalents

	2022 £	2021 £
Cash on hand	294	294
Cash at bank	<u>789,217</u>	<u>804,875</u>
	<u><u>789,511</u></u>	<u><u>805,169</u></u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2022

13 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	98,372	100,280
Other taxation and social security	11,787	10,666
Pension scheme creditor	4,814	4,944
Accruals	4,354	20,917
Deferred income	99,986	90,795
	<u>219,313</u>	<u>227,602</u>

14 Funds

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2022 £
Unrestricted funds					
<i>General</i>					
General fund	228,344	363,386	-	(332,358)	259,372
<i>Designated</i>					
Development fund	16,520	-	(16,313)	-	207
Charity Base fund	300,000	-	-	-	300,000
Contingency fund	200,000	-	-	-	200,000
	<u>516,520</u>	<u>-</u>	<u>(16,313)</u>	<u>-</u>	<u>500,207</u>
Total unrestricted funds	<u>744,864</u>	<u>363,386</u>	<u>(16,313)</u>	<u>(332,358)</u>	<u>759,579</u>
Restricted funds					
NCC Asset Transfer	233,495	-	(29,762)	-	203,733
Music Hub and In Harmony (General)	-	230,605	(230,605)	-	-
Music Hub and In Harmony (Core Roles)	-	294,598	(626,956)	332,358	-
Music Hub and In Harmony (Extension)	-	108,403	(108,403)	-	-
	<u>233,495</u>	<u>633,606</u>	<u>(995,726)</u>	<u>332,358</u>	<u>203,733</u>
Total restricted funds	<u>233,495</u>	<u>633,606</u>	<u>(995,726)</u>	<u>332,358</u>	<u>203,733</u>
Total funds	<u>978,359</u>	<u>996,992</u>	<u>(1,012,039)</u>	<u>-</u>	<u>963,312</u>

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2022

	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					
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>

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 General fund to the Music Hub and In Harmony (Core Roles) fund is to cover the deficit on this activity.

Nottingham Music Service

Notes to the Financial Statements for the Year Ended 31 March 2022

15 Analysis of net assets between funds

	Unrestricted			2022
	General £	Designated £	Restricted £	Total funds £
Tangible fixed assets	163,599	-	203,733	367,332
Current assets	315,086	500,207	-	815,293
Current liabilities	(219,313)	-	-	(219,313)
Total net assets	<u>259,372</u>	<u>500,207</u>	<u>203,733</u>	<u>963,312</u>

	Unrestricted			2021
	General £	Designated £	Restricted £	Total funds £
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>

16 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.

17 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.