SEVERN ARTS

England & Wales · Charity number 1180335

Details

Status	Registered
Legal form	Charitable company
Company number	11033978
Registered	2018-10-16
Register	View on the Charity Commission register

Contact

Address	Malvern Gate Bromwich Road Worcester Wr2 4bn WR2 4BN
Phone	01905947300
Email	info@severnarts.org.uk
Website	www.severnarts.org.uk

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Activities

Objects: THE CHARITY'S OBJECTS ARE FOR THE PUBLIC BENEFIT:3.1 THE ADVANCEMENT OF EDUCATION, PARTICULARLY THROUGH THE PROMOTION OF HIGH QUALITY TEACHING AND LEARNING, INCLUDING (BUT NOT LIMITED TO) THE SUBJECTS OF MUSIC AND THE ARTS;3.2 THE ADVANCEMENT OF THE ARTS AND CULTURE, PARTICULARLY (BUT NOT LIMITED TO) THROUGH THE PROMOTION AND TEACHING OF MUSIC AND THE ARTS, PROMOTION OF ACCESSIBILITY TO, AND PARTICIPATION IN, THE ARTS, PROVISION OF TRAINING, SUPPORT AND NETWORKING OPPORTUNITIES FOR ASPIRING ARTISTS, PROVISION OF GRANTS;3.3 TO ASSIST IN THE TREATMENT AND CARE OF PERSONS SUFFERING FROM MENTAL OR PHYSICAL ILLNESS OF ANY DESCRIPTION OR IN NEED OF REHABILITATION AS A RESULT OF SUCH ILLNESS, BY THE PROVISION OF SERVICES NOT NORMALLY PROVIDED BY THE STATUTORY AUTHORITIES, INCLUDING (BUT NOT LIMITED TO) ARTS ACTIVITIES, DANCE AND DRAMA PROGRAMMES FOR PEOPLE WITH LEARNING DISABILITIES AND/OR TERMINAL ILLNESSES;3.4 TO PROMOTE SOCIAL INCLUSION BY PREVENTING PEOPLE FROM BECOMING SOCIALLY EXCLUDED, RELIEVING THE NEEDS OF THOSE PEOPLE WHO ARE SOCIALLY EXCLUDED AND ASSISTING THEM TO INTEGRATE INTO SOCIETY.FOR THE PURPOSES OF THIS CLAUSE ÆSOCIALLY EXCLUDEDÆ MEANS BEING EXCLUDED FROM SOCIETY, OR PARTS OF SOCIETY, AS A RESULT OF ONE OF MORE OF THE FOLLOWING FACTORS: UNEMPLOYMENT; FINANCIAL HARDSHIP; YOUTH OR OLD AGE; ILL HEALTH (PHYSICAL OR MENTAL); SUBSTANCE ABUSE OR DEPENDENCY INCLUDING ALCOHOL AND DRUGS; DISCRIMINATION ON THE GROUNDS OF SEX, RACE, DISABILITY, ETHNIC ORIGIN, RELIGION, BELIEF, CREED, SEXUAL ORIENTATION OR GENDER RE-ASSIGNMENT; POOR EDUCATIONAL OR SKILLS ATTAINMENT; RELATIONSHIP AND FAMILY BREAKDOWN; POOR HOUSING (THAT IS HOUSING THAT DOES NOT MEET BASIC HABITABLE STANDARDS; CRIME (EITHER AS A VICTIM OF CRIME OR AS AN OFFENDER REHABILITATING INTO SOCIETY).

Activities: Severn Arts provides music tuition, performance opportunities, instrument hire and other music educationservices to young people in Worcestershire and intends to develop adult music education. Severn Arts provides an arts development service for the wider public. Severn Arts operates in an inclusive manner and wishes to extend access so as many people as possible can benefit from the arts

Classification

- **How:** Makes Grants To Organisations, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, Arts/culture/heritage/science, Other Charitable Purposes
- **Who:** The General Public/mankind

Geography

- Worcestershire

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Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£2,826,940	£2,536,804	£1,592,172	88
2024-08-31	£3,457,927	£3,125,584	£1,302,036	76
2023-03-31	£2,583,682	£2,508,975	£1,245,882	87
2022-03-31	£2,579,097	£2,590,638	£1,171,175	75
2021-03-31	£1,817,600	£1,942,214	£1,182,716	84
2020-03-31	£2,150,235	£2,033,415	£1,307,330	96

Trustees

Name	Role	Appointed
Charlie Shiels	Chair	2020-12-18
Anusha Ciara Chandra-Paisley		2025-02-26
Dr Daniel Herbert		2019-03-12
Georgia Rose Wells		2024-03-27
Neil Phillips		2024-03-27
Rachel Clare Tucker		2025-02-26
Robert John Felix Macpherson		2025-02-26
Sophie Louise Hutton		2025-02-26
Valerie Jane Yates		2024-03-27

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SEVERN ARTS

England & Wales - Charity number 1180335

Accounts

REGISTERED COMPANY NUMBER: 11033978 (England and Wales)
REGISTERED CHARITY NUMBER: 1180335

Report of the Trustees and

Audited Financial Statements for the Year Ended 31st August 2025

for

Severn Arts
(A Company Limited by Guarantee)

Richards Sandy Audit Services Limited
(Statutory Auditor)
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

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Severn Arts

Reference and Administrative Details
for the Year Ended 31st August 2025

TRUSTEES	J Berrow (resigned 10.3.25) E S Davies (resigned 26.11.25) J de la Cour (resigned 26.11.25) D Herbert H Perrott N Phillips C M Shiels G R Wells V J Yates S L Hutton (appointed 26.2.25) A C Chandra-Paisley (appointed 26.2.25) R C Tucker (appointed 26.2.25) R J F Macpherson (appointed 26.2.25)
REGISTERED OFFICE	Suite 11 Malvern Gate Bromwich Road Worcester Worcestershire WR2 4BN
REGISTERED COMPANY NUMBER	11033978 (England and Wales)
REGISTERED CHARITY NUMBER	1180335
AUDITORS	Richards Sandy Audit Services Limited (Statutory Auditor) Thorneloe House 25 Barbourne Road Worcester WR1 1RU
SENIOR MANAGEMENT TEAM	Laura Worsfold (Chief Executive Officer) Debra Fawcett (Director of Music Education) Elaine Knight (Arts Director) Alex Green (Director of Resources & Operations)
SOLICITORS	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES
BANKER	Lloyds plc 25 Gresham Street London EC2V 7HN

Report of the Trustees
for the Year Ended 31st August 2025

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st August 2025. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

INTRODUCTION

Severn Arts is the lead organisation for the delivery and operation of music education in Herefordshire and Worcestershire. It is contracted to run the County Arts services, hosts the Malvern Hills District Council Arts Coordinator and delivers, facilitates or is a partner in a number of arts-related projects across Worcestershire. Severn Arts continues to project manage the Arches Worcester capital scheme that is funded by DCMS/Arts Council England through the Cultural Development Fund, with completion expected by December 2025. Severn Arts is also managing the Local Voices, Creative Choices programme in Worcester city on behalf of a consortium of eight partners.

The Company is a registered charity with the Charity Commission (charity number 1180335).

OBJECTIVES AND ACTIVITIES

Objects and Activities

The Company has widely drawn charitable Objects which focus on education, music and the arts and the promotion of social inclusion.

The Company's objects are:

- The advancement of education, particularly through the promotion of high-quality teaching and learning, including (but not limited to) the subjects of music and the arts.
- The advancement of the arts and culture, particularly (but not limited to) through the promotion and teaching of music and the arts, promotion of accessibility to, and in participation in, the arts, provision of training, support and networking opportunities for aspiring artists, provision of commissions.
- To assist in the treatment and care of persons suffering from mental or physical illness of any description or in need of rehabilitation as a result of such illness, by the provision of services not normally provided by the statutory authorities, including (but not limited to) arts activities, dance and drama programmes for people with learning disabilities and /or terminal illnesses.
- To promote social inclusion by preventing people from becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society.

The Company's current objectives are:

- To deliver, in conjunction with key partners, the work of the Herefordshire & Worcestershire Music Education Hub against the requirements outlined in the National Plan for Music Education.
- To directly provide and create opportunities for music tuition and playing, instrument repair and loan, and associated activities for children and young people in Worcestershire.
- To deliver arts activities as outlined in an Arts Plan currently supported by Worcestershire County Council.
- To project manage The Arches Worcester Cultural Development Fund (CDF) project (capital programme)
- To manage a community arts coordinator and programme on behalf of Malvern Hills District Council.
- To manage the Local Voices Creative Choices programme in Worcester City (2025-27)
- To represent the creative sector as a partner in the Creative People and Places Programme in Redditch.
- To deliver projects which align with our objects as and when we are commissioned to do so

The principal strategies employed to achieve these aims are:

- To present subsidised, affordable whole-class, small group and 1-2-1 music tuition in and out of school, delivered by experienced, high-quality music teachers.
- To provide an extensive orchestra and ensemble offer and performance opportunities.
- To provide an accessible instrument loan service.
- To support and implement arts projects that engage children and young people and communities with creative activity and encourage progression and growth.
- To develop and nurture excellence in music teaching practice and invest in continuous professional development (CPD) and resources that support music teachers to implement an enriched and inspiring curriculum.
- To provide inspiring programmes and opportunities that reflect ambition, involve, and engage young people and the wider community in the creative arts sector and provide platforms for artistic talent to grow and prosper.
- To provide support, training, and development opportunities for creative professionals.
- To employ and develop a dedicated and skilled diverse workforce.

ACHIEVEMENTS AND PERFORMANCE

Overview

The focus for the past year has been on sustaining our core music education role and building partnerships as part of our role as the Hub Lead Organisation for Herefordshire and Worcestershire, on bringing in longer-term funding that supports our core purpose and allows for continuation and development of our arts projects and activities. We have supported two more young graduates in paid internships and provided university placement opportunities for other emerging talent. We were instrumental in securing Place Partnership Funding from Arts Council on behalf of Worcester City Council and its partners. We have been present as a committed arts partner across the county and the West Midlands, representing our sector on several Boards and Arts Council groups. We continued to supplement our core income through accessing awards, grants and/or commissions from Paul Hamlyn Foundation, legacy funds, the Elmley Foundation, Heart of England Inclusive Communities Fund, Young Sounds (formerly known as Awards for Young Musicians), Arts Council England, Heart of England Community Foundation, University of Worcester, Worcestershire County Council, Worcester City Council, Malvern Hills District Council and a number of individuals donating directly. Our total income raised from grants and donations in the year was £1.7m (60% of all income compared to 57% in the previous period). We also supported other cultural organisations through mentoring and support, helping them to lever in additional funds.

Our legacy donation in memory of a young musician, Olly Irwin comprising a bursary to support young talent, was supported by Gloucester Music Works in 2025. Another legacy in memory of Stuart Silcock has enabled more disadvantaged students to access our Connect music tuition and development programme in 2024/25 and will continue to do so in the coming years. The Connect programme (formerly known as Furthering Talent) is also partly funded by Young Sounds UK.

The current creative sector funding climate continues to be extremely challenging. However, we continue to be proactive, identifying opportunity when it arises and keeping on trend with the national and regional political landscapes. Severn Arts remains a resilient, well-run organisation with committed staff and Trustees working to our end goal to improve the lives of the people of Worcestershire through creative endeavour and experiences, with a particular focus on children and young people.

Herefordshire & Worcestershire Music Hub (HWMH)

Severn Arts is the Hub Lead Organisation for the Herefordshire and Worcestershire Music Hub with Encore Enterprises as the commissioned partner delivering in Herefordshire. The HWMH has a joint Oversight Panel which is chaired independently by a member of staff from the University of Worcester.

In 2024-25, the hub overall:

- Actively engaged with 318 (out of 347) schools
- Taught weekly whole class instrumental lessons in 136 schools, reaching 9,150 pupils
- Taught weekly individual or small group instrument lessons to 3,906 pupils
- Offered 38 orchestras, bands and choirs for young people
- Provided CPD sessions attended by 119 schools

Severn Arts led Music Hub Activity

During 2024-25 Severn Arts delivered a full concert programme involving all the orchestras and bands which rehearse weekly across the county. Concerts took place in Worcester, Malvern, Evesham, Kidderminster, Droitwich, Upton-on-Severn and Bromsgrove, culminating in a showcase Summer Festival in July which took place in a variety of venues and spaces in Worcester City centre. The Summer Festival hosted performances and workshops for all the Severn Arts bands, orchestras and choirs and featured a space curated by a group of young producers which included art activities for families, an art exhibition and band performances. In July 2025 musicians from Worcestershire and Herefordshire went on tour to Spain and performed three concerts in spectacular venues.

Also in July and over two days, the Big Sing took place at Malvern Theatres with 2,300 pupils from schools across Herefordshire and Worcestershire taking part. For the first time the Big Sing was open to students from Key Stage 3 and 4 to join those from Key Stage 2. Our Early Years Festivals took place in nine venues across Worcestershire with over 1,200 reception pupils participating.

We continued to work in partnership with Malvern Cube to deliver their band development and turntablism projects. The Worcestershire Inclusive Choir, run in partnership with Soundabout, met monthly and performed at the Severn Arts Summer Festival, the Worcester Competitive Arts Festival, and in joint events and videos with the Soundabout choir family. Other workshops were delivered by Orchestra Pro Anima, Toscana Strings (funded by Malvern Concert Club), Carducci Quartet and Severn Arts teachers, impacting on over 1,000 young people.

Severn Arts worked in partnership with Young Sounds UK to deliver the Connect programme and is one of 10 ambassador music hubs across the country. The current programme has been extended and runs until March 2028. Aimed at those exhibiting early potential but for whom financial barriers mean that they would not ordinarily be able to continue their musical journey, participants benefit from an enhanced offer due to Young Sounds UK managing the Music Progression Fund, supported by the DfE. In January 2021, 30 young people started their musical journey through this programme. Having grown, the programme now supports 45 young people annually, providing free access to tuition, instruments and group opportunities. During 2024-25, participants took part in a variety of Get Together events including a trip to see Sleeping Beauty, a visit to a recording studio, and a session to produce a soundscape for a short film. Severn Arts also supports young people facing financial barriers through the Music Awards scheme, thanks to generous donations from the Stuart Silcock legacy and others. The second year of the Olly Irwin Award supported one young person to receive the opportunity to record their work in a professional studio.

Severn Arts was successful in a bid to Paul Hamlyn Foundation Teacher Development Fund and has been awarded £165k for a two-year project starting in September 2024. Sing, Speak and Shine is bringing music and performance to eight schools in higher need areas in the Rivers C of E Academy Trust, skilling teachers to improve pupil oracy with non-traditional tools.

Severn Arts continued to provide free access to Charanga; an online music teaching resource for First, Primary, Middle and Special schools in Worcestershire. In addition, we offered free access to Music First for Secondary schools and a subsidised Sparkyard subscription for all schools. Severn Arts has significant relationships with the National Youth Orchestra`s Inspire programme, University of Worcester, Malvern Concert Club, Orchestra Pro Anima and Worcester Symphony Orchestra, which resulted in school concerts and workshops.

The Music Box (bus) has been out on the road delivering music technology workshops at schools and events across the county and delivered 50 workshops and impacted on at least 400 unique individual young people during the 2024-25 academic year. Many of the sessions were funded through the Worcestershire County Council supported Social Value programme.

Severn Arts has been involved in several careers fairs and open evenings in schools across the county and has offered six work experience placements to pupils from Worcestershire high schools in the 2024-25 academic year. Schools were supported to deliver the National Curriculum for Music through a year-long Continuous Professional Development (CPD) programme. Bespoke support visits were offered to schools by the Severn Arts Music Leaders and Director of Music education with 44 taking place during the academic year. The HWMH appointed Lead schools for the two counties who meet termly and are also able to offer individual support and CPD.

The CPD programme for all staff and schools delivered sessions on AI, Mental Health, Insights, Safeguarding, Music Technology, Singing, Composing and Charanga. Networking meetings for Primary School Music Leads have continued and meetings for Secondary Music Leads have been introduced and well received.

Arts Development
The arts programme delivered on behalf of Worcestershire County Council is now overseen by Public Health and aligns with their Health and Well Being Strategy.

The programme delivered a range of projects for young people and the wider community to take part in during the year, as well as working in areas of need as identified by Public Health.

We appointed a new Young Poet Laureate who took up the role in April 2025 and will be in place until March 2026.

We continued to be commissioned by Sutton Croft to provide artists as part of the Holiday, Activity and Food (HAF) Programme in the County, delivering school holiday workshops to nearly 2,500 children and young people in the 2024-25 academic year.

Our annual Young Voices New Visions exhibition at Worcester Cathedral took place in the summer, attracting over 60 participating schools.

We are a partner in Reimagine Redditch, an Arts Council funded initiative to engage more Redditch people in the arts who do not traditionally participate in culture. The Love Woodrow Project concluded; aimed at creating a sense of pride in the community, increasing wellbeing and brightening up the centre of Woodrow with a number of Public Art pieces. From April 2026, Severn Arts will be the lead organisation for this programme, funding having been secured for three further years from April 2026.

In partnership with Malvern Hills District Council, we offered a range of training opportunities for the local creative sector, awarded grants to the community and voluntary sector and continued to organize and deliver Line Up, a new festival of experimental music in Malvern.

We worked with the Youth Justice Centre to commission an artist who worked with young people who use the centre to design two new murals which represent a more positive future.

The Arches Worcester Festivals - Cultural Development Fund programme
This is a time limited project funded by the Department for Culture Media and Sport (DCMS) and administered by Arts Council England, of which the revenue project finished in March 2023. Severn Arts continues to project manage the programme until the capital works are complete, expected to be January 2026.

We continued to work with Community Festivals, creating a bespoke programme aimed at raising ambition, broadening reach and creating a long-term legacy. Worcester Mela and Worcester Carnival were both successful in securing funding enabling new and diverse programmes of work. Worcester Carnival extended its work on environmentally friendly entries to the event and Worcester Mela completed an 18-month project which explored the stories of migrant communities and the impact they had on Worcester's industrial heritage.

Local Voices, Creative Choices - Place Partnership Project
Severn Arts was part of a consortium that has been successful in securing Place Partnership funding from ACE for this two-year project and has now gone on to project manage it. This ambitious project started in 2025 and aims to produce a thriving new creative quarter around the Arches, Angel Place and Scala, present inspirational festivals with the input from communities across Worcester, and create a skills and talent development programme for students and emerging artists.

FINANCIAL REVIEW
Financial results for the year
Our main source of earned income comes from tuition and the steady growth in tuition seen since the COVID pandemic tailed off such that the year ended with a 3.5% reduction year-on-year, compared to 6% growth in 2023-24. However, the bulk of this was focused on the start of the year and by the summer term, teaching was comparable to summer 2024. Despite the overall slight reduction in hours delivered, tuition and music education workshop income increased from £944k to £975k (3.3%). This was due to a combination of a 5% increase in charge rates, the shift away from school-bought to parent billed tuition (where equivalent charges are slightly higher to cover card processing costs) and a restructure of whole class tuition charges. Tuition orders for the coming financial year show a return to stronger demand, though this is tempered by our ability to deliver based on teaching capacity and the lack of flexibility in schools concerning the timing of lessons.

The Company continues to receive substantial regular grant income which has remained broadly the same year-on-year when looked at on a net basis. The Department for Education (DfE) Arts Council England provides a core grant for the operation of the Herefordshire & Worcestershire Music Hub. The total value of this was £956k, though £204k of this was passed to Encore for service delivery in Herefordshire (after £15k deduction for management fees and needs analysis costs), and compares to £738,425 in 2023-24 for the former Worcestershire Music Hub. DfE has also provided additional funding towards the costs of the Teachers Pension Scheme (TPS) in recent years. Severn Arts withdrew from the TPS scheme in November 2024, so this funding also ceased with effect from this date. Worcestershire County Council also provided a core grant of £110k (unchanged from 2023-24) to support a post and delivery of the broader arts programme.

Other significant grant income was received from Malvern Hills District Council, Bransford Trust, Bromsgrove & Redditch Network (on behalf of Reimagine Redditch), Young Sounds, Elmley Foundation and Worcester City Council. A number of smaller grants and donations were also received.

The contract with MHDC to provide arts services in the district has been extended again until March 2028 when the new unitary authority is expected to take over. Notice has been received from Worcestershire County Council that the Arts Contract that currently runs until September 2026 will not be renewed after this and that there will be no contract available for the delivery of this service after this date.

Donations and grants over the 12-month period brought in almost £1.7m (£2m in the previous 17-month period). Charitable activities (earned income) contributed over £1.1m (almost £1.5m in the previous 17-month period).

For the full financial year (12 months), the Company's excess Income over Expenditure on Unrestricted funds and before movement between funds was £38,662. (2023-24 (17 months): £95,064). Restricted activities show a surplus before transfers between funds of £251k (2024-25 (17 months): £237k). The combined surplus for the year was £290k (2023-24 (17 months): £332k).

Net Assets of the Company stood at £1.59m (2023-24 £1.3m).

FINANCIAL REVIEW

Reserves policy

The current funds position of the Charity is set out in note 20 to these accounts. On 31 August 2025 the Charity had accumulated balances of £1,592,172. However not all these balances are held in cash or cash equivalents.

At the year-end, Unrestricted Funds stood at £1,127,136 (2023-24: £1,017,252).

At the year-end, Free reserves (unrestricted funds less fixed assets) amounted to £882,100 (2023-24: £810,388). In order to ensure financial stability and that the Company can continue to meet its charitable objectives, the Trustees have agreed that Free reserves includes a 'designated fund' of £360,000 and 'future plans fund' of £200,000, as detailed below. This leaves a 'general fund' of £322,100.

The Designated Fund of £360,000 will be held in addition to other cash and non-cash funds. This represents identified costs (less the amount that can be raised by liquidating assets) associated with closing the company should the withdrawal of significant grant funding result in the company no longer being able to continue to operate, though this scenario is not thought likely in the foreseeable future.

The Future Plans fund represents specific project expenditure expected in the next three years for development or sustaining Severn Arts charitable objectives.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Risk management

The Trustees have assessed the major risks to which the Charity is exposed, those related to the operations and finances of the Charity and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

In deciding on this level of reserves, the Trustees have considered the financial risks that the Charity faces, the certainty of income and the impact on users should the Charity be unable to provide its services.

The major financial risk faced is the withdrawal of grant support from DfE/Arts Council England through the music education grant. Whilst this would have a significant impact, the Trustees expect that there would be forewarning of this that would enable them to plan appropriately. The way that DfE distributes funds as part of the music education grant changed in September 2024 and Severn Arts is now the Hub Lead Organisation for Herefordshire and Worcestershire. Overall funding levels have remained broadly unchanged, albeit distributed slightly differently with Severn Arts having a partnership agreement with Encore to deliver hub services in Herefordshire in return for a share of the hub funding. Should Encore no longer continue as delivery partner in Herefordshire, Severn Arts as the Hub Lead Organisation will be required to make alternative arrangements. A freelance model operates for the bulk of tuition delivery in Herefordshire and this approach could potentially be carried forward by Severn Arts with relative ease in the event that Encore ceased to be a hub partner, leaving other services to be delivered direct by Severn Arts or by a newly engaged partner. Whilst there continues to be no stated long term funding commitment for music hubs, ACE have advised to plan for standstill funding in 2026-27. The government has committed to creating a National Centre for Arts & Music Education from September 2026 that will commission and fund music hubs directly, replacing the current arrangement with ACE.

Worcestershire County Council has advised that the contract to deliver the Arts service will not be renewed from September 2026. This funding (£110k) currently funds a post and arts delivery. In order to continue with a post that supports other ongoing projects, the trustees have agreed to commit reserves where and if needed to support the current role or an alternative one until March 2028.

The Trustees have assessed other significant financial risks and have taken action to ensure the Company is able to respond to fluctuations in income and demand for services such that it is able to successfully deal with any immediate challenges presented.

The Trustees review the reserves policy on a regular basis with reference to trading history and by comparison with forecast projections.

PLANS FOR FUTURE PERIODS

Severn Arts plans to continue to explore options to diversify business over the next few years and to explore alternative sources of income and offer to expand its reach, to cover some adult work and target disadvantaged groups throughout the county. We are at the start of a refreshed 3-year Business Plan and have a clear strategic direction that aims to mature our offer, seek out appropriate funds that support growth in our areas of established expertise and embed creative projects within our communities. We are committed to a legacy programme to support grass-roots and community support for local festivals and our arts development work is currently sustained through partnerships with our local district authorities, Worcestershire County Council, Public Health and the University of Worcester. However, the end of the long-standing Arts Contract with Worcestershire County Council in September 2026 with seemingly no prospect of renewal will make this harder to sustain. The trustees have responded by committing reserves where necessary to underwrite the cost of maintaining the current or an adjusted role until March 2028 to manage and support existing projects and until a new unitary authority is expected to be created. In the intervening period we will look to secure alternative funds to ensure Worcestershire can continue to access wider arts funding opportunities.

Our current premises lease expires in February 2028 and renewal of the lease will not be possible. Initial enquiries suggest that finding replacement suitable premises is going to be a significant challenge. Funds have been set aside to support this process, together with moving and the likely cost of works that may be required to new premises to make them suitable for our needs.

Despite the challenges, Severn Arts has a solid financial base. We are committed to keeping and supporting our own workforce and to providing opportunities for career progression within the organisation, starting with apprenticeships and internships and creating sustainable roles for the future development of the music education and arts sector. We plan to work with partners to offer more opportunities and ensure Severn Arts shows evidence and impact of its' work to be an inclusive company.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Company is constituted under a Memorandum and Articles of Association dated 18 October 2017 (as amended on 19 March 2019).

Methods of appointment or election of trustees

The management of the Company is the responsibility of the Trustees who are appointed and co-opted under the terms of the Articles of Association.

All trustees have received training through annual board away days which concentrate upon the role of the board, policy and strategic direction and the evaluation and monitoring of the business plan. The trustees are invited to participate in continuous professional development programmes and are subject to a disclosure and Barring Service review. They adhere to equal opportunity recruitment policies. Four new Trustees were elected last year and one Trustee resigned. A group of Trustees are preparing a succession plan and we aim to recruit relevant new Trustees this year. We have an established Finance Committee and a Music Hub Oversight Panel with three of our trustees as designated members following our successful Bid to be HLO.

One of the trustees is designated as the safeguarding lead to support the Designated Safeguarding Lead staff.

Key management

Day-to-day management of the charity is delegated to the senior leadership team listed on the reference and admin page.

Public benefit

The Trustees confirm that they have complied with the duty in Section 4, Charities Act 2011, to have due regard to the guidance issued by the Charity Commission concerning public benefit.

Qualifying third party indemnity provisions

The Charity's Articles of Association grants the Trustees indemnity, to the extent permitted by Companies Act 2006.

FUNDRAISING

Our approach to fundraising is to connect with our supporters, both individuals and companies to raise voluntary funds to support our aims and activities. No commercial participators have been used to raise funds, and very few fundraising events have been held to date. We ensure that our fundraising is not overly intrusive or persistent, and does not put members of the public under undue pressure to donate.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Severn Arts for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued
Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

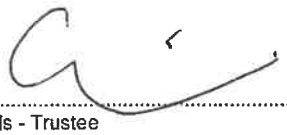
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on .....04/03/26..... and signed on its behalf by:



.....
C M Shiels - Trustee

Report of the Independent Auditors to the Members of Severn Arts

Opinion

We have audited the financial statements of Severn Arts (the 'charitable company') for the year ended 31st August 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees
As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- Inquired of management, and those charged with governance, about their own identification and assessment of the risks and irregularities, including known actual, suspected or alleged instances of fraud; and
- Discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 (and related legislation), the Charities Act 2011 (and related legislation)), and laws and regulations relating to the employment and payment of staff including, but not limited to, the Employment Rights Act 1996, the National Minimum Wage Act 1998 and the Pensions Act 2008.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements, which included reviewing the financial statement disclosures. This includes sample testing of monthly payroll records for the calculation of gross wages, payroll taxes and pension costs.

We identified the areas of the financial statements most susceptible to fraud to be management's judgement in allocating expenditure to individual restricted and unrestricted funds, including the allocation of wage costs and general staff overheads. Audit procedures performed included, but were not limited to, reviewing managements reasoning and workings behind these allocations of expenditure.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Report of the Independent Auditors to the Members of Severn Arts

Use of our report

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



Melissa Jean Godwin ACA ACCA (Senior Statutory Auditor)
for and on behalf of Richards Sandy Audit Services Limited
(Statutory Auditor)
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

Date: 13:03:26

Severn Arts

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st August 2025

	Notes	Unrestricted funds £	Restricted funds £	Year Ended 31.8.25 Total funds £	Period 1.4.23 to 31.8.24 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	4	**167,190**	**1,524,217**	**1,691,407**	1,986,306
Charitable activities	6				
Music education		**1,114,924**	**-**	**1,114,924**	1,383,575
Arts development		**4,290**	**-**	**4,290**	58,631
Festivals		**-**	**-**	**-**	8,950
Investment income	5	**16,319**	**-**	**16,319**	20,465
Total		**1,302,723**	**1,524,217**	**2,826,940**	3,457,927
EXPENDITURE ON					
Charitable activities	7				
Music education		**1,206,850**	**1,135,472**	**2,342,322**	2,726,502
Arts development		**57,211**	**137,271**	**194,482**	218,401
Festivals		**-**	**-**	**-**	180,681
Total		**1,264,061**	**1,272,743**	**2,536,804**	3,125,584
NET INCOME		**38,662**	**251,474**	**290,136**	332,343
Transfers between funds	20	**71,222**	**(71,222)**	**-**	-
Net movement in funds		**109,884**	**180,252**	**290,136**	332,343
RECONCILIATION OF FUNDS					
Total funds brought forward		**1,017,252**	**284,784**	**1,302,036**	969,693
TOTAL FUNDS CARRIED FORWARD		**1,127,136**	**465,036**	**1,592,172**	1,302,036

The notes form part of these financial statements

Severn Arts

Balance Sheet
31st August 2025

	Notes	Unrestricted funds £	Restricted funds £	2025 Total funds £	2024 Total funds £
FIXED ASSETS					
Tangible assets	15	245,036	-	245,036	208,184
CURRENT ASSETS					
Debtors: amounts falling due within one year	16	307,635	337,556	645,191	494,277
Cash at bank and in hand		698,645	321,864	1,020,509	1,013,909
		1,006,280	659,420	1,665,700	1,508,186
CREDITORS					
Amounts falling due within one year	17	(124,180)	(83,909)	(208,089)	(248,621)
NET CURRENT ASSETS		882,100	575,511	1,457,611	1,259,565
TOTAL ASSETS LESS CURRENT LIABILITIES		1,127,136	575,511	1,702,647	1,467,749
CREDITORS					
Amounts falling due after more than one year	18	-	(110,475)	(110,475)	(165,713)
NET ASSETS		1,127,136	465,036	1,592,172	1,302,036
FUNDS	20				
Unrestricted funds				1,127,136	1,017,252
Restricted funds				465,036	284,784
TOTAL FUNDS				1,592,172	1,302,036

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

The financial statements were approved by the Board of Trustees and authorised for issue on 04/03/26 and were signed on its behalf by:

C M Shiels - Trustee

The notes form part of these financial statements

Severn Arts

Cash Flow Statement
for the Year Ended 31st August 2025

	Notes	Year Ended 31.8.25 £	Period 1.4.23 to 31.8.24 £
Cash flows from operating activities			
Cash generated from operations	1	**61,064**	111,027
Net cash provided by operating activities		**61,064**	111,027
Cash flows from investing activities			
Purchase of tangible fixed assets		**(72,795)**	(1,929)
Sale of tangible fixed assets		**2,012**	103
Interest received		**16,319**	20,465
Net cash (used in)/provided by investing activities		**(54,464)**	18,639
Change in cash and cash equivalents in the reporting period		**6,600**	129,666
Cash and cash equivalents at the beginning of the reporting period		**1,013,909**	884,243
Cash and cash equivalents at the end of the reporting period		**1,020,509**	1,013,909

The notes form part of these financial statements

Notes to the Cash Flow Statement for the Year Ended 31st August 2025

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Year Ended 31.8.25 £	Period 1.4.23 to 31.8.24 £
Net income for the reporting period (as per the Statement of Financial Activities)	**290,136**	332,343
Adjustments for:		
Depreciation charges	**33,235**	50,609
Loss on disposal of fixed assets	**696**	310
Interest received	**(16,319)**	(20,465)
Increase in debtors	**(150,914)**	(116,294)
Decrease in creditors	**(95,770)**	(135,476)
Net cash provided by operations	**61,064**	111,027

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.24 £	Cash flow £	At 31.8.25 £
Net cash			
Cash at bank and in hand	**1,013,909**	**6,600**	**1,020,509**
	1,013,909	**6,600**	**1,020,509**
Total	**1,013,909**	**6,600**	**1,020,509**

The notes form part of these financial statements

1. GENERAL INFORMATION

Severn Arts is a private company, limited by guarantee, incorporated in the UK and registered in England and Wales.

The principal activity of Severn Arts is set out in the Trustees Report.

The registered office and principal operating office of Severn Arts is Suite 11, Malvern Gate, Bromwich Road, Worcester, WR2 4BN.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS
The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006, except in regard to the treatment of the LGPS as if it was a defined contribution pension scheme rather than if it was a defined benefit pension scheme, which is a departure from the requirement of FRS 102, on the basis that accounting for the LGPS as a defined benefit pension scheme is inconsistent with the requirements to give a true and fair view (see the accounting policy for pension costs for more details).

The financial statements have been prepared under the historical cost convention.

The accounts are presented in GBP and are rounded to the nearest £1.

INCOME
All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donation and grant income is recognised when the charity has been notified of the amounts. If there are performance conditions attached to the donation before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charitable company and it is probable that they will be fulfilled.

Income from the supply of services (including income from charitable activities) represents the value of services provided to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Interest income is recognised for all interest-bearing financial instruments using the effective interest rate method.

EXPENDITURE
Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources as detailed below.

Charitable activity costs are those costs that relate directly to specific activities within the organisation.

Supports costs include the running costs of the charity and have been attributed to direct costs of charitable activities as follows:

- Support costs that can be directly attributed to a particular activity have been categorised as such in the financial statements.

- Any residual costs have been allocated between activities in line with the value of support costs agreed in advance by funders, multiplied by the percentage of total support costs in each heading.

continued...

2. ACCOUNTING POLICIES - continued

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

A review for impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets costing £500 or more are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Motor vehicles - 5 years straight line
- Fixtures & fittings - 10 years straight line
- Office equipment - 5 years straight line
- Computer equipment - 5 years straight line
- Instruments:
  - Low value/ low life expectancy: Over 4 years. This applies to instruments such as recorders, fifes, doods, ukuleles and other similar low value items.
  - Brass: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.
  - Woodwind: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.
  - Upper strings: Instruments have a longer life in schools, however are of much lower initial value than brass/ woodwind which makes them less saleable over time. Assume 30% at year 10 and 0% at years.
  - Lower Strings: Instruments have a longer life in schools. Assuming 50% at 10 years, down to 20% at 20 years.
  - Tuned Percussion: Includes some higher value instruments which are not hired out and so wear and tear is less (tend to be used centrally). E.g. Timpani, Marimba, Xylophone, Vibraphone, Keyboard instruments. Assumed slower depreciation - 60% of original value at year 10 and 30% at year 20.
  - Untuned Percussion: Includes lower cost instruments such as cymbals, drums, djembes. Usually higher wear and tear for small percussion. Some, such as djembe are hired to schools in sets and are often not repairable. Assumed 20% value at year 10.
  - High Value: Includes instruments rarely hired out, used centrally only or if exceptional value (eg. Harp, Contrabassoon etc). Instruments are kept in excellent serviced condition and still retain considerable value after 20 years (assumed 50%).
  - Miscellaneous: This assumed straight line depreciation to 10% after 10 years and covers non standard items eg Drum Kit, Early Years percussion, Samba, Folk.

TAXATION
The charity is exempt from corporation tax on its charitable activities.

FUND ACCOUNTING
Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

FINANCIAL INSTRUMENTS
The company has elected to apply the provisions of Section 11' Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to contractual provisions of the instrument.

Financial assets are offset, with the net amounts presented in the accounts where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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2. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

Basic Financial Assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic Financial Liabilities
Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts, discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction cost.

OPERATING LEASES
Rents payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

PENSION COSTS
Retirement benefits to employees of the charity are provided by either the Local Government Pension ('LGPS'), or a private defined contribution scheme. Some employees were part of the Teachers Pension Scheme ('TPS') up until November 2024 when the scheme was closed and affected employees transferred to the private defined contribution scheme.

The TPS is an unfunded defined benefit scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The Local Government Pension Scheme (LGPS) is a funded multi-employer defined benefit scheme and the assets are held separately from those of the charity in separate trustee administered funds. Whilst it would be possible to obtain an actuarial valuation of the charity's share of the LGPS to which the charity belongs, the trustees of the charity believe that to account for the LGPS as a defined benefit pension scheme, rather than as a defined contribution scheme, would be inconsistent with the requirement to give a true and fair view. This is because the trustees do not consider their annual contributions relating to settling their share of the LGPS's current forecast surplus to be material to the accounts of the charity (based on the information provided within the most recent triennial actuarial valuation of the relevant LGPS) and also due to the very low number of members of the LGPS allocated to the charity (including both current and past staff of the charity) compared to the overall number of members of the relevant LGPS, it is considered probable that the actuarial valuation of the charity's share of the surplus would be disproportionally effected by any significant uncertainty in assumptions or errors compared to other scheme employers. In addition, the minority of employees of the charity that belong to the relevant LGPS include members of the senior management team and accounting for the LGPS as a defined benefit scheme would likely cause adjustments to disclosures concerning the remuneration paid to key management personnel in such a way that is not likely to be accurately determined on an individual employee basis and would likely be less comparable year on year due to changes in actuarial assumptions applied each year to the valuation of the relevant LGPS. The trustees therefore believe that accounting for their payments to the LGPS as a defined contribution scheme better reflects the actual financial impact to the charity.

Where the charity has entered into an agreement with the relevant LGPS that determines how the charity will fund a deficit, the charity recognises at that point a liability for the contributions payable that arises from the agreement (to the extent that they both relate to the deficit and can be reliably measured) and the resulting expense is recognised within the Statement of Financial Activities.

Contributions payable to the defined contribution pension scheme are charged to profit or loss in the period to which they relate.

continued...

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgements
Judgement is applied in setting the depreciation rates for tangible fixed assets. Details to these rates can be found in the accounting policies in note 2. The carrying value of tangible fixed assets can be found in note 15.

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme and the assets are held separately from those of the company in separate trustee administered funds. There is deemed to be insufficient information available without incurring costs deemed to outweigh the benefit to users of the accounts to apply defined benefit accounting of the Local Government Pension Scheme, and what information is available indicates that the charity's share of the net surplus of the Local Government Pension Scheme is not likely be material to the financial statements. The Local Government Pension Scheme is therefore accounted for as if it was a defined contribution plan, with contributions payable to the Local Government Pension Scheme charged to profit or loss in the period to which they relate. Further detail can be found in note 21.

Support costs have been allocated between unrestricted and restricted funds and between the activities where they have been identified as directly attributable costs. Any residual costs have been allocated between activities in line with the value of support costs agreed in advance by funders, multiplied by the percentage of total support costs in each heading.

4. DONATIONS AND LEGACIES

	Unrestricted funds	Restricted funds	**Year Ended 31.8.25 Total funds**	Period 1.4.23 to 31.8.24 Total funds
	£	£	£	£
Donations	**1,036**	**13,197**	**14,233**	15,768
Grants	**135,532**	**1,511,020**	**1,646,552**	1,945,959
Orchestra tax relief	**30,622**	**-**	**30,622**	24,579
	167,190	**1,524,217**	**1,691,407**	1,986,306

Grants received, included in the above, are as follows:

	Year Ended 31.8.25	Period 1.4.23 to 31.8.24
	£	£
Arts Council England	**1,285,293**	1,241,644
Young Sounds UK (formerly Awards for Young Musicians)	**24,849**	33,196
Bransford Trust	**10,000**	-
Bromsgrove and Redditch Network	**18,800**	-
Elmley Foundation	**15,000**	10,000
Heart of England Community Foundation	**-**	68,942
Malvern Hills District Council	**45,425**	97,747
Paul Hamlyn Foundation	**161**	165,000
Worcester City Council	**74,138**	60,582
Worcestershire County Council	**150,880**	242,023
University Of Worcester	**-**	2,000
Sundry small local council grants (less than £10,000 each)	**2,400**	6,900
Sundry small charitable trust grants (less than £10,000 each)	**19,606**	17,925
	1,646,552	1,945,959

continued...

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	Year Ended 31.8.25 Total funds £	Period 1.4.23 to 31.8.24 Total funds £
Bank interest	16,319	-	16,319	20,465

6. INCOME FROM CHARITABLE ACTIVITIES

	Music education £	Arts development £	Year Ended 31.8.25 Total activities £	Period 1.4.23 to 31.8.24 Total activities £
Holiday Activities and Food (HAF) Programme	32,907	-	32,907	58,631
CPD income	1,132	-	1,132	1,405
Event income	9,263	4,290	13,553	15,115
Project income	-	-	-	34,920
Resources	41,060	-	41,060	58,182
Tuition	979,661	-	979,661	1,244,369
Subscriptions	13,130	-	13,130	12,740
Concerts	4,615	-	4,615	4,465
Miscellaneous income	33,156	-	33,156	21,329
	1,114,924	4,290	1,119,214	1,451,156

7. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 8) £	Support costs (see note 9) £	Totals £
Music education	2,013,972	328,350	2,342,322
Arts development	194,482	-	194,482
	2,208,454	328,350	2,536,804

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	Year Ended 31.8.25 £	Period 1.4.23 to 31.8.24 £
Staff costs	1,565,868	2,137,974
Instrument consumables	2,195	4,032
Workshop expenditure	1,080	513
External funding and bursary	-	1,511
Project costs	582,326	529,241
Subcontracted staff costs	12,549	24,195
Music tours & trips	44,436	-
	2,208,454	2,697,466

continued...

9. SUPPORT COSTS

Support costs, included in the above, are as follows:

	Year Ended 31.8.25 Total activities £	Period 1.4.23 to 31.8.24 Total activities £
Rates and water	-	(6,451)
Insurance	19,337	22,735
Light and heat	7,017	16,278
Telephone	4,621	10,413
Advertising	16,812	25,007
Sundries	2,436	1,301
Service charges	16,511	23,391
Rent	38,400	54,400
Travel expenses	71,167	97,729
IT expenses	25,454	36,800
Legal and professional	5,157	11,301
Accountancy and payroll	17,393	17,023
Conference costs	2,000	2,737
Subscriptions	4,775	4,253
Board costs	2,484	2,704
Premises costs	11,240	12,674
CPD costs	5,835	8,831
Venue hire	1,542	5,398
Safeguarding costs	3,424	2,774
Consultancy fees	24,530	15,138
Postage and stationary	758	2,048
Depreciation	33,235	50,609
Profit on sale of tangible fixed assets	696	310
Bank charges	5,636	5,215
Auditors' remuneration	7,890	5,500
	328,350	428,118

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	Year Ended 31.8.25 £	Period 1.4.23 to 31.8.24 £
Depreciation - owned assets	33,235	50,609
Deficit on disposal of fixed assets	696	310
Rent paid under operating leases	38,400	54,400

continued...

11. AUDITORS' REMUNERATION

	2025	2024
	£	£
Audit remuneration	7,890	5,500
Other assurance services	2,640	3,780
Other services	7,194	3,818
	17,724	13,098

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st August 2025 nor for the period ended 31st August 2024.

TRUSTEES' EXPENSES

£769 was reimbursed for directly incurred travel expenses to two trustees (2024: £427 - one trustee).

13. STAFF COSTS

	Year Ended 31.8.25	Period 1.4.23 to 31.8.24
	£	£
Wages and salaries	1,343,220	1,715,389
Social security costs	108,046	120,882
Other pension costs	114,602	301,703
	1,565,868	2,137,974

The average monthly number of employees during the year was as follows:

	Year Ended 31.8.25	Period 1.4.23 to 31.8.24
Average number of employees	88	76

The number of employees whose employee benefits (excluding employer pension and employer N.I. costs) exceeded £60,000 based on annual salary was:

	2025	2024
£60,001 - £70,000	1	1

Key management personnel remunerations
During the year total remuneration, including employer pension and national insurance costs, paid to key management personnel totalled £266,750 for 4 employees (2024: £406,762 for 5 employees over a 17 month period).

continued...

14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	286,210	1,700,096	1,986,306
Charitable activities			
Music education	1,383,575	-	1,383,575
Arts development	58,631	-	58,631
Festivals	1,650	7,300	8,950
Investment income	20,465	-	20,465
Total	1,750,531	1,707,396	3,457,927
EXPENDITURE ON			
Charitable activities			
Music education	1,477,054	1,249,448	2,726,502
Arts development	195,101	23,300	218,401
Festivals	(16,688)	197,369	180,681
Total	1,655,467	1,470,117	3,125,584
NET INCOME	95,064	237,279	332,343
RECONCILIATION OF FUNDS			
Total funds brought forward	922,188	47,505	969,693
TOTAL FUNDS CARRIED FORWARD	1,017,252	284,784	1,302,036

15. TANGIBLE FIXED ASSETS

	Instruments £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st September 2024	**503,603**	**77,424**	**10,100**	**46,329**	**637,456**
Additions	**71,222**	**-**	**-**	**1,573**	**72,795**
Disposals	**(13,741)**	**-**	**-**	**-**	**(13,741)**
At 31st August 2025	**561,084**	**77,424**	**10,100**	**47,902**	**696,510**
DEPRECIATION					
At 1st September 2024	**330,653**	**48,250**	**8,780**	**41,589**	**429,272**
Charge for year	**20,463**	**7,743**	**1,320**	**3,709**	**33,235**
Eliminated on disposal	**(11,033)**	**-**	**-**	**-**	**(11,033)**
At 31st August 2025	**340,083**	**55,993**	**10,100**	**45,298**	**451,474**
NET BOOK VALUE					
At 31st August 2025	**221,001**	**21,431**	**-**	**2,604**	**245,036**
At 31st August 2024	172,950	29,174	1,320	4,740	208,184

continued...

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Trade debtors	385,642	297,682
Other debtors	-	1,802
Prepayments and accrued income	259,549	194,793
	645,191	494,277

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Trade creditors	47,787	43,014
Social security and other taxes	28,527	22,464
Other creditors	14,996	31,952
Accruals	11,338	9,000
Deferred income	105,441	142,191
	208,089	248,621

Deferred income

Deferred income costs of:

	2025	2024
	£	£
Worcestershire County Council social value project	165,713	220,951
Music tuition and related service fees relating to future periods	-	85,703
Service contract grant income allocated to future periods	-	1,250
	165,713	307,904

Split between:

Amounts due within one year	55,238	142,191
Amounts due after more than one year	110,475	165,713
	165,713	307,904

Worcestershire County Council social value project is a 5 year grant received in advance (following the waiving of a loan due from Worcestershire County Council). Grant income relating to future year allocations have been deferred on the basis that the charity is unable to apply current year expenditure against future year allocations.

All other deferred income as at 31 August 2024 was released to income within the current financial period.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2025	2024
	£	£
Deferred income	110,475	165,713

Details of deferred income can be found in note 17.

continued...

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2025	2024
	£	£
Within one year	38,400	38,400
Between one and five years	56,706	19,200
	95,106	57,600

The premises lease agreement is committed to 21 February 2028.

20. MOVEMENT IN FUNDS

	At 1.9.24	Net movement in funds	Transfers between funds	At 31.8.25
	£	£	£	£
Unrestricted funds				
General fund	650,832	22,128	(188,778)	484,182
Designated Funds	300,000	-	60,000	360,000
Arts	66,420	16,534	-	82,954
Future Plans fund	-	-	200,000	200,000
	1,017,252	38,662	71,222	1,127,136
Restricted funds				
Arts Council England Capital Fund	-	314,093	(71,222)	242,871
Bursary Fund	17,063	2,049	-	19,112
COMF Enhanced Youth Support	5,665	(5,665)	-	-
First Great Western	-	9,770	-	9,770
Furthering Talent	156	(156)	-	-
Lead Artist Commission, Art Gallery & Museum	-	2,484	-	2,484
Love Woodrow project	52,862	(52,862)	-	-
Music Box Fund	1,321	(1,321)	-	-
Paul Hamlyn Foundation	162,300	(82,749)	-	79,551
Place Partnership Project	-	41,935	-	41,935
Storytelling	-	12,500	-	12,500
Stuart Silcock Music Award Scheme	-	10,173	-	10,173
Worcestershire County Council social value project	45,417	(4,115)	-	41,302
Sundry Restricted Donations	-	5,338	-	5,338
	284,784	251,474	(71,222)	465,036
TOTAL FUNDS	1,302,036	290,136	-	1,592,172

continued...

20. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,191,323	(1,169,195)	22,128
Arts	111,400	(94,866)	16,534
	1,302,723	(1,264,061)	38,662
Restricted funds			
Music Education Grant	956,168	(956,168)	-
Arts Council England Capital Fund	314,093	-	314,093
Bursary Fund	2,049	-	2,049
COMF Enhanced Youth Support	-	(5,665)	(5,665)
Festival Fund	2,000	(2,000)	-
First Great Western	9,770	-	9,770
Furthering Talent	-	(156)	(156)
Lead Artist Commission, Art Gallery & Museum	6,500	(4,016)	2,484
Love Woodrow project	10,000	(62,862)	(52,862)
Malvern Hills District Council District Arts Co-ordinator	20,000	(20,000)	-
Music Box Fund	-	(1,321)	(1,321)
Paul Hamlyn Foundation	161	(82,910)	(82,749)
Place Partnership Project	68,871	(26,936)	41,935
Soundscape Young Person's Festival	5,625	(5,625)	-
Storytelling	16,200	(3,700)	12,500
Stuart Silcock Music Award Scheme	11,148	(975)	10,173
Worcestershire County Council social value project	55,238	(59,353)	(4,115)
Young Sounds UK	24,848	(24,848)	-
Sundry Restricted Donations	21,546	(16,208)	5,338
	1,524,217	(1,272,743)	251,474
TOTAL FUNDS	2,826,940	(2,536,804)	290,136

continued...

20. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.23 £	Net movement in funds £	At 31.8.24 £
Unrestricted funds			
General fund	569,935	80,897	650,832
Designated Funds	300,000	-	300,000
Arts	52,253	14,167	66,420
	922,188	95,064	1,017,252
Restricted funds			
Cultural Development Fund	7,225	(7,225)	-
Bursary Fund	16,514	549	17,063
COMF Enhanced Youth Support	-	5,665	5,665
Cultural Educational Programme	7,220	(7,220)	-
Furthering Talent	13,146	(12,990)	156
Love Woodrow project	-	52,862	52,862
Music Box Fund	3,190	(1,869)	1,321
Paul Hamlyn Foundation	-	162,300	162,300
Worcestershire County Council social value project	-	45,417	45,417
Sundry Restricted Donations	210	(210)	-
	47,505	237,279	284,784
TOTAL FUNDS	969,693	332,343	1,302,036

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,484,891	(1,403,994)	80,897
Arts	265,640	(251,473)	14,167
	1,750,531	(1,655,467)	95,064
Restricted funds			
Music Education Grant	1,046,102	(1,046,102)	-
Cultural Development Fund	17,956	(25,181)	(7,225)
Arts Activity	42,206	(42,206)	-
Arts Council England Pension Fund	96,181	(96,181)	-
Bursary Fund	2,549	(2,000)	549
COMF Enhanced Youth Support	5,665	-	5,665
Cultural Educational Programme	-	(7,220)	(7,220)
Festival Fund	172,188	(172,188)	-
Furthering Talent	33,945	(46,935)	(12,990)
Love Woodrow project	68,942	(16,080)	52,862
Music Box Fund	1,424	(3,293)	(1,869)
Paul Hamlyn Foundation	165,000	(2,700)	162,300
Worcestershire County Council social value project	55,238	(9,821)	45,417
Sundry Restricted Donations	-	(210)	(210)
	1,707,396	(1,470,117)	237,279
TOTAL FUNDS	3,457,927	(3,125,584)	332,343

continued...

20. MOVEMENT IN FUNDS - continued

Unrestricted funds

- **Designated Funds**
  A cash reserve has been designated by the trustees which represents identified costs (less the amount that can be raised by liquidating assets) associated with closing the company, though this scenario is not thought likely in the foreseeable future.

- **Arts Activity (designated)**
  Funding to support cultural activity and support artists across Worcestershire.

- **Future Plans fund (designated)**
  A cash reserve has been designated by the trustees which represents specific project expenditure expected in the next three years for development or sustaining Severn Arts charitable objectives.

Restricted Funds

- **Music Education Grant**
  DFE Grant allocated by Arts Council of England. Delivers core and extension roles for Music Education as set out in the National Plan for Music Education.

- **Arts Council England Capital Fund**
  Grant to fund the purchase of eligible instruments, equipment, and technology for the benefit of the Music Hub.

- **Cultural Development Fund**
  Grant to fund festivals element of Worcester Railway Arches Project 2019-22 (project delivered between Worcester City Council, University of Worcester and Severn Arts).

- **Arts Activity (restricted)**
  Funding to support cultural activity and support artists across Worcestershire.

- **Arts Council England Pension Fund**
  Grant received from Arts Council England to fund increased Teacher Pension Scheme employer contributions.

- **Bursary Funds**
  A bursary fund started in 2019 for musical opportunities for Worcestershire children and young people.

- **COMF Enhanced Youth Support**
  A photography and film project exploring the impact of Covid on young people in rural communities.

- **Cultural Education Programme**
  Arts Connect funding to develop the infrastructure of the Cultural Education Partnership (a network of organisations promoting arts and culture to young people).

- **Festival Fund**
  Relates to various grants, donations and other funding for the Light Night festival.

- **First Great Western**
  Funding towards a community project that creates a mural celebrating rail.

- **Furthering Talent**
  Fund to support talented young musicians from disadvantaged backgrounds to further their music progression.

- **Lead Artist Commission, Art Gallery & Museum**
  Funding towards a museum commission.

- **Love Woodrow**
  Grant from Heart of England Community Foundation to undertake a Woodrow public art project.

- **Malvern Hills District Council District Arts Co-ordinator**
  Funding towards the Community Arts Co-ordinator role.

continued...

20. MOVEMENT IN FUNDS - continued

- **Music Box Fund**
  To support and develop the delivery of Music Box music sessions.

- **Paul Hamlyn Foundation**
  Paul Hamlyn Foundation has awarded the charity a grant of £165,000 to support "Sing, Speak and Shine" project undertaken by the charity. This project is expected to run from April 2024 to July 2026 with delivery from September 2024. The charity plan to use this money to fund direct project delivery costs and a project manager staff position.

- **Place Partnership Project**
  Funding towards the Local Voices, Creative Choices project, including the Bridges of Light festival. The project is expected to run to March 2028.

- **Soundscape Young Person's Festival**
  Funding towards the Soundscape festival held for 10-18 year olds.

- **Storytelling**
  Funding from Malvern Hills District Council towards various community projects.

- **Stuart Silcock Music Award Scheme**
  Funding from Malvern Hills District Council towards various community projects.

- **Worcestershire County Council Social Value Project**
  Grant from Worcestershire County Council to fund a series of agreed upon activities, including financing music box activities, provide apprenticeships to local individuals and provide assistance to local festivals.

- **Young Sounds UK**
  Grant to support students from disadvantaged backgrounds to provide tuition and further their music progression. This project is expected to run from September 2024 to August 2028.

- **Sundry Donations Received**
  Small donations received for a specific purpose in the year, including a variety of small festivals and events.

TRANSFERS BETWEEN FUNDS

During the year the following amounts were transferred to the general unrestricted fund representing the value of fixed assets purchased using restricted funds:

	£
Arts Council England Capital Fund	71,222
	71,222

During the year the following amounts were transferred from the general unrestricted fund to the following designated funds in order to reflect the provision as at 31 August 2025:

	£
Designated Funds	60,000
Future Plans fund	200,000
	260,000

continued...

21. EMPLOYEE BENEFIT OBLIGATIONS

The charity's employees belonged to three principal pension schemes in the year: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire Pension Fund. Both are multi-employer defined benefit schemes.

The charity withdrew active membership of the TPS for all staff in November 2024, replacing this scheme with a defined contribution scheme.

The latest actuarial valuation of the LGPS relates to the period ended 31 March 2022. A new valuation is due for the period 31 March 2026.

Included in creditors at the year end were pension creditors of £14,279 (2024: £29,747).

Teachers' Pension Scheme
The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies the level of future contributions.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 27 October 2023, with the SCAPE rate, set by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The key elements of the valuation outcome are:

- Employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million

The result of this valuation will be implemented from 1 April 2024.The next valuation result is due to be implemented from 1 April 2027.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the charity has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The employer's pension costs paid to TPS in the period amounted to £34,348 (2024: £258,386).

The charity exited the TPS in November 2024 and no longer makes pension contributions to the TPS.

Local Government Pension Scheme
The LGPS is a funded multi-employer defined benefit pension scheme, with the assets held in separate trustee administered funds.

The expected contribution rates for future years for employers is as follows:
- 24.2% to March 2026 (currently 24.2%), with employees paying variable rates depending on their level of gross wages received each month.
- 24.7% from April 2026 for the next 3 years, these are expected to be reduced to 0% due to the scheme being in a surplus position.

The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme.

continued...

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

The employer's pension costs paid to LGPS in the period amounted to £38,598 (2024: £52,090).

Defined contribution scheme
The employer's pension costs paid to the defined contribution scheme in the period amounted to £41,653 (2024: £9,355).

22. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31st August 2025.

Severn Arts

Detailed Statement of Financial Activities
for the Year Ended 31st August 2025

	Unrestricted funds £	Restricted funds £	Year Ended 31.8.25 Total funds £	Period 1.4.23 to 31.8.24 Total funds £
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	**1,036**	**13,197**	**14,233**	15,768
Grants	**135,532**	**1,511,020**	**1,646,552**	1,945,959
Orchestra tax relief	**30,622**	**-**	**30,622**	24,579
	167,190	**1,524,217**	**1,691,407**	1,986,306
Investment income				
Bank interest	**16,319**	**-**	**16,319**	20,465
Charitable activities				
Holiday Activities and Food (HAF) Programme	**32,907**	**-**	**32,907**	58,631
CPD income	**1,132**	**-**	**1,132**	1,405
Event income	**13,553**	**-**	**13,553**	15,115
Project income	**-**	**-**	**-**	34,920
Resources	**41,060**	**-**	**41,060**	58,182
Tuition	**979,661**	**-**	**979,661**	1,244,369
Subscriptions	**13,130**	**-**	**13,130**	12,740
Concerts	**4,615**	**-**	**4,615**	4,465
Miscellaneous income	**33,156**	**-**	**33,156**	21,329
	1,119,214	**-**	**1,119,214**	1,451,156
Total incoming resources	**1,302,723**	**1,524,217**	**2,826,940**	3,457,927
EXPENDITURE				
Charitable activities				
Wages	**518,975**	**824,245**	**1,343,220**	1,715,389
Social security	**104,137**	**3,909**	**108,046**	120,882
Pensions	**112,571**	**2,031**	**114,602**	301,703
Instrument consumables	**2,195**	**-**	**2,195**	4,032
Workshop expenditure	**1,080**	**-**	**1,080**	513
External funding and bursary	**-**	**-**	**-**	1,511
Project costs	**141,439**	**440,887**	**582,326**	529,241
Subcontracted staff costs	**12,549**	**-**	**12,549**	24,195
Music tours & trips	**44,436**	**-**	**44,436**	-
	937,382	**1,271,072**	**2,208,454**	2,697,466
Support costs				
Management				
Rates and water	**-**	**-**	**-**	(6,451)
Insurance	**19,337**	**-**	**19,337**	22,735
Light and heat	**7,017**	**-**	**7,017**	16,278
Telephone	**4,621**	**-**	**4,621**	10,413
Advertising	**16,812**	**-**	**16,812**	25,007
Sundries	**2,436**	**-**	**2,436**	1,301
Carried forward	**50,223**	**-**	**50,223**	69,283

Severn Arts

Detailed Statement of Financial Activities
for the Year Ended 31st August 2025

	Unrestricted funds £	Restricted funds £	Year Ended 31.8.25 Total funds £	Period 1.4.23 to 31.8.24 Total funds £
Management				
Brought forward	**50,223**	**-**	**50,223**	69,283
Service charges	**16,511**	**-**	**16,511**	23,391
Rent	**38,400**	**-**	**38,400**	54,400
Travel expenses	**70,817**	**350**	**71,167**	97,729
IT expenses	**25,454**	**-**	**25,454**	36,800
Legal and professional	**5,157**	**-**	**5,157**	11,301
Accountancy and payroll	**17,393**	**-**	**17,393**	17,023
Conference costs	**2,000**	**-**	**2,000**	2,737
Subscriptions	**4,775**	**-**	**4,775**	4,253
Board costs	**2,484**	**-**	**2,484**	2,704
Premises costs	**11,240**	**-**	**11,240**	12,674
CPD costs	**5,835**	**-**	**5,835**	8,831
Venue hire	**1,542**	**-**	**1,542**	5,398
Safeguarding costs	**3,424**	**-**	**3,424**	2,774
Consultancy fees	**24,530**	**-**	**24,530**	15,138
Postage and stationary	**758**	**-**	**758**	2,048
Depreciation	**31,914**	**1,321**	**33,235**	50,609
Profit on sale of tangible fixed assets	**696**	**-**	**696**	310
	313,153	**1,671**	**314,824**	417,403
Finance				
Bank charges	**5,636**	**-**	**5,636**	5,215
Governance costs				
Auditors' remuneration	**7,890**	**-**	**7,890**	5,500
Total resources expended	**1,264,061**	**1,272,743**	**2,536,804**	3,125,584
Net income/(expenditure)	**38,662**	**251,474**	**290,136**	332,343

SEVERN ARTS

England & Wales - Charity number 1180335

Accounts

REGISTERED COMPANY NUMBER: 11033978 (England and Wales)
REGISTERED CHARITY NUMBER: 1180335

Report of the Trustees and

Audited Financial Statements for the Period 1st April 2023 to 31st August 2024

for

Severn Arts
(A Company Limited by Guarantee)

Richards Sandy Audit Services Limited
(Statutory Auditor)
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

Severn Arts

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for the Period 1st April 2023 to 31st August 2024

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Severn Arts

Reference and Administrative Details
for the Period 1st April 2023 to 31st August 2024

TRUSTEES	J Berrow E S Davies J de la Cour K A Edwards (resigned 17.1.24) D Herbert H Perrott C V J Phillips (resigned 5.6.24) N Phillips (appointed 27.3.24) C Shiels A R Watts (resigned 5.6.24) G R Wells (appointed 27.3.24) V J Yates (appointed 27.3.24)
REGISTERED OFFICE	Suite 11 Malvern Gate Bromwich Road Worcester Worcestershire WR2 4BN
REGISTERED COMPANY NUMBER	11033978 (England and Wales)
REGISTERED CHARITY NUMBER	1180335
AUDITORS	Richards Sandy Audit Services Limited (Statutory Auditor) Thorneloe House 25 Barbourne Road Worcester WR1 1RU
SENIOR MANAGEMENT TEAM	Laura Worsfold (Chief Executive Officer) Debra Fawcett (Director of Music Education) Elaine Knight (Arts Director) Alex Green (Director of Resources & Operations)
SOLICITORS	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES
BANKER	Lloyds plc 25 Gresham Street London EC2V 7HN

Severn Arts

Report of the Trustees
for the Period 1st April 2023 to 31st August 2024

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the period 1st April 2023 to 31st August 2024. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

INTRODUCTION
Severn Arts is the lead organisation for the delivery and operation of music education in Herefordshire and Worcestershire. It is contracted to run the County Arts services and delivers, facilitates or is a partner in various arts related projects across Worcestershire. Severn Arts continues to project manage the Arches Worcester capital scheme that is funded by DCMS/Arts Council England through the Cultural Development Fund, with completion expected by December 2025. Severn Arts is also commissioned to manage a community arts coordinator and programme on behalf of Malvern Hills District Council.

The Company is a registered charity with the Charity Commission (charity number 1180335).

OBJECTIVES AND ACTIVITIES

Objects and Activities
The Company has widely drawn charitable Objects which focus on education, music and the arts and the promotion of social inclusion.

The Company's Objects are:

- The advancement of education, particularly through the promotion of high quality teaching and learning, including (but not limited to) the subjects of music and the arts.
- The advancement of the arts and culture, particularly (but not limited to) through the promotion and teaching of music and the arts, promotion of accessibility to, and in participation in, the arts, provision of training, support and networking opportunities for aspiring artists, provision of commissions.
- To assist in the treatment and care of persons suffering from mental or physical illness of any description or in need of rehabilitation as a result of such illness, by the provision of services not normally provided by the statutory authorities, including (but not limited to) arts activities, dance and drama programmes for people with learning disabilities and /or terminal illnesses.
- To promote social inclusion by preventing people from becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society.

The Company's current aims are:

- To deliver the work of the Worcestershire Music Education Hub against the requirements outlined in the National Plan for Music Education.
- To provide and develop opportunities for music tuition, instrument repair and loan and activity for children and young people in Worcestershire.
- To deliver arts activities as outlined in an Arts Plan currently supported by Worcestershire County Council.
- To project manage and complete The Arches Worcester Cultural Development Fund (CDF) project (capital programme).
- To manage a community arts coordinator and programme on behalf of Malvern Hills District Council.
- To represent the cultural sector as a partner in the Creative People and Places Programme in Redditch.
- To deliver projects with align with our objects as and when we are commissioned to do so.

The principal strategies employed to achieve these aims are:

- To present subsidised, affordable whole-class, small group and 1-2-1 music tuition in schools delivered by experienced, high-quality music teachers.
- To provide an extensive orchestra and ensemble offer and performance opportunities.
- To support and implement music and arts education projects that engage children and young people with creative activity and encourage progression and growth.
- To develop and nurture excellence in teaching practice and invest in continuous professional development (CPD) and resources that support music teachers to implement an enriched and inspiring curriculum.
- To provide inspiring, arts programmes and opportunities that reflect ambition, involve, and engage young people and the wider community in the creative arts sector and provide platforms for artistic talent to grow and prosper.
- To provide support, training, and development opportunities for creative professionals.
- To employ and develop a dedicated and skilled diverse workforce.

ACHIEVEMENT AND PERFORMANCE

The focus for the past year has been on sustaining our core music education role by applying to be the Hub Lead Organisation for Herefordshire and Worcestershire and on bringing in longer-term funding that supports our core purpose and allows for continuation and development of our arts projects and activities. We appointed more staff in marketing and have supported three more young graduates in paid internships and placements. We have successfully continued Light Night and have been present as a committed arts partner across the county and the West Midlands, representing our sector on several Boards and Arts Council groups. We continued to increase our income through accessing awards, grants and/or commissions from Paul Hamlyn Foundation, legacy funds, the Elmley Foundation, Heart of England Inclusive Communities Fund, Young Sounds (formerly known as Awards for Young Musicians), Arts Council England, Heart of England Community Foundation, University of Worcester, Worcestershire County Council, Worcester City Council, and a number of individuals donating through our website to Severn Arts Music Awards Scheme. Our total income raised through donations and legacies was almost £2m. We also supported other cultural organisations through mentoring and support, helping them to lever in additional funds.
The Music Box bus has established a following and we have expanded our reach, through an agreed social value contract with Worcestershire County Council, offset against our initial loan which has meant the bus is more visible in a range of settings, raising the profile of Severn Arts and providing access to a range of music technology. Our legacy donation in memory of a young musician, Olly Irwin comprising of a bursary to support young talent, will be supported by Gloucester Music Works in 2025. We have also secured another legacy in memory of Stuart Silcock which will go towards extending the number of disadvantaged students accessing our Connect programme in 2024/25 and beyond (funded through Young Sounds, formerly Furthering Talent).

In a continually challenging funding climate for the cultural sector, we continue to be proactive, identifying opportunity when it arises and keeping on trend with the national and regional political landscapes. Severn Arts remains a resilient, well-run organisation with committed staff and Trustees working to our end goal to improve the lives of children and young people through creative endeavour.

Worcestershire Music Education Hub - WMEH (now Herefordshire & Worcestershire Music Hub)

Severn Arts has been successful in obtaining the Hub Lead Organisation role for both Herefordshire and Worcestershire this year and we have a commissioned partner Encore Enterprises who will deliver in Herefordshire on our behalf from September 2024. We have a joint Oversight Panel which is chaired independently by a member of staff at the University of Worcester.

In 2023-24:
- 226 schools (2022-23: 219) engaged with the WMEH
- 97 schools (2022-23: 99) received whole class teaching
- 6,659 pupils (2022-23: 6,672) received tuition through whole class tuition
- 195 schools (2022-23: 194) were supported through CPD/visits

Severn Arts delivered a full concert programme involving all the orchestras and bands which rehearse weekly across the county. Concerts took place in Worcester, Malvern, Evesham, Kidderminster, Droitwich, Upton-on-Severn and Bromsgrove culminating in a showcase Festival of Music in the summer, taking place in a variety of venues and spaces in Worcester City. The festivals included all of our groups and players and also an art exhibition and poetry from the Young Poet Laureate event. All were presented and curated with young people at the heart, supporting our commitment to giving young people a voice.
In June 2024, the Big Sing took place at Worcester University Arena with 2,200 pupils taking part from across Worcestershire. A new addition to the offer was the introduction of Early Years Festivals which took place in 6 venues across Worcestershire with over 1,000 pupils participating. Other workshops were delivered by Orchestra Pro Anima, Atea and Toscana Strings.

Our partnership with MAC Makes Music continues to offer strategic support and information to Severn Arts in relation to young people accessing music and overcoming barriers. The Soundabout Choir meets monthly and performed at the Severn Arts Festival of Music and the Worcester Competitive Music Festivals as well as participating in joint videos with the Soundabout choir family. Severn Arts continues to work in partnership with Malvern Cube to deliver their band development project funded by Youth Music. Severn Arts is working in partnership with Young Sounds UK (formerly Awards for Young Musicians) to deliver the Connect programme and is one of 10 ambassadors music hubs across the country. The programme has been extended and will run until March 2028. The participants will now benefit from an enhanced offer due to Young Sounds UK managing the Music Progression Fund, supported by the DfE. In January 2021 30 young people started their musical journey through this programme which is aimed at those exhibiting early potential but for whom financial barriers mean that they would not be able to continue their musical journey without access to this programme. During 2023-2024, the young people on the programme took part in a variety of Get Together events including a trip to Birmingham to see the CBSO performing a Star Wars concert, a steel pans workshop, a digital music session on the Severn Arts Music Box and a trip to a professional recording studio. Severn Arts also supports young people facing financial barriers through the Music Awards scheme.

Severn Arts continues to offer free access to Charanga that provides online music teaching resources to First, Primary, Middle and Special schools. In addition, we offer free access to Music First for secondary schools and a subsidised Sparkyard subscription for all schools. Severn Arts also has significant partnerships with the National Youth Orchestra's Inspire programme, University of Worcester, Malvern Concert Club, Orchestra Pro Anima, Worcester Symphony Orchestra, and the English String Orchestra which has resulted in school concerts and workshops.

The Music Box (bus) is out on the road delivering music technology workshops at schools and events across the county and delivered over 30 workshops and impacted on over 600 young people during the 2023-24 academic year.

Severn Arts has been involved in several careers' fairs and open evenings in schools across the county and has offered five work experience placements to pupils from Worcestershire high schools in the 2023-24 academic year. Schools are supported to deliver the National Curriculum for Music through a year-long Continuous Development programme.

The CPD programme for all staff and schools delivered sessions on Inclusion with John Kelly as part of the Youth Music funded IDEA programme, LGBTQ+ Awareness training, music technology, music curriculum planning (including the Model Music Curriculum), School Music Development Plans, Big Sing and Charanga. Networking meetings for Primary Music Leads were introduced and have been well received.

Arts Development

The arts programme delivered on behalf of Worcestershire County Council is now managed by Public Health and aligns with the four main aims of the Council - children and young people, business support, health and wellbeing and the environment.

This year the programme delivered a range of projects for young people and the wider community to take part in, as well as working in areas of need as identified by Public Health.

We appointed a new Young Poet Laureate who took up the role in April 2024 and will be in place until March 2025.

We continue to be commissioned by Sutton Croft to provide artists as part of the Holiday, Activity and Food (HAF) Programme in the County, delivering workshops to nearly 2,500 children and young people in the 2023-24 academic year.

Our annual Young Voices New Visions exhibition at Worcester Cathedral took place, attracting over 50 schools.

We are a partner in Reimagine Redditch, an Arts Council funded initiative to engage more people in the arts who do not traditionally participate in culture. We secured a further grant of £68,942 to work in one of the most deprived areas of Redditch, to enable an artist in residence to work with the local community to cocreate new artworks.

In partnership with Malvern Hills District Council we have offered a range of training opportunities for the local creative sector, awarded grants to the community and voluntary sector as well as establish Line Up, a new festival of experimental music in Malvern.

The Arches Worcester Festivals - Cultural Development Fund programme
This is a time limited project funded by the Department for Culture Media and Sport (DCMS) and administered by Arts Council England, of which the revenue project finished in March 2023. Severn Arts continues to project manage the programme until the capital works are complete, expected to be December 2025.

We continued to work with Community Festivals creating a bespoke programme aimed at raising ambition, broadening reach and creating a long-term legacy. Worcester Mela and Worcester Carnival were both successful in securing funding enabling new and diverse programmes of work. Worcester Carnival extended its work on environmentally friendly entries to the event and Worcester Mela started an 18 month project which explored the stories of migrant communities and the impact they had on Worcester's industrial heritage.

FINANCIAL REVIEW

Financial results for the year
We have seen continuing growth in music tuition and workshop requests over the past year. The number of hours of tuition delivered in the 2023-24 academic year was 6% higher than the previous year and this has resulted in higher income. Comparisons with previous years are more tricky due to the one-off extended period this report covers, so comparisons have instead been done between the most recent (2023-24) academic year and the prior (2022-23) academic year. Tuition and music education workshop income increased from £807k to £944k (16.9%). We continue to see strong demand from schools for engagement in whole class for the coming financial year, but the growth has tailed off.

Report of the Trustees
for the Period 1st April 2023 to 31st August 2024

The Company continues to receive substantial grant income which has remained the same since last year. The Department for Education (DfE) Arts Council England grant covered costs arising from the Worcestershire Music Education Hub and was almost unchanged at £738,425 (2022-23: 740,850). Funding for the Music Hub in 2024-25 is significantly higher but this is only because it covers Herefordshire as well - the allocation for Herefordshire will be passed to Encore who are delivering in this area.

Grant income was received from Malvern Hills District Council for the programme in Malvern Hills District, Worcestershire County Council for the arts programme and one off grants such as Light Night 2024 from Arts Council England.
The contract with MHDC has been extended a further year until March 2026 and the contract with WCC has been extended for a further year until September 2026.

Donations and grants over the 17 month period bought in nearly £2.0m (2023: £1.4m).

For the full financial year, the Company's excess Income over Expenditure before transfers of funds was £95,064 (2023: deficit of £135,031) on Unrestricted activities. Restricted activities show a surplus before transfers between funds of £237,279 (2023: deficit of £66,451). The combined surplus for the year was £332,343 (2023 deficit £201,482).

Net Assets of the Company stood at £1,302,036 (2023 £969,693).

Reserves policy
The current funds position of the Charity is set out in note 21 to these accounts.

At the year end the Charity had accumulated balances of £1,302,036 (2023 - £969,693). However not all these balances are held in cash or cash equivalents.

At the year-end, free reserves (unrestricted funds less fixed assets) amounted to £810,388 (2023: £668,101) and includes the £300,000 (2023: £300,000) designated fund noted below.

In order to ensure financial stability and that the Charity can continue to meet its charitable objectives, the Trustees have agreed that a designated cash reserve of £300,000 should be held. This represents 3.1 months (2023 - 3.1 months) of unrestricted fund expenditure. The policy assumes that the Charity is a going concern and that there is no foreseeable likelihood of it ceasing to operate. If the Charity did cease to operate, then it could liquidate its non-cash assets to meet any winding up costs.

Going concern
After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Risk management
The Trustees have assessed the major risks to which the Charity is exposed, those related to the operations and finances of the Charity and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

In deciding on this level of reserves, the Trustees have considered the financial risks that the Charity faces, the certainty of income and the impact on users should the Charity be unable to provide its services.

The major financial risk faced is the withdrawal of grant support from DfE Arts Council England music education grant. Whilst this would have a significant impact, the Trustees expect that there would be forewarning of this which would enable them to plan appropriately. The way that DfE distributes funds as part of the music education grant changed with effect from September 2024 and Severn Arts is now the Hub Lead Organisation for Herefordshire and Worcestershire. In the first year, we expect the delivery of music hub services in Herefordshire to continue to be done by Encore and Severn Arts will pass on the relevant element of the hub grant relating to Herefordshire to Encore. The Trustees have assessed other significant financial risks and have taken action to ensure the Company is able to respond to fluctuations in income and demand for services such that it is able to successfully deal with any immediate challenges presented.

The Trustees review the reserves policy on a regular basis with reference to trading history and by comparison with forecast projections.

PLANS FOR FUTURE PERIODS

Severn Arts plans to continue to explore options to diversify business over the next few years and to explore alternative sources of income and offer to expand its reach, to cover some adult work and target disadvantaged groups throughout the county. We are at the end of our 3-year Business Plan and have a clear new strategic direction that aims to mature our offer, seek out appropriate funds that support growth in our areas of established expertise and embed creative projects within our communities. We are committed to a legacy programme to support grass-roots and community support for local festivals and our arts development work is developing through partnerships with our local district authorities, Worcestershire County Council, Public Health and the University of Worcester. Severn Arts is committed to sustaining and supporting its own workforce and to providing opportunities for career progression within the orgnisation, starting with apprenticeships and internships and creating sustainable roles for the future development of the music and arts education sector. We plan to work with partners to offer more opportunities and ensure Severn Arts shows evidence and impact of its' work to be an inclusive company.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Company is constituted under a Memorandum and Articles of Association dated 18 October 2017 (as amended on 19 March 2019).

Methods of appointment or election of trustees

The management of the Company is the responsibility of the Trustees who are appointed and co-opted under the terms of the Articles of Association.

All trustees have received training through annual board away days which concentrate upon the role of the board, policy and strategic direction and the evaluation and monitoring of the business plan. The trustees are invited to participate in continuous professional development programmes and are subject to a disclosure and Barring Service review. They adhere to equal opportunity recruitment policies. Three new Trustees were elected last year and three Trustees resigned, but the establishment of a staff Trustee and Youth Voice representation is in development. A group of Trustees are preparing a succession plan and we aim to recruit 4 new Trustees this year. We have an established Finance Committee and a Music Hub Oversight Panel with three of our trustees as designated members following our successful Bid to be HLO.

Key management

Day to day management of the charity is delegated to the senior management team listed on the Reference and Administrative Details page.

Public benefit

The Trustees confirm that they have complied with the duty in Section 4, Charities Act 2011, to have due regard to the guidance issued by the Charity Commission concerning public benefit.

FUNDRAISING

Our approach to fundraising is to connect with our supporters, both individuals and companies to raise voluntary funds to support our aims and activities. No commercial participators have been used to raise funds, and very few fundraising events have been held to date. We ensure that our fundraising is not overly intrusive or persistent, and does not put members of the public under undue pressure to donate.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Severn Arts for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 31st March 2025 and signed on its behalf by:

J de la Cour - Trustee

Report of the Independent Auditors to the Members of Severn Arts

Opinion

We have audited the financial statements of Severn Arts (the 'charitable company') for the period ended 31st August 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2024 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees
As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- Inquired of management, and those charged with governance, about their own identification and assessment of the risks and irregularities, including known actual, suspected or alleged instances of fraud; and
- Discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 (and related legislation), the Charities Act 2011 (and related legislation)), and laws and regulations relating to the employment and payment of staff including, but not limited to, the Employment Rights Act 1996, the National Minimum Wage Act 1998 and the Pensions Act 2008.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements, which included reviewing the financial statement disclosures. This includes sample testing of monthly payroll records for the calculation of gross wages, payroll taxes and pension costs.

We identified the areas of the financial statements most susceptible to fraud to be management's judgement in allocating expenditure to individual restricted and unrestricted funds, including the allocation of wage costs and general staff overheads. Audit procedures performed included, but were not limited to, reviewing managements reasoning and workings behind these allocations of expenditure.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Report of the Independent Auditors to the Members of Severn Arts

Use of our report

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

Melissa Jean Godwin ACA ACCA (Senior Statutory Auditor)
for and on behalf of Richards Sandy Audit Services Limited
(Statutory Auditor)
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

Date: 26.03.25

Severn Arts

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Period 1st April 2023 to 31st August 2024

	Notes	Unrestricted funds	Restricted funds	Period 1.4.23 to 31.8.24 Total funds	Year Ended 31.3.23 Total funds as restated
		£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and legacies	4	**286,210**	**1,700,096**	**1,986,306**	1,411,657
Charitable activities	6				
Music education		**1,383,575**	**-**	**1,383,575**	848,539
Arts development		**58,631**	**-**	**58,631**	45,780
Festivals		**1,650**	**7,300**	**8,950**	-
Investment income	5	**20,465**	**-**	**20,465**	1,518
Total		**1,750,531**	**1,707,396**	**3,457,927**	2,307,494
EXPENDITURE ON					
Charitable activities	7				
Music education		**1,477,054**	**1,249,448**	**2,726,502**	1,911,942
Arts development		**195,101**	**23,300**	**218,401**	176,964
Festivals		**(16,688)**	**197,369**	**180,681**	420,070
Other		**-**	**-**	**-**	-
Total		**1,655,467**	**1,470,117**	**3,125,584**	2,508,976
NET INCOME/(EXPENDITURE)		**95,064**	**237,279**	**332,343**	(201,482)
RECONCILIATION OF FUNDS					
Total funds brought forward		**922,188**	**47,505**	**969,693**	1,171,175
TOTAL FUNDS CARRIED FORWARD		**1,017,252**	**284,784**	**1,302,036**	969,693

The notes form part of these financial statements

Severn Arts

Balance Sheet
31st August 2024

	Notes	Unrestricted funds	Restricted funds	**2024 Total funds**	2023 Total funds as restated
		£	£	£	£
FIXED ASSETS					
Tangible assets	16	**206,864**	**1,320**	**208,184**	257,277
CURRENT ASSETS					
Debtors: amounts falling due within one year	17	**355,926**	**138,351**	**494,277**	377,983
Cash at bank and in hand		**628,474**	**385,435**	**1,013,909**	884,243
		984,400	**523,786**	**1,508,186**	1,262,226
CREDITORS					
Amounts falling due within one year	18	**(174,012)**	**(74,609)**	**(248,621)**	(328,859)
NET CURRENT ASSETS		**810,388**	**449,177**	**1,259,565**	933,367
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,017,252**	**450,497**	**1,467,749**	1,190,644
CREDITORS					
Amounts falling due after more than one year	19	**-**	**(165,713)**	**(165,713)**	(220,951)
NET ASSETS		**1,017,252**	**284,784**	**1,302,036**	969,693
FUNDS	21				
Unrestricted funds				**1,017,252**	922,188
Restricted funds				**284,784**	47,505
TOTAL FUNDS				**1,302,036**	969,693

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

The financial statements were approved by the Board of Trustees and authorised for issue on 21st March 2025 and were signed on its behalf by:

J de la Cour - Trustee

The notes form part of these financial statements

Severn Arts

Cash Flow Statement
for the Period 1st April 2023 to 31st August 2024

	Notes	Period 1.4.23 to 31.8.24 £	Year Ended 31.3.23 as restated £
Cash flows from operating activities			
Cash generated from operations	1	**111,027**	(90,919)
Net cash provided by/(used in) operating activities		**111,027**	(90,919)
Cash flows from investing activities			
Purchase of tangible fixed assets		**(1,929)**	(9,299)
Sale of tangible fixed assets		**103**	3,029
Interest received		**20,465**	1,518
Net cash provided by/(used in) investing activities		**18,639**	(4,752)
Change in cash and cash equivalents in the reporting period		**129,666**	(95,671)
Cash and cash equivalents at the beginning of the reporting period		**884,243**	979,914
Cash and cash equivalents at the end of the reporting period		**1,013,909**	884,243

The notes form part of these financial statements

Notes to the Cash Flow Statement for the Period 1st April 2023 to 31st August 2024

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Period 1.4.23 to 31.8.24	Year Ended 31.3.23 as restated
	£	£
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	**332,343**	(201,482)
Adjustments for:		
Depreciation charges	**50,609**	215,520
Loss/(profit) on disposal of fixed assets	**310**	(2,023)
Interest received	**(20,465)**	(1,518)
Increase in debtors	**(116,294)**	(79,909)
Decrease in creditors	**(135,476)**	(21,507)
Net cash provided by/(used in) operations	**111,027**	(90,919)

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.23	Cash flow	At 31.8.24
	£	£	£
Net cash			
Cash at bank and in hand	**884,243**	**129,666**	**1,013,909**
	884,243	**129,666**	**1,013,909**
Total	**884,243**	**129,666**	**1,013,909**

3. MAJOR NON-CASH TRANSACTIONS

During the comparative period Worcestershire County Council agreed to convert the remaining unpaid balance of loans due to them from the charity totalling £276,189 into a legal agreement that the charity will provide equivalent support to the priorities of Worcestershire County Council. This loan has been accounted for as deferred income totalling £220,572 (2023 - £276,189).

1. GENERAL INFORMATION

Severn Arts is a private company, limited by guarantee, incorporated in the UK and registered in England and Wales.

The principal activity of Severn Arts is set out in the Trustees Report.

The registered office and principal operating office of Severn Arts is Suite 11, Malvern Gate, Bromwich Road, Worcester, WR2 4BN.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS
The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006, except in regard to the treatment of the LGPS as if it was a defined contribution pension scheme rather than if it was a defined benefit pension scheme, which is a departure from the requirement of FRS 102, on the basis that accounting for the LGPS as a defined benefit pension scheme is inconsistent with the requirements to give a true and fair view (see the accounting policy for pension costs for more details).

The financial statements have been prepared under the historical cost convention.

The accounts are presented in GBP and are rounded to the nearest £1.

CHANGES IN FINANCIAL PERIOD END
The charity has changed its financial year end from 31 March to 31 August, so that its financial year end now aligns with the academic year, as the majority of the charity's customers are schools.

Following this change in financial year end date, these financial statements have been prepared for a period of 17 months.

The comparative amounts presented in the financial statements, which relate to the 12 month period ending 31 March 2023, are not entirely comparable.

INCOME
All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donation and grant income is recognised when the charity has been notified of the amounts. If there are performance conditions attached to the donation before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charitable company and it is probable that they will be fulfilled.

Income from the supply of services (including income from charitable activities) represents the value of services provided to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Interest income is recognised for all interest-bearing financial instruments using the effective interest rate method.

EXPENDITURE
Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources as detailed below.

Charitable activity costs are those costs that relate directly to specific activities within the organisation.

continued...

2. ACCOUNTING POLICIES - continued

Supports costs include the running costs of the charity and have been attributed to direct costs of charitable activities as follows:

- Support costs that can be directly attributed to a particular activity have been categorised as such in the financial statements.

- Any residual costs have been allocated between activities in line with the value of support costs agreed in advance by funders, multiplied by the percentage of total support costs in each heading.

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

A review for impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets costing £500 or more are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Motor vehicles - 5 years straight line
- Fixtures & fittings - 10 years straight line
- Office equipment - 5 years straight line
- Computer equipment - 5 years straight line
- Instruments:
  - Low value/ low life expectancy: Over 4 years. This applies to instruments such as recorders, fifes, doods, ukuleles and other similar low value items.
  - Brass: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.
  - Woodwind: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.
  - Upper strings: Instruments have a longer life in schools, however are of much lower initial value than brass/ woodwind which makes them less saleable over time. Assume 30% at year 10 and 0% at years.
  - Lower Strings: Instruments have a longer life in schools. Assuming 50% at 10 years, down to 20% at 20 years.
  - Tuned Percussion: Includes some higher value instruments which are not hired out and so wear and tear is less (tend to be used centrally). E.g. Timpani, Marimba, Xylophone, Vibraphone, Keyboard instruments. Assumed slower depreciation - 60% of original value at year 10 and 30% at year 20.
  - Untuned Percussion: Includes lower cost instruments such as cymbals, drums, djembes. Usually higher wear and tear for small percussion. Some, such as djembe are hired to schools in sets and are often not repairable. Assumed 20% value at year 10.
  - High Value: Includes instruments rarely hired out, used centrally only or if exceptional value (eg. Harp, Contrabassoon etc). Instruments are kept in excellent serviced condition and still retain considerable value after 20 years (assumed 50%).
  - Miscellaneous: This assumed straight line depreciation to 10% after 10 years and covers non standard items eg Drum Kit, Early Years percussion, Samba, Folk.

TAXATION
The charity is exempt from corporation tax on its charitable activities.

FUND ACCOUNTING
Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

continued...

2. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS
The company has elected to apply the provisions of Section 11' Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to contractual provisions of the instrument.

Financial assets are offset, with the net amounts presented in the accounts where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic Financial Assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic Financial Liabilities
Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts, discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction cost.

OPERATING LEASES
Rents payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

PENSION COSTS
Retirement benefits to employees of the charity are provided by either the Teachers' Pension Scheme ('TPS'), the Local Government Pension Scheme ('LGPS'), or a private defined contribution scheme.

The TPS is an unfunded defined benefit scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer defined benefit scheme and the assets are held separately from those of the charity in separate trustee administered funds. Whilst it would be possible to obtain an actuarial valuation of the charity's share of the LGPS to which the charity belongs, the trustees of the charity believe that to account for the LGPS as a defined benefit pension scheme, rather than as a defined contribution scheme, would be inconsistent with the requirement to give a true and fair view. This is because the trustees do not consider their annual contributions relating to settling their share of the LGPS's current forecast deficit to be material to the accounts of the charity (based on the information provided within the most recent triennial actuarial valuation of the relevant LGPS) and also due to the very low number of members of the LGPS allocated to the charity compared to the overall number of members of the relevant LGPS, it is considered probable that the actuarial valuation of the charity's share of the deficit would be disproportionally effected by any significant uncertainty in assumptions or errors compared to other scheme employers. In addition, the minority of employees of the charity that belong to the relevant LGPS include one of the three members of the senior management team and accounting for the LGPS as a defined benefit scheme would likely cause adjustments to disclosures concerning the remuneration paid to key management personnel in such a way that is not likely to be accurately determined on an individual employee basis and would likely be less comparable year on year due to changes in actuarial assumptions applied each year to the valuation of the relevant LGPS. The trustees therefore believe that accounting for their payments to the LGPS as a defined contribution scheme better reflects the actual financial impact to the charity.

continued...

2. ACCOUNTING POLICIES - continued

Where the charity has entered into an agreement with the relevant LGPS that determines how the charity will fund a deficit, the charity recognises at that point a liability for the contributions payable that arises from the agreement (to the extent that they both relate to the deficit and can be reliably measured) and the resulting expense is recognised within the Statement of Financial Activities.

PENSION COSTS

Contributions payable to the defined contribution pension scheme are charged to profit or loss in the period to which they relate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgements
Judgement is applied in setting the depreciation rates for tangible fixed assets. Details to these rates can be found in the accounting policies in note 2. The carrying value of tangible fixed assets can be found in note 15.

Support costs have been allocated between unrestricted and restricted funds and between the activities where they have been identified as directly attributable costs. Any residual costs have been allocated between activities in line with the value of support costs agreed in advance by funders, multiplied by the percentage of total support costs in each heading.

4. DONATIONS AND LEGACIES

	Unrestricted funds	Restricted funds	Period 1.4.23 to 31.8.24 Total funds	Year Ended 31.3.23 as restated Total funds
	£	£	£	£
Donations	**11,670**	**4,098**	**15,768**	7,127
Grants	**249,961**	**1,695,998**	**1,945,959**	1,387,257
Orchestra tax relief	**24,579**	**-**	**24,579**	17,273
	286,210	**1,700,096**	**1,986,306**	1,411,657

The grant award from Paul Hamlyn Foundation is to fund a project that is expected to be delivered between September 2024 and July 2026.

Grants received, included in the above, are as follows:

	Period 1.4.23 to 31.8.24	Year Ended 31.3.23 as restated
	£	£
Arts Council England	**1,241,644**	797,092
Awards for Young Musicians	**33,196**	29,571
Elmley Foundation	**10,000**	-
Heart of England Community Foundation	**68,942**	-
Malvern Hills District Council	**97,747**	7,015
The National Foundation for Youth Music	**-**	8,548
Paul Hamlyn Foundation	**165,000**	-
UK Association for Music Education	**-**	7,400
Worcester City Council	**60,582**	421,011
Worcestershire County Council	**242,023**	112,562
University Of Worcester	**7,000**	-
Sundry small local council grants (less than £5,000 each)	**6,900**	-
Sundry small charitable trust grants (less than £5,000 each)	**12,925**	4,058
	1,945,959	1,387,257

continued...

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	Period 1.4.23 to 31.8.24 Total funds £	Year Ended 31.3.23 as restated Total funds £
Bank interest	20,465	-	20,465	1,518

6. INCOME FROM CHARITABLE ACTIVITIES

	Music education £	Arts development £	Festivals £	Period 1.4.23 to 31.8.24 Total activities £	Year Ended 31.3.23 as restated Total activities £
Holiday Activities and Food (HAF) Programme	-	58,631	-	58,631	29,230
CPD income	1,405	-	-	1,405	1,740
Event income	15,115	-	-	15,115	5,253
Project income	27,620	-	7,300	34,920	16,550
Resources	58,182	-	-	58,182	31,693
Tuition	1,244,369	-	-	1,244,369	793,793
Subscriptions	12,740	-	-	12,740	9,774
Concerts	4,465	-	-	4,465	3,886
Miscellaneous income	19,679	-	1,650	21,329	2,400
	1,383,575	58,631	8,950	1,451,156	894,319

7. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 8) £	Support costs (see note 9) £	Totals £
Music education	2,298,804	427,698	2,726,502
Arts development	218,401	-	218,401
Festivals	180,261	420	180,681
	2,697,466	428,118	3,125,584

continued...

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	Period 1.4.23 to 31.8.24	Year Ended 31.3.23 as restated
	£	£
Staff costs	2,137,974	1,455,415
Instrument consumables	4,032	1,242
Workshop expenditure	513	408
External funding and bursary	1,511	503
Project costs	529,241	507,490
Subcontracted staff costs	24,195	14,849
	2,697,466	1,979,907

9. SUPPORT COSTS

Support costs, included in the above, are as follows:

	Period 1.4.23 to 31.8.24	Year Ended 31.3.23 as restated
	Total activities	Total activities
	£	£
Rates and water	(6,451)	3,226
Insurance	22,735	13,189
Light and heat	16,278	9,783
Telephone	10,413	6,901
Advertising	25,007	16,808
Sundries	1,301	3,260
Service charges	23,391	15,869
Rent	54,400	37,662
Travel expenses	97,729	76,765
IT expenses	36,800	35,287
Legal and professional	11,301	10,462
Accountancy and payroll	17,023	15,780
Conference costs	2,737	1,311
Subscriptions	4,253	2,918
Board costs	2,704	1,820
Premises costs	12,674	14,452
CPD costs	8,831	4,399
Venue hire	5,398	19,516
Safeguarding costs	2,774	2,738
Consultancy fees	15,138	15,038
Postage and stationary	2,048	676
Depreciation	50,609	215,520
Profit on sale of tangible fixed assets	310	(2,023)
Bank charges	5,215	1,852
Auditors' remuneration	5,500	5,860
	428,118	529,069

continued...

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	Period 1.4.23 to 31.8.24	Year Ended 31.3.23 as restated
	£	£
Depreciation - owned assets	50,609	215,520
(Deficit)/surplus on disposal of fixed assets	310	(2,023)
Rent paid under operating leases	54,400	37,662

11. AUDITORS' REMUNERATION

	2024	2023
	£	£
Audit remuneration	5,500	5,860
Other assurance services	3,780	1,920
Other services	3,818	7,770
	13,098	15,550

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the period ended 31st August 2024 nor for the year ended 31st March 2023.

TRUSTEES' EXPENSES

No trustees were reimbursed for expenses during the current or prior year.

13. STAFF COSTS

	Period 1.4.23 to 31.8.24	Year Ended 31.3.23 as restated
	£	£
Wages and salaries	1,715,389	1,174,734
Social security costs	120,882	88,279
Other pension costs	301,703	192,402
	2,137,974	1,455,415

The average monthly number of employees during the period was as follows:

	Period 1.4.23 to 31.8.24	Year Ended 31.3.23 as restated
Average number of employees	76	87

continued...

13. STAFF COSTS - continued

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

	Period 1.4.23 to 31.8.24	Year Ended 31.3.23 as restated
£60,001 pa - £70,000 pa	1	1

Key management personnel remunerations
During the 17 month period total remuneration, including employer pension and national insurance costs, paid to key management personnel totalled £406,762 for an average of 5 employees (2023: 269,962 for 5 employees).

14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Restricted funds	Total funds as restated
	£	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	140,430	1,271,227	1,411,657
Charitable activities			
Music education	848,539	-	848,539
Arts development	38,780	7,000	45,780
Investment income	1,518	-	1,518
Total	1,029,267	1,278,227	2,307,494
EXPENDITURE ON			
Charitable activities			
Music education	1,061,382	850,560	1,911,942
Arts development	159,158	17,806	176,964
Festivals	-	420,070	420,070
Other	(56,242)	56,242	-
Total	1,164,298	1,344,678	2,508,976
NET INCOME/(EXPENDITURE)	(135,031)	(66,451)	(201,482)
Transfers between funds	(3,305)	3,305	-
Net movement in funds	(138,336)	(63,146)	(201,482)
RECONCILIATION OF FUNDS			
Total funds brought forward	1,060,525	110,650	1,171,175
TOTAL FUNDS CARRIED FORWARD	922,189	47,504	969,693

continued...

15. PRIOR YEAR ADJUSTMENT

Last year Worcestershire County Council informed the charity in writing that they had made the decision that a loan due by the charity to Worcestershire County Council would be waived. Worcestershire County Council has now provided the final written agreement for this loan waiver. The details of this final written agreement includes a number of clauses detailing how the funds were to be spent that were unanticipated last year. The comparatives have been amended to defer the recognition of the loan waiver totalling £276,189 over a 5 year period, with £55,238 recognised as restricted income in the current year and £220,951 recognised as deferred income within year end creditors.

The comparatives have also been amended to treat an Arts Council England grant of £56,242 previously accounted for as unrestricted income now treated as fully spent restricted income.

The comparatives have also been adjusted to treat income totalling £29,230 relating to Holiday Activities and Food (HAF) Programme as unrestricted trading income, rather than as restricted fund income. The previous year's accounts shows unspent restricted fund income of £6,755 (£6,070) at the year end.

16. TANGIBLE FIXED ASSETS

	Instruments £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st April 2023	**508,429**	**77,422**	**10,100**	**44,402**	**640,353**
Additions	**-**	**2**	**-**	**1,927**	**1,929**
Disposals	**(4,826)**	**-**	**-**	**-**	**(4,826)**
At 31st August 2024	**503,603**	**77,424**	**10,100**	**46,329**	**637,456**
DEPRECIATION					
At 1st April 2023	**306,596**	**37,281**	**6,560**	**32,639**	**383,076**
Charge for year	**28,470**	**10,969**	**2,220**	**8,950**	**50,609**
Eliminated on disposal	**(4,413)**	**-**	**-**	**-**	**(4,413)**
At 31st August 2024	**330,653**	**48,250**	**8,780**	**41,589**	**429,272**
NET BOOK VALUE					
At 31st August 2024	**172,950**	**29,174**	**1,320**	**4,740**	**208,184**
At 31st March 2023	201,833	40,141	3,540	11,763	257,277

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023 as restated
	£	£
Trade debtors	**297,682**	287,174
Other debtors	**1,802**	150
Prepayments and accrued income	**194,793**	90,659
	494,277	377,983

continued...

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023 as restated
	£	£
Trade creditors	43,014	24,528
Social security and other taxes	22,464	18,262
Other creditors	31,952	24,086
Accruals	9,000	128,462
Deferred income	142,191	133,521
	248,621	328,859

Deferred income
Deferred income costs of:

	2024	2023
	£	£
Worcestershire County Council social value project	220,951	276,189
Music tuition and related service fees relating to future periods	85,703	49,901
Commercial project income relating to future projects	-	8,597
Service contract grant income allocated to future periods	1,250	19,785
	307,904	354,472

Split between:

Amounts due within one year	142,191	133,521
Amounts due after more than one year	165,713	220,951
	307,904	354,472

Worcestershire County Council social value project is a 5 year grant received in advance (following the waiving of a loan due from Worcestershire County Council). Grant income relating to future year allocations have been deferred on the basis that the charity is unable to apply current year expenditure against future year allocations.

All other deferred income as at 31 March 2023 was released to income within the current financial period.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024	2023 as restated
	£	£
Deferred income	165,713	220,951

Details of deferred income can be found in note 18.

20. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2024	2023 as restated
	£	£
Within one year	38,400	38,400
Between one and five years	19,200	73,600
	57,600	112,000

continued...

21. MOVEMENT IN FUNDS

	At 1.4.23 £	Net movement in funds £	At 31.8.24 £
Unrestricted funds			
General fund	569,935	80,897	650,832
Designated Funds	300,000	-	300,000
Arts	52,253	14,167	66,420
	922,188	95,064	1,017,252
Restricted funds			
Cultural Development Fund	7,225	(7,225)	-
Bursary Fund	16,514	549	17,063
COMF Enhanced Youth Support	-	5,665	5,665
Cultural Educational Programme	7,220	(7,220)	-
Furthering Talent	13,146	(12,990)	156
Love Woodrow project	-	52,862	52,862
Music Box Fund	3,190	(1,869)	1,321
Paul Hamlyn Foundation	-	162,300	162,300
Worcestershire County Council social value project	-	45,417	45,417
Sundry Restricted Donations	210	(210)	-
	47,505	237,279	284,784
TOTAL FUNDS	969,693	332,343	1,302,036

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,484,891	(1,403,994)	80,897
Arts	265,640	(251,473)	14,167
	1,750,531	(1,655,467)	95,064
Restricted funds			
Music Education Grant	1,046,102	(1,046,102)	-
Cultural Development Fund	17,956	(25,181)	(7,225)
Arts Activity	42,206	(42,206)	-
Arts Council England Pension Fund	96,181	(96,181)	-
Bursary Fund	2,549	(2,000)	549
COMF Enhanced Youth Support	5,665	-	5,665
Cultural Educational Programme	-	(7,220)	(7,220)
Festival Fund	172,188	(172,188)	-
Furthering Talent	33,945	(46,935)	(12,990)
Love Woodrow project	68,942	(16,080)	52,862
Music Box Fund	1,424	(3,293)	(1,869)
Paul Hamlyn Foundation	165,000	(2,700)	162,300
Worcestershire County Council social value project	55,238	(9,821)	45,417
Sundry Restricted Donations	-	(210)	(210)
	1,707,396	(1,470,117)	237,279
TOTAL FUNDS	3,457,927	(3,125,584)	332,343

continued...

21. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.22 £	Net movement in funds £	Transfers between funds £	At 31.3.23 £
Unrestricted funds				
General fund	296,317	(146,865)	420,483	569,935
Designated Funds	300,000	-	-	300,000
Assets transferred from Worcestershire County Council	423,788	-	(423,788)	-
Arts	40,420	11,833	-	52,253
	1,060,525	(135,032)	(3,305)	922,188
Restricted funds				
Cultural Development Fund	7,225	-	-	7,225
BBC Children In Need	19	(19)	-	-
Bursary Fund	11,831	4,683	-	16,514
Changing Tracks Nurture Group	1,500	(1,500)	-	-
The Children's Society	892	(892)	-	-
COMF Enhanced Youth Support	1,019	(1,019)	-	-
Cultural Educational Programme	6,270	950	-	7,220
Furthering Talent	23,053	(9,907)	-	13,146
Inspiring Future Through The Arts	1,604	(1,604)	-	-
Jubilee Funding	6,947	(6,947)	-	-
Kickstart	808	(1,260)	452	-
Music Box Fund	13,974	(13,137)	2,353	3,190
Music Mark Innovation Fund	10,800	(10,800)	-	-
Soundabout Choir	-	(500)	500	-
Youth Music	24,443	(24,443)	-	-
Sundry Restricted Donations	265	(55)	-	210
	110,650	(66,450)	3,305	47,505
TOTAL FUNDS	1,171,175	(201,482)	-	969,693

continued...

21. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	882,668	(1,029,533)	(146,865)
Arts	146,599	(134,766)	11,833
	1,029,267	(1,164,299)	(135,032)
Restricted funds			
Music Education Grant	740,850	(740,850)	-
Cultural Development Fund	420,070	(420,070)	-
Arts Council England Pension Fund	56,242	(56,242)	-
BBC Children In Need	-	(19)	(19)
Bursary Fund	4,983	(300)	4,683
Changing Tracks Nurture Group	-	(1,500)	(1,500)
The Children's Society	-	(892)	(892)
COMF Enhanced Youth Support	-	(1,019)	(1,019)
Cultural Educational Programme	1,000	(50)	950
Furthering Talent	29,571	(39,478)	(9,907)
Inspiring Future Through The Arts	-	(1,604)	(1,604)
Jubilee Funding	8,519	(15,466)	(6,947)
Kickstart	1,045	(2,305)	(1,260)
Music Box Fund	2,000	(15,137)	(13,137)
Music Mark Innovation Fund	7,400	(18,200)	(10,800)
Soundabout Choir	-	(500)	(500)
Youth Music	6,547	(30,990)	(24,443)
Sundry Restricted Donations	-	(55)	(55)
	1,278,227	(1,344,677)	(66,450)
TOTAL FUNDS	2,307,494	(2,508,976)	(201,482)

Unrestricted funds

- **Designated Reserves**
  A cash reserve of £300,000 has been designated by the trustees to ensure financial stability of the charity and meet charitable objectives.

- **Transferred from Worcestershire County Council**
  Assets (including musical instruments) donated by Worcestershire County Council upon the transfer of County Music Service undertakings to Severn Arts. Last year a relating loan was converted to a donation and as such this fund was then transferred to general unrestricted funds.

- **Arts Activity (designated)**
  Funding to support cultural activity and support artists across Worcestershire.

Restricted Funds

- **Music Education Grant**
  DFE Grant allocated by Arts Council of England. Delivers core and extension roles for Music Education as set out in the National Plan for Music Education.

- **Cultural Development Fund**
  Grant to fund festivals element of Worcester Railway Arches Project 2019-22 (project delivered between Worcester City Council, University of Worcester and Severn Arts).

- **Arts Activity (restricted)**
  Funding to support cultural activity and support artists across Worcestershire.

- **Arts Council England Pension Fund**
  Grant received from Arts Council England to fund increased Teacher Pension Scheme employer contributions.

continued...

21. MOVEMENT IN FUNDS - continued

- **BBC Children in Need**
  Grant received to purchase a set of turntables and music technology equipment for the Music Box (bus).

- **Bursary Funds**
  A bursary fund started in 2019 for musical opportunities for Worcestershire children and young people.

- **Changing Tracks Nurture Group**
  Creative Musical Nurture Groups for Children at Risk of Exclusion from Primary School funded by Youth Music.

- **The Children's Society**
  Arts Projects for young people at risk of offending.

- **COMF Enhanced Youth Support**
  A photography and film project exploring the impact of Covid on young people in rural communities.

- **Cultural Education Programme**
  Arts Connect funding to develop the infrastructure of the Cultural Education Partnership (a network of organisations promoting arts and culture to young people).

- **Festival Fund**
  Relates to various grants, donations and other funding for the Light Night festival.

- **Furthering Talent**
  Grant to support 30 talented young musicians from disadvantaged backgrounds to further their music progression and provide mentoring and training support.

- **Inspiring Future Through the Arts**
  Provides arts activities through the Probation Service to prevent reoffending. Annual grant from Crime & Police Commissioner.

- **Jubilee Funding**
  A grant from Worcestershire County Council to commission local artists to celebrate the Queen Jubilee.

- **Kickstart**
  The Kickstart Scheme provides funding to create new jobs for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment.

- **Love Woodrow**
  Grant from Heart of England Community Foundation to undertake a Woodrow public art project.

- **Music Box Fund**
  To support and develop the delivery of Music Box music sessions.

- **Music Mark Innovation Fund**
  Music Mark funded project exploring youth voice across the 14 West Midlands Music Hubs.

- **Paul Hamlyn Foundation**
  Paul Hamlyn Foundation has awarded the charity a grant of £165,000 to support "Sing, Speak and Shine" project undertaken by the charity. This project is expected to run from April 2024 to July 2026 with delivery from September 2024. The charity plan to use this money to fund direct project delivery costs and a project manager staff position.

- **Soundabout Choir**
  Inclusive Choir for young people and their families delivered in partnership with Soundabout.

- **Worcestershire County Council Social Value Project**
  Grant from Worcestershire County Council to fund a series of agreed upon activities, including financing music box activities, provide apprenticeships to local individuals and provide assistance to local festivals.

- **Youth Music**
  Grant to develop inclusive and accessible music opportunities, training programmes and research to improve diversity, equality and inclusion and widen reach, working with two other music Hubs in Gloucestershire and Warwickshire.

continued...

21. MOVEMENT IN FUNDS - continued

- **Sundry Donations Received**
  Small donations received for a specific purpose in the year include, ticket income for Symphony Hall Concert, donations to contribute towards the running costs of the Jazz Orchestra and donations for sheet music purchases.

22. EMPLOYEE BENEFIT OBLIGATIONS

The charity's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS to the period ended 31 March 2022.

Included in creditors at the year end were pension creditors of £29,747 (2023: £22,249).

Teachers' Pension Scheme
The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies the level of future contributions.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 27 October 2023, with the SCAPE rate, set by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The key elements of the valuation outcome are:

- Employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million

The result of this valuation will be implemented from 1 April 2024.The next valuation result is due to be implemented from 1 April 2028.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the charity has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The employer's pension costs paid to TPS in the period amounted to £258,386 (2023: £150,622).

continued...

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Local Government Pension Scheme
The LGPS is a funded multi-employer defined benefit pension scheme, with the assets held in separate trustee administered funds.

The agreed contribution rates for future years for employers is 24.2% (less an annual deduction of £1,500) from April 2023 for the next 3 years, with employees paying variable rates depending on their level of gross wages received each month.

The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The employer's pension costs paid to LGPS in the period amounted to £52.090 (2023: £32,256).

Defined contribution scheme
The employer's pension costs paid to the defined contribution scheme in the period amounted to £9.355 (2023: £6,695).

23. RELATED PARTY DISCLOSURES

There were no related party transactions for the period ended 31st August 2024.

Severn Arts

Detailed Statement of Financial Activities
for the Period 1st April 2023 to 31st August 2024

	Unrestricted funds	Restricted funds	Period 1.4.23 to 31.8.24 Total funds	Year Ended 31.3.23 Total funds as restated
	£	£	£	£
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	**11,670**	**4,098**	**15,768**	7,127
Grants	**249,961**	**1,695,998**	**1,945,959**	1,387,257
Orchestra tax relief	**24,579**	**-**	**24,579**	17,273
	286,210	**1,700,096**	**1,986,306**	1,411,657
Investment income				
Bank interest	**20,465**	**-**	**20,465**	1,518
Charitable activities				
Holiday Activities and Food (HAF) Programme	**58,631**	**-**	**58,631**	29,230
CPD income	**1,405**	**-**	**1,405**	1,740
Event income	**15,115**	**-**	**15,115**	5,253
Project income	**27,620**	**7,300**	**34,920**	16,550
Resources	**58,182**	**-**	**58,182**	31,693
Tuition	**1,244,369**	**-**	**1,244,369**	793,793
Subscriptions	**12,740**	**-**	**12,740**	9,774
Concerts	**4,465**	**-**	**4,465**	3,886
Miscellaneous income	**21,329**	**-**	**21,329**	2,400
	1,443,856	**7,300**	**1,451,156**	894,319
Total incoming resources	**1,750,531**	**1,707,396**	**3,457,927**	2,307,494
EXPENDITURE				
Charitable activities				
Wages	**1,610,162**	**105,227**	**1,715,389**	1,174,734
Social security	**120,525**	**357**	**120,882**	88,279
Pensions	**300,862**	**841**	**301,703**	192,402
Instrument consumables	**4,032**	**-**	**4,032**	1,242
Workshop expenditure	**513**	**-**	**513**	408
External funding and bursary	**1,511**	**-**	**1,511**	503
Project costs	**(832,161)**	**1,361,402**	**529,241**	507,490
Subcontracted staff costs	**24,195**	**-**	**24,195**	14,849
	1,229,639	**1,467,827**	**2,697,466**	1,979,907

Severn Arts

Detailed Statement of Financial Activities
for the Period 1st April 2023 to 31st August 2024

	Unrestricted funds	Restricted funds	Period 1.4.23 to 31.8.24 Total funds	Year Ended 31.3.23 Total funds as restated
	£	£	£	£
Support costs				
Management				
Rates and water	**(6,451)**	**-**	**(6,451)**	3,226
Insurance	**22,735**	**-**	**22,735**	13,189
Light and heat	**16,278**	**-**	**16,278**	9,783
Telephone	**10,413**	**-**	**10,413**	6,901
Advertising	**25,007**	**-**	**25,007**	16,808
Sundries	**1,301**	**-**	**1,301**	3,260
Service charges	**23,391**	**-**	**23,391**	15,869
Rent	**54,400**	**-**	**54,400**	37,662
Travel expenses	**97,729**	**-**	**97,729**	76,765
IT expenses	**36,800**	**-**	**36,800**	35,287
Legal and professional	**11,301**	**-**	**11,301**	10,462
Accountancy and payroll	**16,603**	**420**	**17,023**	15,780
Conference costs	**2,737**	**-**	**2,737**	1,311
Subscriptions	**4,253**	**-**	**4,253**	2,918
Board costs	**2,704**	**-**	**2,704**	1,820
Premises costs	**12,674**	**-**	**12,674**	14,452
CPD costs	**8,831**	**-**	**8,831**	4,399
Venue hire	**5,398**	**-**	**5,398**	19,516
Safeguarding costs	**2,774**	**-**	**2,774**	2,738
Consultancy fees	**15,138**	**-**	**15,138**	15,038
Postage and stationary	**2,048**	**-**	**2,048**	676
Depreciation	**48,739**	**1,870**	**50,609**	215,520
Profit on sale of tangible fixed assets	**310**	**-**	**310**	(2,023)
	415,113	**2,290**	**417,403**	521,357
Finance				
Bank charges	**5,215**	**-**	**5,215**	1,852
Governance costs				
Auditors' remuneration	**5,500**	**-**	**5,500**	5,860
Total resources expended	**1,655,467**	**1,470,117**	**3,125,584**	2,508,976
Net expenditure	**95,064**	**237,279**	**332,343**	(201,482)

SEVERN ARTS

England & Wales - Charity number 1180335

Accounts

REGISTERED COMPANY NUMBER: 11033978 (England and Wales)
REGISTERED CHARITY NUMBER: 1180335

Report of the Trustees and

Audited Financial Statements for the Year Ended 31st March 2023

for

Severn Arts
(A Company Limited by Guarantee)

Richards Sandy Audit Services Limited
(Statutory Auditor)
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

Contents of the Financial Statements for the Year Ended 31st March 2023

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Severn Arts

Reference and Administrative Details
for the Year Ended 31st March 2023

TRUSTEES	J Berrow W Davies (resigned 23.1.23) J de la Cour K A Edwards D Herbert H Perrott C V J Phillips A R Watts E S Davies O Harper (resigned 12.10.22) C Shiels
REGISTERED OFFICE	Suite 11 Malvern Gate Bromwich Road Worcester Worcestershire WR2 4BN
REGISTERED COMPANY NUMBER	11033978 (England and Wales)
REGISTERED CHARITY NUMBER	1180335
AUDITORS	Richards Sandy Audit Services Limited (Statutory Auditor) Thorneloe House 25 Barbourne Road Worcester WR1 1RU
SENIOR MANAGEMENT TEAM	Laura Worsfold (Chief Executive Officer) Debra Fawcett (Director of Music Education) Elaine Knight (Arts Director) Alex Green (Director of Resources & Operations) Min Sowden (Director of Marketing)
SOLICITORS	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES
BANKER	Lloyds plc 25 Gresham Street London EC2V 7HN

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st March 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

INTRODUCTION

Severn Arts is the lead organisation for the delivery and operation of music education in Worcestershire. It is contracted to run the County Arts services and delivered the Arches Worcester Festivals programme as part of a DCMS/Arts Council funded Cultural Development Fund project, completed in March 2023. Severn Arts continues to project manage the full completion of the capital scheme attached to this Fund until July 2024. Severn Arts is also commissioned to manage a new community arts coordinator and programme on behalf of Malvern Hills District Council.

The Company is a registered charity with the Charity Commission (charity number 1180335).

OBJECTIVES AND ACTIVITIES

Objects and Activities

The Company has widely drawn charitable Objects which focus on education, music and the arts and the promotion of social inclusion.

The Company's Objects are:

- The advancement of education, particularly through the promotion of high quality teaching and learning, including (but not limited to) the subjects of music and the arts.
- The advancement of the arts and culture, particularly (but not limited to) through the promotion and teaching of music and the arts, promotion of accessibility to, and in participation in, the arts, provision of training, support and networking opportunities for aspiring artists, provision of commissions.
- To assist in the treatment and care of persons suffering from mental or physical illness of any description or in need of rehabilitation as a result of such illness, by the provision of services not normally provided by the statutory authorities, including (but not limited to) arts activities, dance and drama programmes for people with learning disabilities and /or terminal illnesses.
- To promote social inclusion by preventing people from becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society.

The Company's current aims are:

- To deliver the work of the Worcestershire Music Education Hub against the requirements outlined in the National Plan for Music Education.
- To provide and develop opportunities for music tuition, instrument repair and loan and activity for children and young people in Worcestershire.
- To deliver arts activities as outlined in an Arts Plan currently supported by Worcestershire County Council.
- To project manage and complete The Arches Worcester Cultural Development Fund (CDF) project.
- To manage a community arts coordinator and programme on behalf of Malvern Hills District Council.
- To represent the cultural sector as a partner in the Creative People and Places Programme in Redditch.

The principal strategies employed to achieve these aims are:

- To present subsidised, affordable whole-class, small group and 1-2-1 music tuition in schools delivered by experienced, high-quality music teachers.
- To provide an extensive orchestra and ensemble offer and performance opportunities.
- To support and implement music and arts education projects that engage children and young people with creative activity and encourage progression and growth.
- To develop and nurture excellence in teaching practice and invest in continuous professional development (CPD) and resources that support music teachers to implement an enriched and inspiring curriculum.
- To provide inspiring, arts programmes and opportunities that reflect ambition, involve, and engage young people and the wider community in the creative arts sector and provide platforms for artistic talent to grow and prosper.
- To provide support, training, and development opportunities for creative professionals.
- To employ and develop a dedicated and skilled diverse workforce.

ACHIEVEMENT AND PERFORMANCE

The focus for the past year has been on improving our systems and supporting staff to improve and grow our relationships with schools and teams. We appointed more staff in office management and project support and have supported three more young graduates in paid internships and placements. We have identified our gaps in provision and audited take-up from our schools resulting in more targeted marketing and improved offers. We continued to increase our income through accessing awards and grants from the Saintbury Trust, Awards for Young Musicians, Youth Music, Without Walls, Wychavon District Council, Arnold Clark Community Fund, The Community Choir, Worcester City Council, and a number of individuals donating through our website to Severn Arts Music Awards Scheme. Our total income raised was £193,280.95. We also levered in funds £141,508 for other cultural organisations through mentoring and support.

The Music Box bus has established a following and we have expanded our reach, raising the profile of Severn Arts. We were unsuccessful in our Arts Council National Portfolio Organisation (NPO) bid but have been awarded a project grant for Light Night Worcester to take place in February 2024. We have also been successful in other areas, including securing a 4-year funding agreement with Awards for Young Musicians' and Furthering Talent Connect programme. We received a legacy donation in memory of a young musician, Olly Irwin and established a bursary with the funds to support young talent, in association with BIMM Institute Birmingham in a difficult funding climate for the cultural sector, we continue to be proactive, identifying opportunity when it arises and keeping on trend with the national and regional political landscapes. We have positioned ourselves to be ready to take on the new Music Hub lead role for Herefordshire and Worcestershire from September 2024, working sensitively with our colleagues and partners. Severn arts remains a resilient, well-run organisation with committed staff and Trustees working to our end goal to improve the lives of children and young people through creative endeavour.

Worcestershire Music Education Hub

Severn Arts works in partnership with key music organisations who collectively make up the Worcestershire Music Education Hub (WMEH), which is chaired by a member of staff at the University of Worcester.

In 2022-23:
- 219 schools (2021-22: 215) engaged with the WMEH
- 99 schools (2021-22: 97) received whole class teaching
- 6,672 pupils (2021-22: 6,077) received tuition through whole class tuition
- 194 schools (2021-22: 194) were supported through CPD/visits
- 193 schools (2021-22: 187) were supported to develop a singing strategy

Severn Arts delivered a full concert programme involving all the orchestras and bands which rehearse weekly across the county. Concerts took place in Worcester, Malvern, Kidderminster, Droitwich, Upton-on-Severn and Bromsgrove culminating in a showcase Festival of Music concert at Worcester University Arena. This concert featured a specially commissioned work for over 250 players of all ages, instruments and abilities called 'Bewdley Bridge'. The concert also included the new Lift Off! groups for early learners.

In June 2023, the Big Sing took place in Worcester University Arena with 2000 pupils taking part from across Worcestershire. Other workshops were delivered by Orchestra Pro Anima, National Children's Choir of Great Britain and Toscana Strings.

Our partnership with MAC Makes Music continues to support young people to access music and overcome barriers. The Soundabout Choir meets monthly and has been showcased in joint projects with the Gloucestershire Soundabout Choir at Gloucester Cathedral and the Three Choirs Festival. Severn Arts is working in partnership with Malvern Cube to deliver their band development project funded by Youth Music. Severn Arts was successful in its continuation of the Furthering Talent programme delivered by Awards for Young Musicians and funded by Youth Music and is one of 10 music hubs across the country to be part of the new Furthering Talent Connector programme from March 2023 until March 2026. In January 2021 young people started their musical journey through this programme which is aimed at those exhibiting early potential but for whom financial barriers mean that they would not be able to continue their musical journey without access to this programme. During 2022-2023, the young people on the programme have taken part in a variety of Get Together events including a trip to Birmingham to see the CBSO in concert and meet the players, a workshop with Birmingham Contemporary Music Group and a workshop with musicians form the Birmingham Conservatoire Folk Ensemble. A film has been produced to showcase and promote the breadth of the Severn Arts music offer. Severn Arts also supports young people facing financial barriers through the Music Awards scheme.

Severn Arts continues to offer free access to Charanga , providing online music teaching resources to schools. In addition, we offer free access to Music First for secondary schools and a subsidised Sparkyard subscription for all schools. Severn Arts also has significant partnerships with the National Youth Orchestra`s Inspire programme, University of Worcester, Malvern Concert Club, Orchestra Pro Anima, Worcester Symphony Orchestra, and the English String Orchestra which has resulted in school concerts taking place alongside workshops.

Severn Arts has been involved in several careers' fairs and open evenings in schools across the county and has offered five work experience placements to pupils from Worcestershire high schools. Schools are supported to deliver the National Curriculum for Music through a year-long Continuous Development programme.

The Music Box (bus) is out on the road delivering music technology workshops at schools and events across the county and has delivered over 40 workshops and impacted on over 800 young people during the year.

The CPD programme for all staff and schools has focused on the Model Music Curriculum with sessions on pitch and rhythm notation for the non-specialist music teacher, Ofsted Music Deep Dives, Sounds of Intent, Charanga, Big Sing and the Schools Printed Music Licence. We will be building on this offer during the next academic year and consulting with schools on the new National Plan for Music Education.

Arts Development
The arts programme delivered on behalf of Worcestershire County Council aligns with the four main aims of the Council - children and young people, business support, health and wellbeing and the environment.
This year the programme delivered a range of projects for young people to take part in, working with partners to secure additional funding, providing employment opportunities for creative practitioners, offering commissions to local artists, and sharing opportunities across the sector through a monthly newsletter.

We appointed a new Young Poet Laureate who took up the role in March 2023 and will be in place until March 2024.

We have been commissioned by Worcestershire Children First to provide artists as part of the Holiday, Activity and Food (HAF) Programme in the County, delivering workshops to nearly 2500 children and young people.

Our annual Young Voices New Visions exhibition at Worcester Cathedral took place, attracting over 50 schools.
We are a partner in Reimagine Redditch, an Arts Council funded initiative to engage more people in the arts who do not traditionally participate in culture.

Malvern Hills District Council has commissioned us to deliver their community arts programme which will see a new festival and community and cultural network established and offer small grants to local groups.

The Arches Worcester Festivals - Cultural Development Fund programme
This is a time limited project funded by the Department for Culture Media and Sport (DCMS) and administered by Arts Council England, which finished in March 2023. Severn Arts continues to project manage the programme until July 2024 when the capital works will be complete

Our final Light Night was realised in February 2023, with a series of installations throughout the city centre including an indoor artist commission at St Swithun's Church. The food and drink offer were extended with a site-specific offering of pop-up local food and drink suppliers.

Following a pilot project in November 2021, we delivered a brand-new cultural festival for young adults aged 18-30 in October 2022. The festival was co-created with 12 young adults and focused on three themes; fashion, tattooing and gaming.

We continued to work with Community Festivals creating a bespoke programme aimed at raising ambition, broadening reach and creating a long-term legacy. Worcester Music Festival, Worcester Mela and Worcester Carnival were all successful in securing funding enabling new and diverse programmes of work. Worcester Music Festival established a new strand of work in experimental mechanical music, Worcester Carnival piloted a new approach to environmentally friendly floats and Worcester Mela delivered its first traditional Mela which bought communities from across the city together to celebrate south Asian culture through creativity and colour.

Severn Arts hosted the final Arts Council England symposium (CDF round one) in Worcester in March 2023, showcasing all five of the original CDF projects.

FINANCIAL REVIEW

Financial results for the year

We have seen a significant recovery in face-to-face music tuition and as a result income in this area has grown considerably. From September 2022, music tuition and schools' take-up increased and Music Education income (excluding grants and donations) this financial year was £848,539 (2022: £732,895), an increase of £115,644 from the previous year. Bands and group sessions have been slower to recover, but we are seeing strong demand from schools for engagement in whole class for the coming financial year.

The Company continues to receive substantial grant income which remains largely unchanged since last year. The Department of Education (DfE) Arts Council England grant covers costs arising from the Worcestershire Music Education Hub and was almost unchanged at £740,850 (2022: 738,857).

Grant income was received from the DCMS Cultural Development Fund Worcester Arches project finances the festivals component of the programme, and we also received income to supply project management for the overall programme.

For the full financial year, the Company's excess income over expenditure before transfers between fund on unrestricted activities was £140,474 (2022: surplus of £51,722). Restricted activities show a deficit before transfers between funds of £65,767 (2022: surplus of £40,181). The combined surplus for the year was £74,707 (2022: deficit of £11,541).

Net assets of the Company stood at £1,245,882 (2022: £1,171,175).

Reserves policy

The current funds position of the Charity is set out in note 21 to these accounts. On 31 March 2023 the Charity had accumulated balances of £1,245,882 (2022: £1,171,175). However not all these balances are held in cash or cash equivalents.

At the year-end free reserves (unrestricted funds less fixed assets) amounted to £937,535 (2022: £871,770) and includes the £300,000 (2022: £300,000) designated fund noted below.

In order to ensure financial stability and to ensure that the Company can continue to meet its charitable objects the Trustees have agreed that a designated cash reserve of £300,000 should be held in addition to other cash and non-cash funds. This represents 4.5 months of unrestricted fund expenditure. The policy assumes that the Company is a going concern and that there is no foreseeable likelihood of it ceasing to operate. If the Company did cease to operate, then it could liquidate its non-cash assets to meet any winding up costs.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Risk management

The Trustees have assessed the major risks to which the Charity is exposed, those related to the operations and finances of the Charity and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

In deciding on this level of reserves, the Trustees have considered the financial risks that the Charity faces, the certainty of income and the impact on users should the Charity be unable to provide its services.

The major financial risk faced is the withdrawal of grant support from DfE Arts Council England music education grant. Whilst this would have a significant impact, the Trustees expect that there would be forewarning of this which would enable them to plan appropriately. The way that DfE distributes funds as part of the music education grant is changing with effect from September 2024. The music hub areas are changing such that Herefordshire and Worcestershire will be combined into one hub. The new application process is open to anyone and thus a competitive process. However, we are in dialogue with Encore who currently operate the Herefordshire Music Education Hub and shall be applying as the lead organisation for Herefordshire and Worcestershire. We are confident in our approach, but outcomes of the application process are due to be published in April 2024. The Trustees have assessed other significant financial risks and have taken action to ensure the Company is able to respond to fluctuations in income and demand for services such that it is able to successfully deal with any immediate challenges presented.

The Trustees review the reserves policy on a regular basis with reference to trading history and by comparison with forecast projections.

PLANS FOR FUTURE PERIODS

Severn Arts plans to increase business over the next few years and to diversify its income and offer to expand its reach, to cover some adult work and target disadvantaged groups throughout the county. We are at the end of our 3-year Business Plan and have a clear strategic direction that aims to focus our work as enablers, brokers and deliverers of creative education across audiences and borders... We will be expanding our music offer into Herefordshire pending the outcome of our bid to be Lead Music Hub for two counties. We are committed to a legacy programme to support grass-roots and community support for local festivals and our arts development work is developing through partnerships with our local district authorities, Worcestershire Children First, Public Health and the University of Worcester. Severn Arts is committed to growing its own workforce and to providing opportunities for career progression within the organisation, starting with apprenticeships and internships and creating sustainable roles for the future development of the music and arts education sector. We plan to work with partners to diversify our offer and ensure Severn Arts shows evidence and impact of its' work to be an inclusive company.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Company is constituted under a Memorandum and Articles of Association dated 18 October 2017 (as amended on 19 March 2019).

Methods of appointment or election of trustees

The management of the Company is the responsibility of the Trustees who are appointed and co-opted under the terms of the Articles of Association.

All trustees have received training through annual board away days which concentrate upon the role of the board, policy and strategic direction and the evaluation and monitoring of the business plan. The trustees are invited to participate in continuous professional development programmes and are subject to a disclosure and Barring Service review. They adhere to equal opportunity recruitment policies. No new Trustees have been elected this year and one Trustee has resigned. But the establishment of a staff Trustee and Youth Voice representation is in development. A group of Trustees are preparing a succession plan and proposal to recruit at least two new Trustees this year. We have an established Finance Committee and a Music Hub Steering group with one of our trustees as a designated member.

Key management

Day to day management of the charity is delegated to the senior management team listed on the Reference and Administrative Details page.

Public benefit

The Trustees confirm that they have complied with the duty in Section 4, Charities Act 2011, to have due regard to the guidance issued by the Charity Commission concerning public benefit.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Severn Arts for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

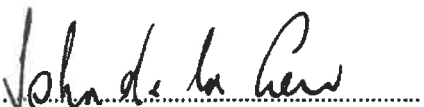
Report of the Trustees
for the Year Ended 31st March 2023

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 15th November 2023 and signed on its behalf by:



J de la Cour - Trustee

Report of the Independent Auditors to the Members of Severn Arts

Opinion

We have audited the financial statements of Severn Arts (the 'charitable company') for the year ended 31st March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees
As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- Inquired of management, and those charged with governance, about their own identification and assessment of the risks and irregularities, including known actual, suspected or alleged instances of fraud; and
- Discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 (and related legislation), the Charities Act 2011 (and related legislation)), and laws and regulations relating to the employment and payment of staff including, but not limited to, the Employment Rights Act 1996, the National Minimum Wage Act 1998 and the Pensions Act 2008.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements, which included reviewing the financial statement disclosures. This includes sample testing of monthly payroll records for the calculation of gross wages, payroll taxes and pension costs.

We identified the areas of the financial statements most susceptible to fraud to be management's judgement in allocating expenditure to individual restricted and unrestricted funds, including the allocation of wage costs and general staff overheads. Audit procedures performed included, but were not limited to, reviewing managements reasoning and workings behind these allocations of expenditure.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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

Robert Iestyn Richards (Senior Statutory Auditor)
for and on behalf of Richards Sandy Audit Services Limited
(Statutory Auditor)
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

Date: 11/12/2023

Severn Arts

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st March 2023

	Notes	Unrestricted funds £	Restricted funds £	**2023 Total funds £**	2022 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	4	**472,860**	**1,244,215**	**1,717,075**	1,794,893
Charitable activities	6				
Music education		**848,539**	**-**	**848,539**	732,895
Arts development		**9,550**	**7,000**	**16,550**	7,850
Festivals		**-**	**-**	**-**	18,712
Investment income	5	**1,518**	**-**	**1,518**	-
Other income		**-**	**-**	**-**	24,747
Total		**1,332,467**	**1,251,215**	**2,583,682**	2,579,097
EXPENDITURE ON					
Charitable activities	7				
Music education		**1,061,381**	**850,560**	**1,911,941**	1,687,170
Arts development		**130,612**	**46,352**	**176,964**	135,356
Festivals		**-**	**420,070**	**420,070**	768,112
Total		**1,191,993**	**1,316,982**	**2,508,975**	2,590,638
NET INCOME/(EXPENDITURE)		**140,474**	**(65,767)**	**74,707**	(11,541)
Transfers between funds	21	**(3,305)**	**3,305**	**-**	-
Net movement in funds		**137,169**	**(62,462)**	**74,707**	(11,541)
RECONCILIATION OF FUNDS					
Total funds brought forward		**1,054,455**	**116,720**	**1,171,175**	1,182,716
TOTAL FUNDS CARRIED FORWARD		**1,191,624**	**54,258**	**1,245,882**	1,171,175

The notes form part of these financial statements

Severn Arts

Balance Sheet
31st March 2023

	Notes	Unrestricted funds £	Restricted funds £	2023 Total funds £	2022 Total funds £
FIXED ASSETS					
Tangible assets	15	**254,087**	**3,190**	**257,277**	464,504
CURRENT ASSETS					
Debtors: amounts falling due within one year	16	**363,298**	**14,685**	**377,983**	298,074
Cash at bank and in hand		**842,677**	**41,566**	**884,243**	979,914
		1,205,975	**56,251**	**1,262,226**	1,277,988
CREDITORS					
Amounts falling due within one year	17	**(268,440)**	**(5,181)**	**(273,621)**	(295,128)
NET CURRENT ASSETS		**937,535**	**51,070**	**988,605**	982,860
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,191,622**	**54,260**	**1,245,882**	1,447,364
CREDITORS					
Amounts falling due after more than one year	18	**-**	**-**	**-**	(276,189)
NET ASSETS		**1,191,622**	**54,260**	**1,245,882**	1,171,175
FUNDS	21				
Unrestricted funds				**1,191,622**	1,054,455
Restricted funds				**54,260**	116,720
TOTAL FUNDS				**1,245,882**	1,171,175

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

The financial statements were approved by the Board of Trustees and authorised for issue on 15th November 2023 and were signed on its behalf by:

J de la Cour - Trustee

The notes form part of these financial statements

Severn Arts

Cash Flow Statement
for the Year Ended 31st March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	**(90,919)**	40,623
Net cash (used in)/provided by operating activities		**(90,919)**	40,623
Cash flows from investing activities			
Purchase of tangible fixed assets		**(9,299)**	(2,232)
Sale of tangible fixed assets		**3,029**	-
Interest received		**1,518**	-
Net cash used in investing activities		**(4,752)**	(2,232)
Change in cash and cash equivalents in the reporting period		**(95,671)**	38,391
Cash and cash equivalents at the beginning of the reporting period		**979,914**	941,523
Cash and cash equivalents at the end of the reporting period		**884,243**	979,914

The notes form part of these financial statements

Notes to the Cash Flow Statement for the Year Ended 31st March 2023

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023 £	2022 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	**74,707**	(11,541)
Adjustments for:		
Depreciation charges	**215,520**	36,683
Profit on disposal of fixed assets	**(2,023)**	-
Interest received	**(1,518)**	-
Council loans converted in grant funding	**(276,189)**	-
Increase in debtors	**(79,909)**	(115,332)
(Decrease)/increase in creditors	**(21,507)**	130,813
Net cash (used in)/provided by operations	**(90,919)**	40,623

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.22 £	Cash flow £	Other non-cash changes £	At 31.3.23 £
Net cash				
Cash at bank and in hand	**979,914**	**(95,671)**		**884,243**
	979,914	**(95,671)**		**884,243**
Debt				
Debts falling due after 1 year	**(276,189)**	**-**	**276,189**	**-**
	(276,189)	**-**	**276,189**	**-**
Total	**703,725**	**(95,671)**	**276,189**	**884,243**

3. MAJOR NON-CASH TRANSACTIONS

During the year Worcestershire County Council has agreed to convert the remaining unpaid balance of loans due to them totalling £276,189 into a legal agreement that the charity will provide equivalent support to the priorities of Worcestershire County Council (see note 19).

1. GENERAL INFORMATION

Severn Arts is a private company, limited by guarantee, incorporated in the UK and registered in England and Wales.

The principal activity of Severn Arts is set out in the Trustees Report.

The registered office and principal operating office of Severn Arts is Suite 11, Malvern Gate, Bromwich Road, Worcester, WR2 4BN.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS
The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006, except in regard to the treatment of the LGPS as if it was a defined contribution pension scheme rather than if it was a defined benefit pension scheme, which is a departure from the requirement of FRS 102, on the basis that accounting for the LGPS as a defined benefit pension scheme is inconsistent with the requirements to give a true and fair view (see the accounting policy for pension costs for more details).

The financial statements have been prepared under the historical cost convention.

The accounts are presented in GBP and are rounded to the nearest £1.

INCOME
All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donation and grant income is recognised when the charity has been notified of the amounts. If there are performance conditions attached to the donation before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charitable company and it is probable that they will be fulfilled.

Income from the supply of services (including income from charitable activities) represents the value of services provided to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Interest income is recognised for all interest-bearing financial instruments on an accrual basis.

EXPENDITURE
Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources as detailed below.

Charitable activity costs are those costs that relate directly to specific activities within the organisation.

Supports costs include the running costs of the charity and have been attributed to direct costs of charitable activities as follows:

- Support costs that can be directly attributed to a particular activity have been categorised as such in the financial statements.

- Any residual costs have been allocated between activities in line with the value of support costs agreed in advance by funders, multiplied by the percentage of total support costs in each heading.

continued...

2. ACCOUNTING POLICIES - continued

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

A review for impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets costing £500 or more are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Motor vehicles - 5 years straight line
- Fixtures & fittings - 10 years straight line
- Office equipment - 5 years straight line
- Computer equipment - 5 years straight line
- Instruments:
  - Low value/ low life expectancy: Over 4 years. This applies to instruments such as recorders, fifes, doods, ukuleles and other similar low value items.
  - Brass: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.
  - Woodwind: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.
  - Upper strings: Instruments have a longer life in schools, however are of much lower initial value than brass/ woodwind which makes them less saleable over time. Assume 30% at year 10 and 0% at years.
  - Lower Strings: Instruments have a longer life in schools. Assuming 50% at 10 years, down to 20% at 20 years.
  - Tuned Percussion: Includes some higher value instruments which are not hired out and so wear and tear is less (tend to be used centrally). E.g. Timpani, Marimba, Xylophone, Vibraphone, Keyboard instruments. Assumed slower depreciation - 60% of original value at year 10 and 30% at year 20.
  - Untuned Percussion: Includes lower cost instruments such as cymbals, drums, djembes. Usually higher wear and tear for small percussion. Some, such as djembe are hired to schools in sets and are often not repairable. Assumed 20% value at year 10.
  - High Value: Includes instruments rarely hired out, used centrally only or if exceptional value (eg. Harp, Contrabassoon etc). Instruments are kept in excellent serviced condition and still retain considerable value after 20 years (assumed 50%).
  - Miscellaneous: This assumed straight line depreciation to 10% after 10 years and covers non standard items eg Drum Kit, Early Years percussion, Samba, Folk.

TAXATION
The charity is exempt from corporation tax on its charitable activities.

FUND ACCOUNTING
Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

continued...

2. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS
The company has elected to apply the provisions of Section 11' Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to contractual provisions of the instrument.

Financial assets are offset, with the net amounts presented in the accounts where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic Financial Assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic Financial Liabilities
Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts, discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction cost.

OPERATING LEASES
Rents payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

PENSION COSTS
Retirement benefits to employees of the charity are provided by either the Teachers' Pension Scheme ('TPS'), the Local Government Pension Scheme ('LGPS'), or a private defined contribution scheme.

The TPS is an unfunded defined benefit scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer defined benefit scheme and the assets are held separately from those of the charity in separate trustee administered funds. Whilst it would be possible to obtain an actuarial valuation of the charity's share of the LGPS to which the charity belongs, the trustees of the charity believe that to account for the LGPS as a defined benefit pension scheme, rather than as a defined contribution scheme, would be inconsistent with the requirement to give a true and fair view. This is because the trustees do not consider their annual contributions relating to settling their share of the LGPS's current forecast deficit to be material to the accounts of the charity (based on the information provided within the most recent triennial actuarial valuation of the relevant LGPS) and also due to the very low number of members of the LGPS allocated to the charity compared to the overall number of members of the relevant LGPS, it is considered probable that the actuarial valuation of the charity's share of the deficit would be disproportionally effected by any significant uncertainty in assumptions or errors compared to other scheme employers. In addition, the minority of employees of the charity that belong to the relevant LGPS include one of the three members of the senior management team and accounting for the LGPS as a defined benefit scheme would likely cause adjustments to disclosures concerning the remuneration paid to key management personnel in such a way that is not likely to be accurately determined on an individual employee basis and would likely be less comparable year on year due to changes in actuarial assumptions applied each year to the valuation of the relevant LGPS. The trustees therefore believe that accounting for their payments to the LGPS as a defined contribution scheme better reflects the actual financial impact to the charity.

continued...

2. ACCOUNTING POLICIES - continued

Where the charity has entered into an agreement with the relevant LGPS that determines how the charity will fund a deficit, the charity recognises at that point a liability for the contributions payable that arises from the agreement (to the extent that they both relate to the deficit and can be reliably measured) and the resulting expense is recognised within the Statement of Financial Activities.

Contributions payable to the defined contribution pension scheme are charged to profit or loss in the period to which they relate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgements
Judgement is applied in setting the depreciation rates for tangible fixed assets. Details to these rates can be found in the accounting policies in note 2. The carrying value of tangible fixed assets can be found in note 15.

Support costs have been allocated between unrestricted and restricted funds and between the activities where they have been identified as directly attributable costs. Any residual costs have been allocated between activities in line with the value of support costs agreed in advance by funders, multiplied by the percentage of total support costs in each heading.

4. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	**2023 Total funds £**	2022 Total funds £
Donations	**2,141**	**4,985**	**7,126**	17,547
Worcestershire County Council loans converted into grant funding (see note 19)	**276,189**	**-**	**276,189**	-
Grants	**177,257**	**1,239,230**	**1,416,487**	1,777,346
Orchestra tax relief	**17,273**	**-**	**17,273**	-
	472,860	**1,244,215**	**1,717,075**	1,794,893

Grants received, included in the above, are as follows:

	2023 £	2022 £
Arts Council England	**56,242**	56,243
The Arts Society	**2,000**	-
Awards for Young Musicians	**29,571**	-
BBC Children In Need (Youth Investment Fund)	**-**	18,348
The Childrens Society	**-**	10,200
Cultural Development Fund Grants	**414,011**	749,562
Malvern Hills District Council	**7,015**	-
Music Education Grant	**740,850**	738,857
The National Foundation for Youth Music	**8,548**	19,932
The Saintbury Trust	**2,000**	-
Sutton Croft	**29,230**	26,360
UK Association for Music Education	**7,400**	12,600
Worcestershire County Council Funding	**119,562**	132,317
Sundry small grants	**58**	12,927
	1,416,487	1,777,346

continued...

5. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	**2023 Total funds**	2022 Total funds
	£	£	**£**	£
Bank interest	**1,518**	**-**	**1,518**	-

6. INCOME FROM CHARITABLE ACTIVITIES

	Music education	Arts development	**2023** Total activities	2022 Total activities
	£	£	**£**	£
CPD income	**1,740**	**-**	**1,740**	**2,055**
Event income	**5,253**	**-**	**5,253**	**-**
Project income	**-**	**16,550**	**16,550**	**70,712**
Resources	**31,693**	**-**	**31,693**	**24,635**
Tuition	**793,793**	**-**	**793,793**	**636,648**
Subscriptions	**9,774**	**-**	**9,774**	**23,753**
Concerts	**3,886**	**-**	**3,886**	**1,654**
Miscellaneous income	**2,400**	**-**	**2,400**	**-**
	848,539	**16,550**	**865,089**	**759,457**

7. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 8)	Support costs (see note 9)	Totals
	£	£	£
Music education	**1,429,384**	**482,557**	**1,911,941**
Arts development	**165,529**	**11,435**	**176,964**
Festivals	**384,993**	**35,077**	**420,070**
	1,979,906	**529,069**	**2,508,975**

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2023	2022
	£	£
Staff costs	**1,455,414**	1,334,217
Instrument consumables	**1,242**	745
Workshop expenditure	**408**	216
External funding and bursary	**503**	19,693
Project costs	**507,490**	751,651
Subcontracted staff costs	**14,849**	16,525
	1,979,906	2,123,047

continued...

9. SUPPORT COSTS

	Management	Finance	Governance costs	Totals
	£	£	£	£
Music education	**476,965**	**1,343**	**4,249**	**482,557**
Arts development	**10,973**	**111**	**351**	**11,435**
Festivals	**33,419**	**398**	**1,260**	**35,077**
	521,357	**1,852**	**5,860**	**529,069**

Support costs, included in the above, are as follows:

	Music education	Arts development	Festivals	**2023** Total activities	2022 Total activities
	£	£	£	**£**	£
Rates and water	**2,341**	**193**	**692**	**3,226**	**3,225**
Insurance	**9,572**	**789**	**2,828**	**13,189**	**14,820**
Light and heat	**7,100**	**585**	**2,098**	**9,783**	**7,195**
Telephone	**5,008**	**413**	**1,480**	**6,901**	**8,646**
Advertising	**16,808**	**-**	**-**	**16,808**	**23,500**
Sundries	**2,752**	**111**	**397**	**3,260**	**2,453**
Service charges	**11,517**	**949**	**3,403**	**15,869**	**13,944**
Rent	**27,334**	**2,252**	**8,076**	**37,662**	**40,034**
Travel expenses	**73,811**	**1,937**	**1,017**	**76,765**	**56,359**
IT expenses	**29,452**	**1,272**	**4,563**	**35,287**	**51,419**
Legal and professional	**7,593**	**626**	**2,243**	**10,462**	**29,139**
Accountancy and payroll	**11,460**	**942**	**3,378**	**15,780**	**21,162**
Conference costs	**1,311**	**-**	**-**	**1,311**	**167**
Subscriptions	**2,918**	**-**	**-**	**2,918**	**5,363**
Board costs	**1,820**	**-**	**-**	**1,820**	**1,916**
Premises costs	**10,489**	**864**	**3,099**	**14,452**	**8,657**
CPD costs	**4,399**	**-**	**-**	**4,399**	**4,985**
Venue hire	**19,516**	**-**	**-**	**19,516**	**10,296**
Safeguarding costs	**2,738**	**-**	**-**	**2,738**	**2,895**
Consultancy fees	**15,038**	**-**	**-**	**15,038**	**75,455**
Postage and stationary	**491**	**40**	**145**	**676**	**757**
Depreciation	**215,520**	**-**	**-**	**215,520**	**36,683**
Profit on sale of tangible fixed assets	**(2,023)**	**-**	**-**	**(2,023)**	**-**
Bank charges	**1,343**	**111**	**398**	**1,852**	**1,641**
Redundancy	**-**	**-**	**-**	**-**	**41,750**
Auditors' remuneration	**4,249**	**351**	**1,260**	**5,860**	**5,130**
	482,557	**11,435**	**35,077**	**529,069**	**467,591**

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation - owned assets	**215,520**	36,683
Surplus on disposal of fixed assets	**(2,023)**	-
Rent paid under operating leases	**37,662**	40,034

continued...

11. AUDITORS' REMUNERATION

	2023	2022
	£	£
Audit remuneration	**5,860**	5,160
TPS EOYC audit	**1,920**	2,094
Other services	**7,770**	13,278
	15,550	20,532

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st March 2023 nor for the year ended 31st March 2022.

TRUSTEES' EXPENSES

No trustees were reimbursed for expenses during the current or prior year.

13. STAFF COSTS

	2023	2022
	£	£
Wages and salaries	**1,174,733**	1,115,955
Social security costs	**88,279**	76,661
Other pension costs	**192,402**	183,351
	1,455,414	1,375,967

Included within the above gross wages are redundancy payments of £nil (2022: £41,750)

The average monthly number of employees during the year was as follows:

	2023	2022
Average number of employees	**87**	75

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

	2023	2022
£60,001 - £70,000	**1**	1

Key management personnel remunerations
During the year total remuneration, including employer pension and national insurance costs, paid to key management personnel totalled £269,962 for 5 employees (2022: £224,941 for 4 employees).

continued...

14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	116,743	1,678,150	1,794,893
Charitable activities			
Music education	688,745	44,150	732,895
Arts development	6,850	1,000	7,850
Festivals	-	18,712	18,712
Other income	24,747	-	24,747
Total	837,085	1,742,012	2,579,097
EXPENDITURE ON			
Charitable activities			
Music education	771,979	915,191	1,687,170
Arts development	116,828	18,528	135,356
Festivals	-	768,112	768,112
Total	888,807	1,701,831	2,590,638
NET INCOME/(EXPENDITURE)	(51,722)	40,181	(11,541)
Transfers between funds	(4,941)	4,941	-
Net movement in funds	(56,663)	45,122	(11,541)
RECONCILIATION OF FUNDS			
Total funds brought forward	1,111,118	71,598	1,182,716
TOTAL FUNDS CARRIED FORWARD	1,054,455	116,720	1,171,175

15. TANGIBLE FIXED ASSETS

	Instruments £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st April 2022	**502,384**	**76,521**	**10,100**	**44,402**	**633,407**
Additions	**8,398**	**901**	**-**	**-**	**9,299**
Disposals	**(2,353)**	**-**	**-**	**-**	**(2,353)**
At 31st March 2023	**508,429**	**77,422**	**10,100**	**44,402**	**640,353**
DEPRECIATION					
At 1st April 2022	**111,067**	**29,539**	**4,540**	**23,757**	**168,903**
Charge for year	**196,876**	**7,742**	**2,020**	**8,882**	**215,520**
Eliminated on disposal	**(1,347)**	**-**	**-**	**-**	**(1,347)**
At 31st March 2023	**306,596**	**37,281**	**6,560**	**32,639**	**383,076**
NET BOOK VALUE					
At 31st March 2023	**201,833**	**40,141**	**3,540**	**11,763**	**257,277**
At 31st March 2022	391,317	46,982	5,560	20,645	464,504

continued...

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	**287,174**	61,863
Prepayments and accrued income	**90,809**	236,211
	377,983	298,074

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	**24,528**	104,526
Social security and other taxes	**18,262**	21,498
Other creditors	**24,086**	33,507
Accruals and deferred income	**206,745**	135,597
	273,621	295,128

Included in accruals and deferred income above is £60,248 (2022: £12,233) of deferred income. Deferred income primarily relates to tuition paid in advance for the 2023/24 year and grants received with attached performance conditions that were unmet at the year end.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Other loans (see note 19)	**-**	276,189

19. LOANS

An analysis of the maturity of the loan payable to Worcestershire County Council, which is repayable other than by instalments, is as follows:

	2023	2022
	£	£
Amounts falling due within one year	-	-
Amounts falling between one and five years	**-**	228,571
Amounts falling due in more than five years	**-**	47,618
	-	276,189

During the year Worcestershire County Council has agreed to convert the remaining unpaid balance of the loan into a legal agreement that the charity will provide equivalent support to the priorities of Worcestershire County Council.

The loan payable to Worcestershire County Council was secured against the instruments included within tangible fixed assets (see note 15).

20. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023	2022
	£	£
Within one year	**32,000**	29,333
Between one and five years	**61,333**	-
	93,333	29,333

continued...

21. MOVEMENT IN FUNDS

	At 1.4.22 £	Net movement in funds £	Transfers between funds £	At 31.3.23 £
Unrestricted funds				
General fund	**290,247**	**128,639**	**420,483**	**839,369**
Designated Funds	**300,000**	**-**	**-**	**300,000**
Assets transferred from Worcestershire County Council	**423,788**	**-**	**(423,788)**	**-**
WCC Arts Connect	**40,420**	**11,833**	**-**	**52,253**
	1,054,455	**140,472**	**(3,305)**	**1,191,622**
Restricted funds				
Cultural Development Fund	**7,225**	**-**	**-**	**7,225**
BBC Children In Need	**19**	**(19)**	**-**	**-**
Bursary Fund	**11,831**	**4,683**	**-**	**16,514**
Changing Tracks Nurture Group	**1,500**	**(1,500)**	**-**	**-**
The Children's Society	**892**	**(892)**	**-**	**-**
COMF Enhanced Youth Support	**1,019**	**(1,019)**	**-**	**-**
Cultural Educational Programme	**6,270**	**950**	**-**	**7,220**
Furthering Talent	**23,053**	**(9,907)**	**-**	**13,146**
Holiday Activities & Food Programme	**6,070**	**685**	**-**	**6,755**
Inspiring Future Through The Arts	**1,604**	**(1,604)**	**-**	**-**
Jubilee Funding	**6,947**	**(6,947)**	**-**	**-**
Kickstart	**808**	**(1,260)**	**452**	**-**
Music Box Fund	**13,974**	**(13,137)**	**2,353**	**3,190**
Music Mark Innovation Fund	**10,800**	**(10,800)**	**-**	**-**
Soundabout Choir	**-**	**(500)**	**500**	**-**
Sundry Restricted Donations	**265**	**(55)**	**-**	**210**
Youth Music	**24,443**	**(24,443)**	**-**	**-**
	116,720	**(65,765)**	**3,305**	**54,260**
TOTAL FUNDS	**1,171,175**	**74,707**	**-**	**1,245,882**

continued...

21. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	**1,185,868**	**(1,057,229)**	**128,639**
WCC Arts Connect	**146,599**	**(134,766)**	**11,833**
	1,332,467	**(1,191,995)**	**140,472**
Restricted funds			
Music Education Grant	**740,850**	**(740,850)**	**-**
Cultural Development Fund	**420,070**	**(420,070)**	**-**
BBC Children In Need	**-**	**(19)**	**(19)**
Bursary Fund	**4,983**	**(300)**	**4,683**
Changing Tracks Nurture Group	**-**	**(1,500)**	**(1,500)**
The Children's Society	**-**	**(892)**	**(892)**
COMF Enhanced Youth Support	**-**	**(1,019)**	**(1,019)**
Cultural Educational Programme	**1,000**	**(50)**	**950**
Furthering Talent	**29,571**	**(39,478)**	**(9,907)**
Holiday Activities & Food Programme	**29,230**	**(28,545)**	**685**
Inspiring Future Through The Arts	**-**	**(1,604)**	**(1,604)**
Jubilee Funding	**8,519**	**(15,466)**	**(6,947)**
Kickstart	**1,045**	**(2,305)**	**(1,260)**
Music Box Fund	**2,000**	**(15,137)**	**(13,137)**
Music Mark Innovation Fund	**7,400**	**(18,200)**	**(10,800)**
Soundabout Choir	**-**	**(500)**	**(500)**
Sundry Restricted Donations	**-**	**(55)**	**(55)**
Youth Music	**6,547**	**(30,990)**	**(24,443)**
	1,251,215	**(1,316,980)**	**(65,765)**
TOTAL FUNDS	**2,583,682**	**(2,508,975)**	**74,707**

continued...

21. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General fund	325,432	(30,244)	(4,941)	290,247
Designated Funds	300,000	-	-	300,000
Assets transferred from Worcestershire County Council	448,165	(24,377)	-	423,788
WCC Arts Connect	37,521	2,899	-	40,420
	1,111,118	(51,722)	(4,941)	1,054,455
Restricted funds				
Cultural Development Fund	7,063	162	-	7,225
BBC Children In Need	-	925	(906)	19
Bursary Fund	3,345	3,486	5,000	11,831
Changing Tracks Nurture Group	-	1,500	-	1,500
The Children's Society	-	892	-	892
COMF Enhanced Youth Support	-	1,019	-	1,019
Cultural Educational Programme	5,270	1,000	-	6,270
Furthering Talent	7,724	15,329	-	23,053
Holiday Activities & Food Programme	-	6,070	-	6,070
Inspiring Future Through The Arts	10,632	(9,028)	-	1,604
Jubilee Funding	-	6,947	-	6,947
Kickstart	-	1,991	(1,183)	808
Music Box Fund	11,843	2,131	-	13,974
Music Mark Innovation Fund	-	10,800	-	10,800
Soundabout Choir	-	(2,030)	2,030	-
Sundry Restricted Donations	265	-	-	265
Youth Music	25,456	(1,013)	-	24,443
	71,598	40,181	4,941	116,720
TOTAL FUNDS	1,182,716	(11,541)	-	1,171,175

continued...

21. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	717,358	(747,602)	(30,244)
Assets transferred from Worcestershire County Council	-	(24,377)	(24,377)
WCC Arts Connect	119,727	(116,828)	2,899
	837,085	(888,807)	(51,722)
Restricted funds			
Music Education Grant	738,857	(738,857)	-
Cultural Development Fund	768,274	(768,112)	162
Arts Council TPS Grant	56,243	(56,243)	-
BBC Children In Need	18,348	(17,423)	925
Bursary Fund	3,486	-	3,486
Changing Tracks Nurture Group	1,500	-	1,500
The Children's Society	3,700	(2,808)	892
COMF Enhanced Youth Support	4,770	(3,751)	1,019
Cultural Educational Programme	1,000	-	1,000
Furthering Talent	32,300	(16,971)	15,329
Holiday Activities & Food Programme	27,367	(21,297)	6,070
Inspiring Future Through The Arts	9,500	(18,528)	(9,028)
Jubilee Funding	12,750	(5,803)	6,947
Kickstart	6,309	(4,318)	1,991
Music Box Fund	23,226	(21,095)	2,131
Music Mark Innovation Fund	12,600	(1,800)	10,800
Soundabout Choir	-	(2,030)	(2,030)
Youth Music	21,782	(22,795)	(1,013)
	1,742,012	(1,701,831)	40,181
TOTAL FUNDS	2,579,097	(2,590,638)	(11,541)

Unrestricted funds

- **Designated Reserves**
  A cash reserve of £300,000 has been designated by the trustees to ensure financial stability of the charity and meet charitable objectives.

- **Transferred from Worcestershire County Council**
  Assets (including musical instruments) donated by Worcestershire County Council upon the transfer of County Music Service undertakings to Severn Arts. This fund was required to ensure the value of assets was greater than the loan from the council as the loan was secured on the instruments, since the loan has been converted to a donation in the year, the security has ended, and as such, this fund has been transferred to general funds.

- **WCC Arts Connect** Funding to support the cultural sector running networking groups and commissioning artists.

Restricted Funds

- **Music Education Grant**
  DFE Grant allocated by Arts Council of England. Delivers core and extension roles for Music Education as set out in the National Plan for Music Education.

- **Cultural Development Fund**
  Grant to fund festivals element of Worcester Railway Arches Project 2019-22 (project delivered between Worcester City Council, University of Worcester and Severn Arts).

continued...

21. MOVEMENT IN FUNDS - continued

- **Arts Council TPS Grant**
  Grant to fund increased Teacher Pension Scheme employer contributions.

- **BBC Children in Need**
  Grant received to purchase a set of turntables and music technology equipment for the Music Box (bus).

- **Bursary Funds**
  A bursary fund (Music Grows) started in 2019 for musical opportunities for Worcestershire children and young people.

- **Changing Tracks Nurture Group**
  Creative Musical Nurture Groups for Children at Risk of Exclusion from Primary School funded by Youth Music.

- **The Children's Society**
  Arts Projects for young people at risk of offending.

- **COMF Enhanced Youth Support**
  A photography and film project exploring the impact of Covid on young people in rural communities.

- **Cultural Education Programme**
  Arts Connect funding to develop the infrastructure of the Cultural Education Partnership (a network of organisations promoting arts and culture to young people).

- **Furthering Talent**
  Grant to support 30 talented young musicians from disadvantaged backgrounds to further their music progression and provide mentoring and training support.

- **Holiday Activities & Food Programme**
  A grant to provide arts activities to vulnerable children across the County.

- **Inspiring Future Through the Arts**
  Provides arts activities through the Probation Service to prevent reoffending. Annual grant from Crime & Police Commissioner.

- **Jubilee Funding**
  A grant from Worcestershire County Council to commission local artists to celebrate the Queen Jubilee.

- **Kickstart**
  The Kickstart Scheme provides funding to create new jobs for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment.

- **Music Box Fund**
  To support and develop the delivery of Music Box music sessions.

- **Music Mark Innovation Fund**
  Music Mark funded project exploring youth voice across the 14 West Midlands Music Hubs.

- **Soundabout Choir**
  Inclusive Choir for young people and their families delivered in partnership with MAC Makes Music and Soundabout.

- **Youth Music**
  Grant to develop inclusive and accessible music opportunities, training programmes and research to improve diversity, equality and inclusion and widen reach, working with two other music Hubs in Gloucestershire and Warwickshire.

- **Sundry Donations Received**
  Small donations received for a specific purpose in the year include, ticket income for Symphony Hall Concert, donations to contribute towards the running costs of the Jazz Orchestra and donations for sheet music purchases.

continued...

21. MOVEMENT IN FUNDS - continued

TRANSFERS BETWEEN FUNDS

During the year transfers from the general unrestricted fund were made to cover overspends on the following restricted funds:

Restricted funds	£
Kickstart	452
Music Box Fund	2,353
Soundabout Choir	500
	3,305

In addition to the above, £423,788 was transferred from the designated asset fund to the general fund. The asset fund existed to ensure the value of instruments exceeded the loan with the council, since the loan has ended, this fund has been transferred to general funds.

22. EMPLOYEE BENEFIT OBLIGATIONS

The charity's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS to the period ended 31 March 2019.

Included in creditors at the year end were pension creditors of £22,249 (2022: £23,345).

Teachers' Pension Scheme
The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers. All teachers have the option to opt-out of the TPS following enrolment. The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million.
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The employer's pension costs paid to TPS in the period amounted to £150,622 (2022: £133,661), excluding adjustments in regard to holiday pay accruals.

continued...

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Local Government Pension Scheme
The LGPS is a funded multi-employer defined benefit pension scheme, with the assets held in separate trustee administered funds.

The agreed contribution rates for future years for employers is 24.2% (less an annual deduction of £1,500) from April 2023 for the next 3 years, with employees paying variable rates depending on their level of gross wages received each month.

The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The employer's pension costs paid to LGPS in the period amounted to £32,256 (2022: £36,548).

Defined contribution scheme
The employer's pension costs paid to the defined contribution scheme in the period amounted to £6,695 (2022: £5,738).

23. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31st March 2023.

Detailed Statement of Financial Activities for the Year Ended 31st March 2023

	Unrestricted funds £	Restricted funds £	2023 Total funds £	2022 Total funds £
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	**2,141**	**4,985**	**7,126**	17,547
Worcestershire County Council loans converted into grant funding (see note 19)	**276,189**	**-**	**276,189**	-
Grants	**177,257**	**1,239,230**	**1,416,487**	1,777,346
Orchestra tax relief	**17,273**	**-**	**17,273**	-
	472,860	**1,244,215**	**1,717,075**	1,794,893
Investment income				
Bank interest	**1,518**	**-**	**1,518**	-
Charitable activities				
CPD income	**1,740**	**-**	**1,740**	2,055
Event income	**5,253**	**-**	**5,253**	-
Project income	**9,550**	**7,000**	**16,550**	70,712
Resources	**31,693**	**-**	**31,693**	24,635
Tuition	**793,793**	**-**	**793,793**	636,648
Subscriptions	**9,774**	**-**	**9,774**	23,753
Concerts	**3,886**	**-**	**3,886**	1,654
Miscellaneous income	**2,400**	**-**	**2,400**	-
	858,089	**7,000**	**865,089**	759,457
Other income				
Government grants - CJRS	**-**	**-**	**-**	24,747
Total incoming resources	**1,332,467**	**1,251,215**	**2,583,682**	2,579,097
EXPENDITURE				
Charitable activities				
Wages	**420,533**	**754,200**	**1,174,733**	1,074,205
Social security	**39,158**	**49,121**	**88,279**	76,661
Pensions	**132,001**	**60,401**	**192,402**	183,351
Instrument consumables	**1,242**	**-**	**1,242**	745
Workshop expenditure	**408**	**-**	**408**	216
External funding and bursary	**501**	**2**	**503**	19,693
Project costs	**90,739**	**416,751**	**507,490**	751,651
Subcontracted staff costs	**14,849**	**-**	**14,849**	16,525
	699,431	**1,280,475**	**1,979,906**	2,123,047
Support costs				
Management				
Rates and water	**2,534**	**692**	**3,226**	3,225
Insurance	**10,361**	**2,828**	**13,189**	14,820
Light and heat	**7,685**	**2,098**	**9,783**	7,195
Telephone	**5,421**	**1,480**	**6,901**	8,646
Advertising	**16,808**	**-**	**16,808**	23,500
Sundries	**2,800**	**460**	**3,260**	2,453
Carried forward	**45,609**	**7,558**	**53,167**	59,839

Detailed Statement of Financial Activities for the Year Ended 31st March 2023

	Unrestricted funds £	Restricted funds £	2023 Total funds £	2022 Total funds £
Management				
Brought forward	**45,609**	**7,558**	**53,167**	59,839
Service charges	**12,466**	**3,403**	**15,869**	13,944
Rent	**29,586**	**8,076**	**37,662**	40,034
Travel expenses	**75,655**	**1,110**	**76,765**	56,359
IT expenses	**30,724**	**4,563**	**35,287**	51,419
Legal and professional	**8,219**	**2,243**	**10,462**	29,139
Accountancy and payroll	**12,402**	**3,378**	**15,780**	21,162
Conference costs	**1,311**	**-**	**1,311**	167
Subscriptions	**2,918**	**-**	**2,918**	5,363
Board costs	**1,868**	**(48)**	**1,820**	1,916
Premises costs	**11,353**	**3,099**	**14,452**	8,657
CPD costs	**4,399**	**-**	**4,399**	4,985
Venue hire	**19,516**	**-**	**19,516**	10,296
Safeguarding costs	**2,738**	**-**	**2,738**	2,895
Consultancy fees	**15,038**	**-**	**15,038**	75,455
Postage and stationary	**531**	**145**	**676**	757
Depreciation	**214,200**	**1,320**	**215,520**	36,683
Profit on sale of tangible fixed assets	**(2,023)**	**-**	**(2,023)**	-
	486,510	**34,847**	**521,357**	419,070
Finance				
Bank charges	**1,454**	**398**	**1,852**	1,641
Human resources				
Redundancy	**-**	**-**	**-**	41,750
Governance costs				
Auditors' remuneration	**4,600**	**1,260**	**5,860**	5,130
Total resources expended	**1,191,995**	**1,316,980**	**2,508,975**	2,590,638
Net expenditure	**140,472**	**(65,765)**	**74,707**	(11,541)

SEVERN ARTS

England & Wales - Charity number 1180335

Accounts

REGISTERED COMPANY NUMBER: 11033978 (England and Wales)
REGISTERED CHARITY NUMBER: 1180335

Report of the Trustees and

Audited Financial Statements for the Year Ended 31st March 2022

for

Severn Arts
(A Company Limited by Guarantee)

Richards Sandy Audit Services Limited
(Statutory Auditor)
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

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Severn Arts

Reference and Administrative Details
for the Year Ended 31st March 2022

TRUSTEES	J Berrow W Davies J de la Cour K A Edwards D Herbert H Perrott C V J Phillips A R Watts E S Davies O Harper C Shiels
REGISTERED OFFICE	Suite 11 Malvern Gate Bromwich Road Worcester Worcestershire WR2 4BN
REGISTERED COMPANY NUMBER	11033978 (England and Wales)
REGISTERED CHARITY NUMBER	1180335
AUDITORS	Richards Sandy Audit Services Limited (Statutory Auditor) Thorneloe House 25 Barbourne Road Worcester WR1 1RU
SENIOR MANAGEMENT TEAM	Laura Worsfold (Chief Executive Officer) Debra Fawcett (Director of Learning) Elaine Knight (Arts Director) Matthew Tolley (Director of Finance) - until Apr-21 Alex Green (Director of Resources & Operations) - from Dec-21
SOLICITORS	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES
BANKER	Lloyds plc 25 Gresham Street London EC2V 7HN

Report of the Trustees for the Year Ended 31st March 2022

The Trustees present their Annual Report together with the audited financial statements of the Company for the financial year ended 31 March 2022. The Annual Report serves the purposes of the Trustees Report and the Directors' Report under company law. The Trustees confirm that the Annual Report and Financial Statements of the Company comply with the current statutory requirements governing the preparation and presentation of financial statements, the requirements of the Company's governing document and the provisions of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 effective 1 January 2019) as amended by update Bulletin 1 (effective January 2019). The Company qualifies as small under section 382 of the Companies Act 2006.

INTRODUCTION

Severn Arts is the lead organisation for the delivery and operation of music education in Worcestershire. It is contracted to run the County Arts services and delivers the Worcester City Festivals programme as part of a DCMS/Arts Council-backed Cultural Development Fund programme. The Company is a registered charity with the Charity Commission - charity number 1180335.

OBJECTIVES AND ACTIVITIES

Objectives and Activities

The Company has widely drawn charitable Objects which focus on education, music and the arts and the promotion of social inclusion.

The Company's Objects are:

- The advancement of education, particularly through the promotion of high quality teaching and learning, including (but not limited to) the subjects of music and the arts.
- The advancement of the arts and culture, particularly (but not limited to) through the promotion and teaching of music and the arts, promotion of accessibility to, and in participation in, the arts, provision of training, support and networking opportunities for aspiring artists, provision of grants.
- To assist in the treatment and care of persons suffering from mental or physical illness of any description or in need of rehabilitation as a result of such illness, by the provision of sevices not normally provided by the statutory authorities, including (but not limited to) arts activities, dance and drama programmes for people with learning disabilities and /or terminal illnesses.
- To promote social inclusion by preventing people from becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society.

The Company's current aims are:

- To deliver the work of the Worcestershire Music Education Hub against the core and extension roles outlined in the National Plan for Music Education.
- To provide and develop opportunities for music tuition, instrument repair & loan and activity for children and young people in Worcestershire.
- To deliver arts activities as outlined in an Arts Plan currently supported by Worcestershire County Council.
- To develop and deliver a festivals programme as part of The Arches Worcester Cultural Development Fund (CDF) project.

The principal strategies employed to achieve these aims are:

- To present subsidised, affordable whole-class, small group and 1-2-1 music tuition in schools delivered by experienced, high-quality music teachers.
- To provide an extensive orchestra and ensemble offer and performance opportunities.
- To support and implement music and arts education projects that engage children and young people with creative activity and encourage progression and growth.
- To develop and nurture excellence in teaching practice and invest in CPD and resources that support music teachers to implement an enriched and inspiring curriculum.
- To provide inspiring, ambitious artistic programmes and opportunities that reflect ambition, involve, and engage young people in the creative arts sector and provide platforms for artistic talent to grow and prosper.
- To provide support, training, and development opportunities for creative professionals.
- To employ and develop a dedicated and skilled diverse workforce.

STRATEGIC REPORT

Achievement and performance

The focus for the past year has been on maintaining financial sustainability and bringing business back that was lost as a result of the impact of Covid-19. We concentrated on a phased return of all staff to the office and undertook a review of infrastructure and staffing, leading to the appointment of three new roles; Director of Resources & Operations; Office Manager and Finance Manager. We engaged external support to help us to identify gaps in capacity, appointing interim finance, HR and business development staff to work with us on re-building for the future. Our delivery in schools improved and we produced and delivered two successful physical festivals in the summer and autumn. We increased our income through accessing awards and donations from the Department for Digital Culture Media and Sport Youth Investment Fund, Severn Trent Community Fund, Children in Need, the Patrick Trust, Changing Tracks, Music Mark, South Worcestershire Community Safety Partnership, The Children's Society, Worcestershire County Councillors, Worcester City Council and a number of individuals donating through our website to our Severn Arts Awards Scheme. Our Music Box bus was able to go on the road with extensive digital kit and a music offer aimed at improving the take-up of music tuition and raising the profile of Severn Arts. We prepared a major bid for National Portfolio Organisation funding to the Arts Council of England, the outcome of which is expected in the autumn.

Worcestershire Music Education Hub

Severn Arts works in partnership with key music organisations who collectively make up the Worcestershire Music Education Hub (WMEH), which is chaired by a member of staff at the University of Worcester.

In 2021-22:

- 215 schools (2020-21: 208) engaged with the WMEH
- 97 schools (2020-21: 79) received whole class teaching
- 6077 pupils (2020-21: 5779) received tuition through whole class tuition
- 194 schools (2020-21: 190) were supported through CPD/visits
- 187 schools (2020-21: 182) were supported to develop a singing strategy

Severn Arts delivered a full concert programme involving all the orchestras and bands which rehearse weekly across the county. Concerts took place in Worcester, Malvern, Kidderminster, Droitwich, Upton-on-Severn and Bromsgrove culminating in a showcase Festival of Music concert at Worcester University Arena. This concert featured a specially commissioned work for all 250 players of all ages, instruments and abilities called 'Going for Gold' which was inspired by the Commonwealth Games.

Severn Arts also worked in partnership with Evesham Abbey Trust to produce a concert featuring 7 schools in a commissioned work called 'Music from the Abbey'. In June 2022 the Big Sing took place in Worcester University Arena with 1800 pupils taking part. This event also included a performance of 'Red Arrows' which was commissioned by Worcestershire County Council as part of the Jubilee celebrations. Other workshops included the Carducci String Quartet, National Children's Choir of Great Britain and Conductive Music.

Our partnership with MAC Makes Music continues to support young people to access music and overcome barriers. This partnership has also seen the introduction of the Soundabout Choir which continues to meet monthly and has been showcased in a joint project with the Cathedral along with the introduction of a Creative Sounds opportunity at a Youth Centre in Evesham. Severn Arts was successful in its continuation of the Furthering Talent programme delivered by Awards for Young Musicians and funded by Youth Music. In January 2021 young people started their musical journey through this programme which is aimed at those exhibiting early potential but for whom financial barriers mean that they would not be able to continue their musical journey without access to this programme. During 2021-2022, the young people on the programme have taken part in a variety of Get Together events including a workshop with Ola Samba, a composition day with Helen Lyon and a joint workshop day with three other music hubs at the Royal Birmingham Conservatoire. The Fair Play project, also funded by Youth Music, has progressed during this academic year with a "careers-in-music education" film produced, concerts performed, CPD delivered, youth consultations and surveys undertaken which will all inform the activities delivered across Worcestershire, Warwickshire and Gloucestershire over the coming years and ensure barriers to music engagement are reduced and removed.

Severn Arts continues to offer Charanga to schools across Worcestershire, a music resource which provides resources free of charge to all our schools. Severn Arts also has significant partnerships with the National Youth Orchestra's Inspire programme, University of Worcester, Worcester and Malvern Concert Clubs and the English String Orchestra which has resulted in school's concerts taking place alongside workshops.

Severn Arts has been involved in several careers' fairs and open evenings in schools across the county and has offered five work experience placements to pupils from Worcestershire high schools.

The Music Box (bus) is now out on the road delivering music technology workshops at schools and events across the county and has been supported through successful bids to Severn Trent and Children in Need. The Children in Need bid also enabled Severn Arts to buy another set of turntables and expand our technology offer to schools.

The CPD programme for all staff and schools has focussed on the Model Music Curriculum with sessions on pitch and rhythm notation for the non-specialist music teacher, Ofsted Music Deep Dives, Sounds of Intent, Charanga, Big Sing and the Schools Printed Music Licence. We will be building on this offer during the next academic year and also, consulting with schools on the new National Plan for Music Education.

Arts Development

Our arts programme is funded by Worcestershire County Council, and therefore aligns with the four main aims of the Council - children and young people, business support, health and wellbeing and the environment.

This year the programme delivered a range of projects for young people to take part in, working with partners to secure additional funding, providing employment opportunities for creative practitioners; offering commissions to local artists and bringing the creative sector together to provide support, share information, network, and present training opportunities. A monthly newsletter is also shared across our networks.

We appointed a new Young Poet Laureate during this year. They have received mentoring from professional poet Steven J. Fowler, have had work published in 2 anthologies, judged at the Verve Poetry Competition and met professional poet Roger McGough.

We have been commissioned by Worcestershire Children First to provide artists as part of the Holiday, Activity and Food Programme in the County, delivering workshops to nearly 3000 children and young people.

Our annual art exhibition at Worcester Cathedral took place for the first time since the pandemic attracting over 30 schools.

To mark the Queen's Jubilee, we commissioned 10 artists to create work to celebrate the occasion The outputs were delivered in June with the preparatory work and commissions undertaken during March 2022. 5 new banners were created by local artists which were used across the county at community events. A new jubilee song was created by professional Musician Helen Lyon in conjunction with 4 schools which was sung by 1000 children and young people as part of the Big Sing. A further 4 schools took part in visual arts workshops to create a stunning new artwork.

The Arches Worcester Festivals - Cultural Development Fund programme

This is a time limited project funded by the Department for Culture Media and Sport (DCMS) due to finish in March 2023. This year much of our work has resumed face-to-face and the letting of 5 refurbished railway arches was implemented.

In the summer of 2021, we delivered our first festival back following the pandemic, Same But Different. Designed to be safe and accessible, it was a series of installations to invite audiences think differently about their city and how art can animate and change the spaces you walk past every day. Two graduates were commissioned to create new work, one for an empty shop, the other a new piece of physical pavement poetry for the streets of the city. Outreach work took place in two communities on the outskirts of the city, showcasing the work of the local community.

Our second Light Night, was realised in October 2021, showcasing the projections commissioned during lockdown and Light Night 3 was delivered in February 2022, with an extended programme and a completely new presentation of visual light work. Both festivals included graduate employment opportunities. Community outreach work involving children and young people in communities on the outskirts of the city took place as part of Light Night 2021 involving Luke Jerrams, internationally acclaimed artist and a special commissioned music piece.

In November 2021 we delivered a pilot project for young people aged 18-30, testing out new ideas and challenging the perceptions of what culture means to them. From this, a group of twelve 18-30-year-olds was formed who meet monthly to shape the direction of a new Festival scheduled for October 2022.

We continued to work with Community Festivals creating a bespoke programme aimed at raising ambition, broadening reach and creating a long-term legacy. We supported Worcester Mela in applying to Arts Council for a grant to enable a new programme of work which celebrates the heritage of the South Asian Community in Worcester. Love the Arbo Community Light Festival benefitted from the support of the Festivals Director to develop a more ambitious feel for their event.

STRATEGIC REPORT

Financial review

As we have begun to emerge from the lockdowns associated with the COVID-19 pandemic, we have seen significant recovery in face-to-face music tuition and as a result income in this area has grown considerably. Whilst COVID continued to have an impact on delivery, this has reduced significantly since September 2021. From September 2021, music tuition and schools' take-up increased and Music Education income (excluding grants and donations) this financial year was £732,895, an increase of £431,761 from the previous year. Bands and group sessions have been slower to recover, but we are seeing strong demand from schools for engagement in whole class for the coming financial year.

The Company continues to receive substantial grant income which remains largely unchanged since last year. The DfE Arts Council England grant covers costs arising from the Worcestershire Music Education Hub and was almost unchanged at £738,857 (2021: 736,779).

Grant income from the DCMS Cultural Development Fund Worcester Arches project finances the festivals component of the programme, and we also receive income to supply project management for the overall programme.

Further fundraising for specific projects and the Severn Arts Music Awards Scheme brought in £63,860.

For the full financial year, the Company suffered a deficit of Expenditure over Income before transfers of funds of £51,722 (2021: deficit £94,213) on Unrestricted activities. Restricted activities show a surplus before transfers between funds of £40,181 (2021: deficit of £30,401).The combined deficit for the year was £11,541 (2020-21 deficit £124,614).

Net Assets of the Company stood at £1,171,175 (2021 £1,182,716).

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Reserves

The current funds position of the Charity is set out in note 20 to these accounts. On 31 March 2022 the Charity had accumulated balances of £1,171,175. However not all these balances are held in cash or cash equivalents.

At the year end free reserves (unrestricted funds less fixed assets) amounted to £595,581 (2021: £619,113), and includes the £300,000 designated fund noted below.

In order to ensure financial stability and to ensure that the Company can continue to meet its charitable objectives, the Trustees have agreed that a designated cash reserve of £300,000 should be held in addition to other cash and non-cash funds. This represents 4.5 months of unrestricted fund expenditure. The policy assumes that the Company is a going concern and that there is no foreseeable likelihood of it ceasing to operate. If the Company did cease to operate, then it could liquidate its non-cash assets to meet any winding up costs.

Risk management

The Trustees have assessed the major risks to which the Charity is exposed, those related to the operations and finances of the Charity and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

In deciding on this level of reserves, the Trustees have considered the financial risks that face the Charity, the certainty of income and the impact on users should the Charity be unable to provide its services.

The major financial risk faced is the withdrawal of grant support from DfE Arts Council England music education grant. Whilst this would have a significant impact, the Trustees expect that there would be forewarning of this which would enable them to plan appropriately. The Trustees have assessed other significant financial risks and have taken action to ensure the Company is able to respond to fluctuations in income and demand for services such that it is able to successfully deal with any immediate challenges presented. The Company's ability to rapidly adapt and deal with the effect of the Covid 19 pandemic on its services demonstrated how it can deal with a significant event.

The Trustees review the reserves policy on a regular basis by reference to trading history and by comparison with forecast projections.

STRATEGIC REPORT

Plans for future periods

Severn Arts plans to increase business over the next few years and to diversify its income and offer to expand its reach, to cover some adult work and target disadvantaged groups throughout the county. We are at the end of Year 2 of a 3-year Business Plan and have established an evaluation framework that will benchmark our activity to inform plans going into the future and measure our impact. We continue to develop and grow our music education offer and have branched out into offering music tech opportunities as well as creating a more diverse programme. We are driving forward a legacy programme for the festivals to sustain and grow this area of work and our arts development work is increasing through partnerships with Worcestershire Children First and other supporters, including work with Public Health and the University of Worcester. Severn Arts continue to expand its team to meet gaps in capacity and has installed a new CRM system to improve efficiency and create a thriving business model for the future.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Company is constituted under a Memorandum and Articles of Association dated 18 October 2017.

Methods of appointment or election of trustees

The management of the Company is the responsibility of the Trustees who are appointed and co-opted under the terms of the Articles of Association.

All trustees have received training through annual board away days which concentrate upon the role of the board, policy and strategic direction and the evaluation and monitoring of the business plan. The trustees are invited to participate in continuous professional development programmes and are subject to a disclosure and Barring Service review. They adhere to equal opportunity recruitment policies. The Chair and CEO have also attended diversity training and have approved an Equality, Diversity and Inclusion Action Plan. No new Trustees have been elected this year but the establishment of a staff Trustee and Youth Voice panel is in development.

Key management

Day to day management of the charity is delegated to the senior management team listed on the reference and admin page.

Public benefit

The Trustees confirm that they have complied with the duty in Section 4, Charities Act 2011, to have due regard to the guidance issued by the Charity Commission concerning public benefit.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Severn Arts for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

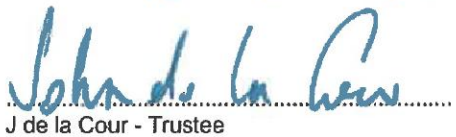
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Richards Sandy Audit Services Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the Trustees
for the Year Ended 31st March 2022

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 12 October 2022 and signed on the board's behalf by:



J de la Cour - Trustee

Report of the Independent Auditors to the Members of Severn Arts

Opinion

We have audited the financial statements of Severn Arts (the 'charitable company') for the year ended 31st March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees
As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- Inquired of management, and those charged with governance, about their own identification and assessment of the risks and irregularities, including known actual, suspected or alleged instances of fraud; and
- Discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 (and related legislation), the Charities Act 2011 (and related legislation)), and laws and regulations relating to the employment and payment of staff including, but not limited to, the Employment Rights Act 1996, the National Minimum Wage Act 1998 and the Pensions Act 2008.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements, which included reviewing the financial statement disclosures. This includes sample testing of monthly payroll records for the calculation of gross wages, payroll taxes and pension costs.

We identified the areas of the financial statements most susceptible to fraud to be management's judgement in allocating expenditure to individual restricted and unrestricted funds, including the allocation of wage costs and general staff overheads. Audit procedures performed included, but were not limited to, reviewing managements reasoning and workings behind these allocations of expenditure.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Report of the Independent Auditors to the Members of Severn Arts

Use of our report

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

Robert Iestyn Richards (Senior Statutory Auditor)
for and on behalf of Richards Sandy Audit Services Limited
(Statutory Auditor)
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

Date: 4/11/2022

Severn Arts

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st March 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	4	116,743	1,678,150	1,794,893	1,245,785
Charitable activities					
Music Education		688,745	44,150	732,895	301,134
Arts Development		6,850	1,000	7,850	34,043
Festivals		-	18,712	18,712	-
Other income		24,747	-	24,747	236,638
Total		837,085	1,742,012	2,579,097	1,817,600
EXPENDITURE ON					
Charitable activities	6				
Music Education		771,979	915,191	1,687,170	1,463,857
Arts Development		116,828	18,528	135,356	187,938
Festivals		-	768,112	768,112	290,419
Total		888,807	1,701,831	2,590,638	1,942,214
NET INCOME/(EXPENDITURE)		(51,722)	40,181	(11,541)	(124,614)
Transfers between funds	20	(4,941)	4,941	-	-
Net movement in funds		(56,663)	45,122	(11,541)	(124,614)
RECONCILIATION OF FUNDS					
Total funds brought forward		1,111,118	71,598	1,182,716	1,307,330
TOTAL FUNDS CARRIED FORWARD		1,054,455	116,720	1,171,175	1,182,716

The notes form part of these financial statements

Severn Arts

Balance Sheet
31st March 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
FIXED ASSETS					
Tangible assets	14	**458,874**	**5,630**	**464,504**	498,955
CURRENT ASSETS					
Debtors: amounts falling due within one year	15	**288,800**	**9,274**	**298,074**	182,742
Cash at bank and in hand		**846,355**	**133,559**	**979,914**	941,523
		1,135,155	**142,833**	**1,277,988**	1,124,265
CREDITORS					
Amounts falling due within one year	16	**(263,385)**	**(31,743)**	**(295,128)**	(164,315)
NET CURRENT ASSETS		**871,770**	**111,090**	**982,860**	959,950
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,330,644**	**116,720**	**1,447,364**	1,458,905
CREDITORS					
Amounts falling due after more than one year	17	**(276,189)**	**-**	**(276,189)**	(276,189)
NET ASSETS		**1,054,455**	**116,720**	**1,171,175**	1,182,716
FUNDS	20				
Unrestricted funds				**1,054,455**	1,111,118
Restricted funds				**116,720**	71,598
TOTAL FUNDS				**1,171,175**	1,182,716

The financial statements were approved by the Board of Trustees and authorised for issue on ..... and were signed on its behalf by:

12 October 2022

John de la Cour

J de la Cour - Trustee

The notes form part of these financial statements

Severn Arts

Cash Flow Statement
for the Year Ended 31st March 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	**40,623**	4,245
Interest paid		**-**	(6,374)
Net cash provided by/(used in) operating activities		**40,623**	(2,129)
Cash flows from investing activities			
Purchase of tangible fixed assets		**(2,232)**	(17,266)
Net cash used in investing activities		**(2,232)**	(17,266)
Cash flows from financing activities			
WCC loan repayments		**-**	(23,812)
Net cash provided by/(used in) financing activities		**-**	(23,812)
Change in cash and cash equivalents in the reporting period		**38,391**	(43,207)
Cash and cash equivalents at the beginning of the reporting period		**941,523**	984,730
Cash and cash equivalents at the end of the reporting period		**979,914**	941,523

The notes form part of these financial statements

Notes to the Cash Flow Statement for the Year Ended 31st March 2022

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	**(11,541)**	(124,614)
Adjustments for:		
Depreciation charges	**36,683**	46,574
Interest paid	**-**	6,374
(Increase)/decrease in debtors	**(115,332)**	116,175
Increase/(decrease) in creditors	**130,813**	(40,264)
Net cash provided by operations	**40,623**	4,245

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.21 £	Cash flow £	At 31.3.22 £
Net cash			
Cash at bank and in hand	**941,523**	**38,391**	**979,914**
	941,523	**38,391**	**979,914**
Debt			
Debts falling due after 1 year	**(276,189)**	**-**	**(276,189)**
	(276,189)	**-**	**(276,189)**
Total	**665,334**	**38,391**	**703,725**

The notes form part of these financial statements

1. GENERAL INFORMATION

Severn Arts is a private company, limited by guarantee, incorporated in the UK and registered in England and Wales.

The principal activity of Severn Arts is set out in the Trustees Report.

The registered office and principal operating office of Severn Arts is Suite 11, Malvern Gate, Bromwich Road, Worcester, WR2 4BN.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS
The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006, except in regard to the treatment of the LGPS as if it was a defined contribution pension scheme rather than if it was a defined benefit pension scheme, which is a departure from the requirement of FRS 102, on the basis that accounting for the LGPS as a defined benefit pension scheme is inconsistent with the requirements to give a true and fair view (see the accounting policy for pension costs for more details).

The financial statements have been prepared under the historical cost convention.

The accounts are presented in GBP and are rounded to the nearest £1.

INCOME
All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donation and grant income is recognised when the charity has been notified of the amounts. If there are performance conditions attached to the donation before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charitable company and it is probable that they will be fulfilled.

Income from the supply of services (including income from charitable activities) represents the value of services provided to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Interest income is recognised for all interest-bearing financial instruments on an accrual basis.

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to the grant and the grant will be received.

EXPENDITURE
Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources as detailed below.

Charitable activity costs are those costs that relate directly to specific activities within the organisation.

Supports costs include the running costs of the charity and have been attributed to direct costs of charitable activities as follows:

- Support costs that can be directly attributed to a particular activity have been categorised as such in the financial statements.

- Any residual costs have been allocated between activities in line with the value of support costs agreed in advance by funders, multiplied by the percentage of total support costs in each heading.

continued...

2. **ACCOUNTING POLICIES - continued**

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

A review for impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets costing £500 or more are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Motor vehicles - 5 years straight line
- Fixtures & fittings - 10 years straight line
- Office equipment - 5 years straight line
- Computer equipment - 5 years straight line
- Instruments:
  - Low value/ low life expectancy: Over 4 years. This applies to instruments such as recorders, fifes, doods, ukuleles and other similar low value items.
  - Brass: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.
  - Woodwind: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.
  - Upper strings: Instruments have a longer life in schools, however are of much lower initial value than brass/ woodwind which makes them less saleable over time. Assume 30% at year 10 and 0% at years.
  - Lower Strings: Instruments have a longer life in schools. Assuming 50% at 10 years, down to 20% at 20 years.
  - Tuned Percussion: Includes some higher value instruments which are not hired out and so wear and tear is less (tend to be used centrally). E.g. Timpani, Marimba, Xylophone, Vibraphone, Keyboard instruments. Assumed slower depreciation - 60% of original value at year 10 and 30% at year 20.
  - Untuned Percussion: Includes lower cost instruments such as cymbals, drums, djembes. Usually higher wear and tear for small percussion. Some, such as djembe are hired to schools in sets and are often not repairable. Assumed 20% value at year 10.
  - High Value: Includes instruments rarely hired out, used centrally only or if exceptional value (eg. Harp, Contrabassoon etc). Instruments are kept in excellent serviced condition and still retain considerable value after 20 years (assumed 50%).
  - Miscellaneous: This assumed straight line depreciation to 10% after 10 years and covers non standard items eg Drum Kit, Early Years percussion, Samba, Folk.

TAXATION
The charity is exempt from corporation tax on its charitable activities.

FUND ACCOUNTING
Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

FINANCIAL INSTRUMENTS
The company has elected to apply the provisions of Section 11' Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to contractual provisions of the instrument.

Financial assets are offset, with the net amounts presented in the accounts where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

continued...

2. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

Basic Financial Assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic Financial Liabilities
Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts, discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction cost.

OPERATING LEASES
Rents payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

PENSION COSTS
Retirement benefits to employees of the charity are provided by either the Teachers' Pension Scheme ('TPS'), the Local Government Pension Scheme ('LGPS'), or a private defined contribution scheme.

The TPS is an unfunded defined benefit scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer defined benefit scheme and the assets are held separately from those of the charity in separate trustee administered funds. Whilst it would be possible to obtain an actuarial valuation of the charity's share of the LGPS to which the charity belongs, the trustees of the charity believe that to account for the LGPS as a defined benefit pension scheme, rather than as a defined contribution scheme, would be inconsistent with the requirement to give a true and fair view. This is because the trustees do not consider their annual contributions relating to settling their share of the LGPS's current forecast deficit to be material to the accounts of the charity (based on the information provided within the most recent triennial actuarial valuation of the relevant LGPS) and also due to the very low number of members of the LGPS allocated to the charity compared to the overall number of members of the relevant LGPS, it is considered probable that the actuarial valuation of the charity's share of the deficit would be disproportionally effected by any significant uncertainty in assumptions or errors compared to other scheme employers. In addition, the minority of employees of the charity that belong to the relevant LGPS include one of the three members of the senior management team and accounting for the LGPS as a defined benefit scheme would likely cause adjustments to disclosures concerning the remuneration paid to key management personnel in such a way that is not likely to be accurately determined on an individual employee basis and would likely be less comparable year on year due to changes in actuarial assumptions applied each year to the valuation of the relevant LGPS. The trustees therefore believe that accounting for their payments to the LGPS as a defined contribution scheme better reflects the actual financial impact to the charity.

Where the charity has entered into an agreement with the relevant LGPS that determines how the charity will fund a deficit, the charity recognises at that point a liability for the contributions payable that arises from the agreement (to the extent that they both relate to the deficit and can be reliably measured) and the resulting expense is recognised within the Statement of Financial Activities.

Contributions payable to the defined contribution pension scheme are charged to profit or loss in the period to which they relate.

continued...

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgements
Judgement is applied in setting the depreciation rates for tangible fixed assets. Details to these rates can be found in the accounting policies in note 2. The carrying value of tangible fixed assets can be found in note 14.

Support costs have been allocated between unrestricted and restricted funds and between the activities where they have been identified as directly attributable costs. Any residual costs have been allocated between activities in line with the value of support costs agreed in advance by funders, multiplied by the percentage of total support costs in each heading.

4. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Donations	835	16,712	17,547	5,339
Grants	115,908	1,661,438	1,777,346	1,240,446
	116,743	1,678,150	1,794,893	1,245,785

Grants received, included in the above, are as follows:

	2022 £	2021 £
Arts Council England	56,243	56,243
BBC Children In Need (Youth Investment Fund)	18,348	-
The Childrens Society	10,200	-
Cultural Development Fund Grants	749,562	236,950
Music Education Grant	738,857	736,779
The National Foundation for Youth Music	19,932	24,915
Other Grants	12,927	18,005
Sutton Croft	26,360	-
West Merica Police	-	20,000
Without Walls Consortium Ltd	-	4,150
Worcestershire County Council Funding	132,317	143,404
UK Association for Music Education	12,600	-
	1,777,346	1,240,446

5. INCOME FROM CHARITABLE ACTIVITIES

	Music Education £	Arts Development £	Festivals £	2022 Total activities £	2021 Total activities £
Sundry parent income	-	-	-	-	210
CPD income	2,055	-	-	2,055	-
Project income	44,150	7,850	18,712	70,712	39,182
Resources	24,635	-	-	24,635	14,025
Tuition	636,648	-	-	636,648	277,035
Subscriptions	23,753	-	-	23,753	4,643
Concerts	1,654	-	-	1,654	82
	732,895	7,850	18,712	759,457	335,177

continued...

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7)	Support costs (see note 8)	Totals
	£	£	£
Music Education	1,273,069	414,101	1,687,170
Arts Development	124,043	11,313	135,356
Festivals	725,935	42,177	768,112
	2,123,047	467,591	2,590,638

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2022	2021
	£	£
Staff costs	1,334,217	1,422,836
Instrument consumables	745	141
Workshop expenditure	216	103
External funding and bursary	19,693	27,143
Project costs	751,651	193,956
Subcontracted staff costs	16,525	13,738
	2,123,047	1,657,917

8. SUPPORT COSTS

	Management	Finance	Human resources	Governance costs	Totals
	£	£	£	£	£
Music Education	368,333	1,641	39,951	4,176	414,101
Arts Development	10,571	-	403	339	11,313
Festivals	39,606	-	1,396	1,175	42,177
	418,510	1,641	41,750	5,690	467,591

Support costs, included in the above, are as follows:

	Music Education	Arts Development	Festivals	2022 Total activities	2021 Total activities
	£	£	£	£	£
Rates and water	2,367	192	666	3,225	3,838
Insurance	10,876	884	3,060	14,820	9,410
Light and heat	5,280	429	1,486	7,195	6,741
Telephone	6,108	496	2,042	8,646	7,929
Advertising	18,980	-	4,520	23,500	15,282
Sundries	2,453	-	-	2,453	11,094
Service Charges	10,233	832	2,879	13,944	13,945
Rent	29,377	2,391	8,266	40,034	43,236
Travel Expenses	55,365	630	364	56,359	13,424
IT Expenses	46,124	1,187	4,108	51,419	54,518
Legal, HR and Professional	21,384	1,738	6,017	29,139	3,438
Accountancy and Payroll	15,119	1,229	4,254	20,602	14,026
Conference Costs	167	-	-	167	370
Subscriptions	5,363	-	-	5,363	5,319
Board Costs	1,916	-	-	1,916	834
Premises Costs	6,353	516	1,788	8,657	5,563
CPD Costs	4,985	-	-	4,985	8,581
Venue Hire	10,296	-	-	10,296	22
Safeguarding Costs	2,893	2	-	2,895	1,300
Consultancy Fees	75,455	-	-	75,455	-
Carried forward	331,094	10,526	39,450	381,070	218,870

continued...

8. SUPPORT COSTS - continued

	Music Education	Arts Development	Festivals	2022 Total activities	2021 Total activities
	£	£	£	£	£
Brought forward	331,094	10,526	39,450	381,070	218,870
Postage and Stationary	556	45	156	757	647
Deprociation of tangible and heritage assets	36,683	-	-	36,683	46,574
Interest payable and similar charges	-	-	-	-	6,374
Bank charges	1,641	-	-	1,641	1,328
Redundancy	39,951	403	1,396	41,750	-
Auditors' remuneration	4,176	339	1,175	5,690	10,504
	414,101	11,313	42,177	467,591	284,297

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	36,683	46,574
Rent paid under operating leases	40,034	43,236

10. AUDITORS' REMUNERATION

	2022	2021
	£	£
Audit remuneration	5,160	4,000
TPS EOYC audit	2,094	1,200
Other services	13,278	5,304
	20,532	10,504

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st March 2022 nor for the year ended 31st March 2021.

TRUSTEES' EXPENSES

No trustees were reimbursed for expenses during the year (2021: one trustee £654).

12. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	1,115,955	1,142,918
Social security costs	76,661	78,562
Other pension costs	183,351	201,356
	1,375,967	1,422,836

Included within the above gross wages of £1,115,955 are redundancy payments of £41,750 (2021: £nil).

The average monthly number of employees during the year was as follows:

	2022	2021
Average number of employees	75	84

continued...

12. STAFF COSTS - continued

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

	2022	2021
£60,001 - £70,000	1	-

Key management personnel remunerations
During the year total remuneration, including employer pension and national insurance costs, paid to key management personnel totalled £224,941 for 4 employees (2021: £233,170 for 4 employees).

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	151,075	1,094,710	1,245,785
Charitable activities			
Music Education	295,785	5,349	301,134
Arts Development	10,840	23,203	34,043
Other income	236,638	-	236,638
Total	694,338	1,123,262	1,817,600
EXPENDITURE ON			
Charitable activities			
Music Education	658,593	805,264	1,463,857
Arts Development	121,763	66,175	187,938
Festivals	8,195	282,224	290,419
Total	788,551	1,153,663	1,942,214
NET INCOME/(EXPENDITURE)	(94,213)	(30,401)	(124,614)
Transfers between funds	3,941	(3,941)	-
Net movement in funds	(90,272)	(34,342)	(124,614)
RECONCILIATION OF FUNDS			
Total funds brought forward	1,201,391	105,939	1,307,330
TOTAL FUNDS CARRIED FORWARD	1,111,119	71,597	1,182,716

continued...

14. TANGIBLE FIXED ASSETS

	Instruments £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st April 2021	**502,384**	**76,378**	**10,100**	**42,313**	**631,175**
Additions	**-**	**143**	**-**	**2,089**	**2,232**
At 31st March 2022	**502,384**	**76,521**	**10,100**	**44,402**	**633,407**
DEPRECIATION					
At 1st April 2021	**92,938**	**21,887**	**2,520**	**14,875**	**132,220**
Charge for year	**18,129**	**7,652**	**2,020**	**8,882**	**36,683**
At 31st March 2022	**111,067**	**29,539**	**4,540**	**23,757**	**168,903**
NET BOOK VALUE					
At 31st March 2022	**391,317**	**46,982**	**5,560**	**20,645**	**464,504**
At 31st March 2021	409,446	54,491	7,580	27,438	498,955

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	**61,863**	14,768
Prepayments and accrued income	**236,211**	167,974
	298,074	182,742

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	**104,526**	22,791
Social security and other taxes	**21,498**	18,219
Other creditors	**33,507**	22,439
Accruals and deferred income	**135,597**	100,866
	295,128	164,315

Included in accruals and deferred income above is £12,233 (2021: £14,594) of deferred income. Deferred income primarily relates to tuition paid in advance for the 2022/23 year.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Other loans (see note 18)	**276,189**	276,189

continued...

18. LOANS

An analysis of the maturity of the loan payable to Worcestershire County Council, which is repayable by instalments, is as follows:

	2022	2021
	£	£
Amounts falling due within one year	-	-
Amounts falling between one and five years	228,571	228,571
Amounts falling due in more than five years	47,618	47,618
	276,189	276,189

The loan payable to Worcestershire County Council is secured against the instruments included within tangible fixed assets (see note 14).

Worcestershire County Council has agreed to postpone repayment of the loan by 1 year due to COVID-19, resulting in no amounts due within one year.

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	29,333	32,000
Between one and five years	-	29,333
	29,333	61,333

continued...

20. MOVEMENT IN FUNDS

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General fund	325,432	(30,244)	(4,941)	290,247
Designated Funds	300,000	-	-	300,000
Assets transferred from Worcestershire County Council	448,165	(24,377)	-	423,788
WCC Arts Connect	37,521	2,899	-	40,420
	1,111,118	(51,722)	(4,941)	1,054,455
Restricted funds				
Cultural Development Fund	7,063	162	-	7,225
BBC Children In Need	-	925	(906)	19
Bursary Fund	3,345	3,486	5,000	11,831
Changing Tracks Nuture Group	-	1,500	-	1,500
The Children's Society	-	892	-	892
COMF Enhanced Youth Support	-	1,019	-	1,019
Cultural Educational Programme	5,270	1,000	-	6,270
Furthering Talent	7,724	15,329	-	23,053
Holiday Activities & Food Programme	-	6,070	-	6,070
Inspiring Future Through The Arts	10,632	(9,028)	-	1,604
Jubilee Funding	-	6,947	-	6,947
Kickstart	-	1,991	(1,183)	808
Music Box Fund	11,843	2,131	-	13,974
Music Mark Innovation Fund	-	10,800	-	10,800
Soundabout Choir	-	(2,030)	2,030	-
Sundry Restricted Donations	265	-	-	265
Youth Music	25,456	(1,013)	-	24,443
	71,598	40,181	4,941	116,720
TOTAL FUNDS	1,182,716	(11,541)	-	1,171,175

continued...

20. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	717,358	(747,602)	(30,244)
Assets transferred from Worcestershire County Council	-	(24,377)	(24,377)
WCC Arts Connect	119,727	(116,828)	2,899
	837,085	(888,807)	(51,722)
Restricted funds			
Music Education Grant	738,857	(738,857)	-
Cultural Development Fund	768,274	(768,112)	162
Arts Council TPS Grant	56,243	(56,243)	-
BBC Children In Need	18,348	(17,423)	925
Bursary Fund	3,486	-	3,486
Changing Tracks Nuture Group	1,500	-	1,500
The Children's Society	3,700	(2,808)	892
COMF Enhanced Youth Support	4,770	(3,751)	1,019
Cultural Educational Programme	1,000	-	1,000
Furthering Talent	32,300	(16,971)	15,329
Holiday Activities & Food Programme	27,367	(21,297)	6,070
Inspiring Future Through The Arts	9,500	(18,528)	(9,028)
Jubilee Funding	12,750	(5,803)	6,947
Kickstart	6,309	(4,318)	1,991
Music Box Fund	23,226	(21,095)	2,131
Music Mark Innovation Fund	12,600	(1,800)	10,800
Soundabout Choir	-	(2,030)	(2,030)
Youth Music	21,782	(22,795)	(1,013)
	1,742,012	(1,701,831)	40,181
TOTAL FUNDS	2,579,097	(2,590,638)	(11,541)

continued...

20. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General fund	436,932	(93,810)	(17,690)	325,432
Designated Funds	300,000	-	-	300,000
Assets transferred from Worcestershire County Council	464,459	(37,925)	21,631	448,165
WCC Arts Connect	-	37,521	-	37,521
	1,201,391	(94,214)	3,941	1,111,118
Restricted funds				
Music Education Grant	-	2,885	(2,885)	-
Cultural Development Fund	79,718	(73,517)	862	7,063
Bursary Fund	2,098	3,485	(2,238)	3,345
Cultural Educational Programme	3,628	1,642	-	5,270
Furthering Talent	-	7,724	-	7,724
Inspiring Future Through The Arts	468	10,164	-	10,632
Music Box Fund	17,391	(5,548)	-	11,843
Sundry Restricted Donations	-	265	-	265
Worcestershire Arts Partnership	636	(956)	320	-
Worcestershire Children's First	2,000	(2,000)	-	-
Youth Music	-	25,456	-	25,456
	105,939	(30,400)	(3,941)	71,598
TOTAL FUNDS	1,307,330	(124,614)	-	1,182,716

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	535,082	(628,892)	(93,810)
Assets transferred from Worcestershire County Council	-	(37,925)	(37,925)
WCC Arts Connect	159,256	(121,735)	37,521
	694,338	(788,552)	(94,214)
Restricted funds			
Music Education Grant	736,781	(733,896)	2,885
Cultural Development Fund	261,332	(334,849)	(73,517)
Arts Council TPS Grant	56,242	(56,242)	-
Bursary Fund	3,485	-	3,485
Cultural Educational Programme	4,000	(2,358)	1,642
Furthering Talent	13,920	(6,196)	7,724
Inspiring Future Through The Arts	20,467	(10,303)	10,164
Music Box Fund	199	(5,747)	(5,548)
Sundry Restricted Donations	265	-	265
Worcestershire Arts Partnership	(10)	(946)	(956)
Worcestershire Children's First	-	(2,000)	(2,000)
Youth Music	26,581	(1,125)	25,456
	1,123,262	(1,153,662)	(30,400)
TOTAL FUNDS	1,817,600	(1,942,214)	(124,614)

continued...

20. MOVEMENT IN FUNDS - continued

Unrestricted funds

- **Designated Reserves**
  A cash reserve of £300,000 has been designated by the trustees to ensure financial stability of the charity and meet charitable objectives.

- **Transferred from Worcestershire County Council**
  Assets (including musical instruments) donated by Worcestershire County Council upon the transfer of County Music Service undertakings to Severn Arts.

- **WCC Arts Connect** Funding to support the cultural sector running networking groups and commissioning ar tists.

Restricted Funds

- **Music Education Grant**
  DFE Grant allocated by Arts Council of England. Delivers core and extension roles for Music Education as set out in the National Plan for Music Education.

- **Cultural Development Fund**
  Grant to fund festivals element of Worcester Railway Arches Project 2019-22 (project delivered between Worcester City Council, University of Worcester and Severn Arts).

- **Arts Council TPS Grant**
  Grant to fund increased Teacher Pension Scheme employer contributions.

- **BBC Children in Need**
  Grant received to purchase a set of turntables and music technology equipment for the Music Box (bus).

- **Bursary Funds**
  A bursary fund (Music Grows) started in 2019 for musical opportunities for Worcestershire children and young people.

- **Changing Tracks Nurture Group**
  Creative Musical Nurture Groups for Children at Risk of Exclusion from Primary School funded by Youth Music.

- **The Children's Society**
  Arts Projects for young people at risk of offending.

- **COMF Enhanced Youth Support**
  A photography and film project exploring the impact of Covid on young people in rural communities.

- **Cultural Education Programme**
  Arts Connect funding to develop the infrastructure of the Cultural Education Partnership (a network of organisations promoting arts and culture to young people).

- **Furthering Talent**
  Grant to support 30 talented young musicians from disadvantaged backgrounds to further their music progression and provide mentoring and training support.

- **Holiday Activities & Food Programme**
  A grant to provide arts activities to vulnerable children across the County.

- **Inspiring Future Through the Arts**
  Provides arts activities through the Probation Service to prevent reoffending. Annual grant from Crime & Police Commissioner.

- **Jubilee Funding**
  A grant from Worcestershire County Council to commission local artists to celebrate the Queen Jubilee.

continued...

20. MOVEMENT IN FUNDS - continued

- **Kickstart**
  The Kickstart Scheme provides funding to create new jobs for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment.

- **Music Box Fund**
  To support and develop the delivery of Music Box music sessions.

- **Music Mark Innovation Fund**
  Music Mark funded project exploring youth voice across the 14 West Midlands Music Hubs.

- **Soundabout Choir**
  Inclusive Choir for young people and their families delivered in partnership with MAC Makes Music and Soundabout.

- **Sundry Donations Received**
  Small donations received for a specific purpose in the year include, ticket income for Symphony Hall Concert, donations to contribute towards the running costs of the Jazz Orchestra and donations for sheet music purchases.

- **Worcestershire Arts Partnership**
  Network of arts and cultural organisations - fund to develop members and membership.

- **Worcestershire Children's First**
  Trust funding to deliver holiday arts activities, including music lessons, for vulnerable children and young people in the county

- **Youth Music**
  Grant to develop inclusive and accessible music opportunities, training programmes and research to improve diversity, equality and inclusion and widen reach, working with two other music Hubs in Gloucestershire and Warwickshire.

TRANSFERS BETWEEN FUNDS

During the year the following amounts were transferred to the general unrestricted fund representing the cost of fixed assets purchased using restricted funds:

Restricted funds	£
BBC Children In Need	906
Kickstart	1,183
	2,089

During the year £5,000 was transferred from the unrestricted general fund to the restricted Bursary Fund as a contribution from the Music Hub grant and £2,030 was transferred from the unrestricted general fund to the restricted Soundabout Choir fund. This was to clear the deficit on the restricted fund.

21. EMPLOYEE BENEFIT OBLIGATIONS

The charity's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS to the period ended 31 March 2019.

Included in creditors at the year end were pension creditors of £22,620 (2021: £22,439).

Teachers' Pension Scheme

continued...

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers. All teachers have the option to opt-out of the TPS following enrolment. The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million.
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The employer's pension costs paid to TPS in the period amounted to £133,661 (2021: £159,358), excluding adjustments in regard to holiday pay accruals.

Local Government Pension Scheme
The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The agreed contribution rates for future years are 21.4% for employers, with employees paying variable rates depending on their level of gross wages received each month.

The employer's pension costs paid to LGPS in the period amounted to £36,548 (2021: £45,866).

Defined contribution scheme
The employer's pension costs paid to the defined contribution scheme in the period amounted to £5,738 (2021: £5,471).

22. RELATED PARTY DISCLOSURES

During the year there were no related party transactions (2021: trustee Mr O Harper, invoiced the charity £250 for project costs in relation to the festivals project).

Severn Arts

Detailed Statement of Financial Activities
for the Year Ended 31st March 2022

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	835	16,712	17,547	5,339
Grants	115,908	1,661,438	1,777,346	1,240,446
	116,743	1,678,150	1,794,893	1,245,785
Charitable activities				
Sundry parent income	-	-	-	210
CPD income	2,055	-	2,055	-
Project income	6,850	63,862	70,712	39,182
Resources	24,635	-	24,635	14,025
Tuition	636,648	-	636,648	277,035
Subscriptions	23,753	-	23,753	4,643
Concerts	1,654	-	1,654	82
	695,595	63,862	759,457	335,177
Other income				
Government Grants - CJRS	24,747	-	24,747	236,638
Total incoming resources	837,085	1,742,012	2,579,097	1,817,600
EXPENDITURE				
Charitable activities				
Wages	474,293	599,912	1,074,205	1,142,918
Social security	34,800	41,861	76,661	78,562
Pensions	39,115	144,236	183,351	201,356
Instrument consumables	367	378	745	141
Workshop expenditure	108	108	216	103
External funding and bursary	14,780	4,913	19,693	27,143
Project costs	37,685	713,966	751,651	193,956
Subcontracted staff costs	16,125	400	16,525	13,738
	617,273	1,505,774	2,123,047	1,657,917
Support costs				
Management				
Rates and water	1,124	2,101	3,225	3,838
Insurance	5,165	9,655	14,820	9,410
Light and heat	2,507	4,688	7,195	6,741
Telephone	2,756	5,890	8,646	7,929
Advertising	8,778	14,722	23,500	15,282
Sundries	1,321	1,132	2,453	11,094
Service Charges	4,860	9,084	13,944	13,945
Rent	13,952	26,082	40,034	43,236
Travel Expenses	31,105	25,254	56,359	13,424
IT Expenses	33,194	18,225	51,419	54,518
Legal, HR and Professional	10,155	18,984	29,139	3,438
Accountancy and Payroll	7,180	13,422	20,602	14,026
Conference Costs	92	75	167	370
Carried forward	122,189	149,314	271,503	197,251

Severn Arts

Detailed Statement of Financial Activities for the Year Ended 31st March 2022

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Management				
Brought forward	122,189	149,314	271,503	197,251
Subscriptions	2,977	2,386	5,363	5,319
Board Costs	1,063	853	1,916	834
Premises Costs	3,016	5,641	8,657	5,563
CPD Costs	2,737	2,248	4,985	8,581
Venue Hire	5,714	4,582	10,296	22
Safeguarding Costs	1,608	1,287	2,895	1,300
Consultancy Fees	75,455	-	75,455	-
Postage and Stationary	264	493	757	647
Depreciation of tangible and heritage assets	35,363	1,320	36,683	46,574
Interest payable	-	-	-	6,374
	250,386	168,124	418,510	272,465
Finance				
Bank charges	1,641	-	1,641	1,328
Human resources				
Redundancy	21,774	19,976	41,750	-
Governance costs				
Auditors' remuneration	1,983	3,707	5,690	10,504
Total resources expended	893,057	1,697,581	2,590,638	1,942,214
Net expenditure	(55,972)	44,431	(11,541)	(124,614)

SEVERN ARTS

England & Wales - Charity number 1180335

Accounts

10 DEC 2021

REGISTERED COMPANY NUMBER: 11033978 (England and Wales)
REGISTERED CHARITY NUMBER: 1180335

Report of the Trustees and

Audited Financial Statements for the Year Ended 31st March 2021

for

Severn Arts
(A Company Limited by Guarantee)

Richards Sandy Audit Services Limited
(Statutory Auditor)
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

Severn Arts

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Severn Arts

Reference and Administrative Details
for the Year Ended 31st March 2021

TRUSTEES	J Berrow W Davies J de la Cour K A Edwards D Herbert H Perrott C V J Phillips A R Watts E S Davies (appointed 18.12.20) O Harper (appointed 18.12.20) C Shiels (appointed 18.12.20)
REGISTERED OFFICE	Suite 11 Malvern Gate Bromwich Road Worcester Worcestershire WR2 4BN
REGISTERED COMPANY NUMBER	11033978 (England and Wales)
REGISTERED CHARITY NUMBER	1180335
AUDITORS	Richards Sandy Audit Services Limited (Statutory Auditor) Thorneloe House 25 Barbourne Road Worcester WR1 1RU
SENIOR MANAGEMENT TEAM	Laura Worsfold (chief executive officer) Debra Fawcett (director of learning) Elaine Knight (arts director) Matthew Tolley (director of finance) - left post year end
SOLICITORS	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES

Report of the Trustees for the Year Ended 31st March 2021

The Trustees present their Annual Report together with the audited financial statements of the Company for the financial year ended 31 March 2021. The Annual Report serves the purposes of the Trustees Report and the Directors' Report under company law. The Trustees confirm that the Annual Report and Financial Statements of the Company comply with the current statutory requirements governing the preparation and presentation of financial statements, the requirements of the Company's governing document and the provisions of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 effective 1 January 2019) as amended by update Bulletin 1 (effective January 2019). The Company qualifies as small under section 382 of the Companies Act 2006.

INTRODUCTION

Severn Arts is the lead organisation for the delivery and operation of music education in Worcestershire. It is contracted to run the County Arts services and delivers the Worcester City Festivals programme as part of a DCMS/Arts Council-backed Cultural Development Fund programme. The Company is a registered charity with the Charity Commission - charity number 1180335.

OBJECTIVES AND ACTIVITIES

Objectives and Activities

The Company has widely drawn charitable Objects which focus on education, music and the arts and the promotion of social inclusion.

The Company's current aims are:

- To deliver the work of the Worcestershire Music Education Hub against the core and extension roles outlined in the National Plan for Music Education.
- To provide and develop opportunities for music tuition, instrument repair & loan and activity for children and young people in Worcestershire.
- To deliver arts activities as outlined in an Arts Plan currently supported by Worcestershire County Council.
- To develop and deliver a festivals programme as part of The Arches Worcester Cultural Development Fund (CDF) project.

The principal strategies employed to achieve these aims are:

- To present subsidised, affordable whole-class, small group and 1-2-1 music tuition in schools delivered by experienced, high-quality music teachers.
- To provide an extensive orchestra and ensemble offer and performance opportunities.
- To support and implement music and arts education projects that engage children and young people with creative activity and encourage progression and growth.
- To develop and nurture excellence in teaching practice and invest in CPD and resources that support music teachers to implement an enriched and inspiring curriculum.
- To provide inspiring, ambitious artistic programmes and opportunities that reflect ambition, involve, and engage young people in the creative arts sector and provide platforms for artistic talent to grow and prosper.
- To provide support, training, and development opportunities for creative professionals.
- To employ and develop a dedicated and skilled diverse workforce.

STRATEGIC REPORT

Achievement and performance

The first Covid19 lockdown started just before the start of the 2020/21 financial year. Whilst it affected music lessons during the final months of 2020 summer term, the major impact was felt during the Autumn when a significant number of music lessons were cancelled by parents and by schools due to closures and lockdown. Against this difficult backdrop the Board is pleased that there was a growing move to on-line lessons during the year and that planned arts programmes were unaffected. Our festivals work transferred online, and we moved our schedules to the following year for physical delivery.

Worcestershire Music Education Hub

Severn Arts works in partnership with key music organisations who collectively make up the Hub, which is chaired by a member of staff at the University of Worcester.

In 2020-21:
- 208 schools (2019-2020 196) engaged with the Hub
- 79 schools (2019-2020 87) received whole class teaching
- 5779 pupils (2019-20 3969) received tuition through whole class tuition
- 190 schools (2019-2020 127) were supported through CPD/visits
- 182 schools (2019-2020 126) were supported to develop a singing strategy

We delivered a comprehensive online events programme aimed at celebrating young talent and offering a range of activities and opportunities that showcased the county's young people. Examples include the countywide Winter Festival and In Our Reflections. In Our Reflections was a large-scale commissioned piece involving over 600 performers of all ages, instruments, and abilities. Our ensembles were also featured in the Music for Youth video wall.

Our partnership with MAC Makes Music continues to support young people to access music and overcome barriers. This partnership has also seen the introduction of the Soundabout Choir which initially met online but is now meeting monthly in person. Severn Arts was successful in its bid to become part of the Furthering Talent programme delivered by Awards for Young Musicians and funded by Music for Youth. In January 2021 young people started their musical journey through this programme which is aimed at those exhibiting early potential but for whom financial barriers mean that they would not be able to continue their musical journey without access to this programme. Severn Arts was also successful in its bid to Youth Music for a project called Fair Play. The project involves working with Warwickshire and Gloucestershire to identify barriers to music, support and train the workforce in inclusion strategies and develop career information for young people who may be considering a career in music.

Severn Arts continues to offer Charanga to schools across Worcestershire, a music resource which provides resources free of charge to all our schools. Severn Arts also has significant partnerships with the National Youth Orchestra`s Inspire programme, University of Worcester, Worcester and Malvern Concert Clubs and the English String Orchestra.

The CPD programme for all staff and schools expanded considerably during the year with online sessions enabling ease of access despite the lockdowns. Sessions took place with Soundabout, MAC Makes music (Music Leader Exchange), Charanga, Music Mark, Trinity, and Musical Inclusion with Phil Mullen as part of the Fair Play project. We are planning for next year and beyond to make a better match of CPD training with what schools require with a focus on the new Model Music Curriculum, as well as providing schools and our staff with the latest updates and training opportunities regionally and nationally.

Arts Development

Our arts programme is funded by Worcestershire County Council, and therefore aligns with the four main aims of the Council - children and young people, business support, health and wellbeing and the environment.

Whilst Covid19 had an impact on our ability to deliver physical activity, we adapted the programme, transferring some projects online; offering commissions to local artists and bringing the creative sector together to provide support, share information, network, and present training opportunities. A monthly newsletter is also shared across our networks.

We offered 32 digital commissions over the year, some as part of the West Midlands Cultural Response Unit's initiatives to support freelance artists at a time when many were unable to work.

We were still able to support the Young Poet Laureate during this year, commissioning her to write new work for Luke Jerram's 'In Memoriam' and involving her in the commissioned music piece In Our Reflections.

We adapted our grant from the West Mercia Police and Crime Commissioner from working with the Probation Service to supporting vulnerable young people through online arts activities. Live and Local, our community touring network, adapted their programme, to enable a smaller targeted approach focussed on loneliness and isolation issues in local communities.

The Arches Worcester Festivals - Cultural Development Fund programme

This is a time limited project funded by the Department for Culture Media and Sport (DCMS) due to finish in April 2022. Because of our inability to deliver planned physical events throughout the year, due to Covid, DCMS extended the project by a year and provided additional funding to support the original aims.

In August 2020 our festivals team held an on-line symposium which addressed some of the issues facing festivals as they came out of Covid. This work was an online event, we attracted participants from all over the country, which broadened our reach far more than if the event had been live.

We hosted Luke Jerrams' in Memoriam in October 2020 as the country emerged from lockdown. This work, which was created as a direct response to the pandemic, provided a space for people to acknowledge its impact, as well as recognise and commemorate NHS workers and those who lost relatives and friends during this time.

Light Night, planned for January 2021, was moved to October 2021, but we continued with our plans to commission four new pieces of work which will be shown physically on the rescheduled date. This approach was designed to support the creative sector at a time when work was scarce.

We identified four community festivals to work with over the course of the project to raise ambition - particularly artistic ambition, - enable them to take risks, inspire audiences, upskill organisers/volunteers, and have greater longevity by becoming more sustainable.

We were commissioned by Without Walls, a national festivals organisation, to lead a programme for under-represented artists who were new to outdoor arts.

We also undertook a new piece of work to create an on-line directory of outdoor spaces in the County.

Financial review
Music tuition income was significantly reduced during lockdown as we were unable to conduct lessons in person for much of the financial year and whilst online tuition was implemented from the start of the 2020 Autumn term, Music Education income year was £296,000, a reduction of £609,000 from the previous year.

The Company receives substantial grant income which was largely unaffected by Covid 19. The DfE Arts Council England grant covers costs arising from the Worcestershire Music Hub and was unchanged from 2019 at £737,000.

Due to Covid, our plans to develop a new business model to generate more income from the workshop was put on hold but plans are re-starting to assess its potential.

Grant income from the DCMS Cultural Development Fund Worcester Arches project finances the festivals component of the programme, and we also receive income to supply project management for the overall programme.

For the full financial year, the Company incurred a deficit of Expenditure over Income of £90,272 (2020 Surplus £50,059) on Unrestricted activities. Restricted activities show an excess of expenditure over income of £34,342 (2020 Surplus of £66,761) reflecting expenditures that have taken place prior to the receipt of income.

Net Assets of the Company stood at £1,182,716 (2020 £1,307,330).

Going concern
After making appropriate enquiries, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Reserves
The current funds position of the Charity is set out in note 19 to these accounts. On 31 March 2021 the Charity had accumulated balances of £1,182,716. However not all these balances are held in cash or cash equivalents.

At the year end free reserves (unrestricted funds less fixed assets) amounted to £619,113 (2020: £673,128), and includes the £300,000 designated fund noted below.

In order to ensure financial stability and to ensure that the Company can continue to meet its charitable objectives, the Trustees have agreed that a designated cash reserve of £300,000 should be held in addition to other cash and noncash funds. This represents 4.5 months of unrestricted fund expenditure. The policy assumes that the Company is a going concern and that there is no foreseeable likelihood of it ceasing to operate. If the Company did cease to operate, then it could liquidate its noncash assets to meet any winding up costs.

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Richards Sandy Audit Services Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 4th November 2021 and signed on the board's behalf by:

John de la Cour

J de la Cour - Trustee

STRATEGIC REPORT

Risk management

The Trustees have assessed the major risks to which the Charity is exposed, those related to the operations and finances of the Charity and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

In deciding on this level of reserves, the Trustees have considered the financial risks that face the Charity, the certainty of income and the impact on users should the Charity be unable to provide its services.

The major financial risk faced is the withdrawal of grant support from DfE Arts Council England music education grant. Whilst this would have a significant impact, the Trustees expect that there would be forewarning of this which would enable them to plan appropriately. The Trustees have assessed other significant financial risks and have taken action to ensure they are manageable such that main income streams can continue. This has been borne out by the changes introduced as a result of the Covid 19 pandemic as the move to online tuition and its acceptance by pupils and parents alike means that a recurrence of lockdown is unlikely to result in the significant reduction in Tuition income that was suffered in 2020.

The Trustees review the reserves policy on a regular basis by reference to trading history and by comparison with forecast projections.

Plans for future periods

Severn Arts plans to continue operating as it has during this year. It also has ambitious plans to deliver its' new three-year business Plan and is in a strong position to diversify our offer and be part of an emerging cultural regeneration programme in Worcester City. In addition, we are growing the market for music education through targeted marketing and a schools development plan, which introduces new ways of delivery through online, promotions, school orchestras and music tech provision. We are driving forward a legacy programme for the festivals to sustain and grow this area of work and our arts development work is increasing through partnerships with Worcestershire Children First and other commercial supporters such as Worcester Bosch and City Fibre. Severn Arts has expanded its team to enable us to expand our offer and create a thriving business model for the future.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Company is constituted under a Memorandum and Articles of Association dated 18 October 2017.

Methods of appointment or election of trustees

The management of the Company is the responsibility of the Trustees who are appointed and coopted under the terms of the Articles of Association.

All trustees have received training through two board away days which concentrate upon the role of the board, policy and strategic direction and development of the business plan. The trustees are invited to participate in continuous professional development programmes and are subject to a disclosure and Barring Service review. They adhere to equal opportunity recruitment policies The Chair and CEO have also attended diversity training. During the year, E Whittle, O Harper, and C Shiels were appointed to the Board.

Key management

Day to day management of the charity is delegated to the senior management team listed on the reference and admin page.

Public benefit

The Trustees confirm that they have complied with the duty in Section 4, Charities Act 2011, to have due regard to the guidance issued by the Charity Commission concerning public benefit.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Severn Arts for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees
As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- Inquired of management, and those charged with governance, about their own identification and assessment of the risks and irregularities, including known actual, suspected or alleged instances of fraud; and
- Discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 (and related legislation), the Charities Act 2011 (and related legislation)), and laws and regulations relating to the employment and payment of staff including, but not limited to, the Employment Rights Act 1996, the National Minimum Wage Act 1998 and the Pensions Act 2008.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements, which included reviewing the financial statement disclosures. This includes sample testing of monthly payroll records for the calculation of gross wages, payroll taxes and pension costs.

We identified the areas of the financial statements most susceptible to fraud to be management's judgement in allocating expenditure to individual restricted and unrestricted funds, including the allocation of wage costs and general staff overheads. Audit procedures performed included, but were not limited to, reviewing managements reasoning and workings behind these allocations of expenditure.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Report of the Independent Auditors to the Members of Severn Arts

Opinion

We have audited the financial statements of Severn Arts (the 'charitable company') for the year ended 31st March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Emphasis of matter - departure from FRS 102

We draw your attention to the accounting policy for the treatment of the LGPS as a defined contribution pension scheme, which is a departure of FRS 102 which requires that the LGPS be accounted for as a defined benefit pension scheme.

Our audit opinion is unmodified in regard to this issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Severn Arts

Use of our report

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

Robert Iestyn Richards (Senior Statutory Auditor)
for and on behalf of Richards Sandy Audit Services Limited
(Statutory Auditor)
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

Date: 14 December 2021

Severn Arts

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st March 2021

	Notes	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	**151,075**	**1,094,710**	**1,245,785**	1,207,923
Charitable activities	4				
Music Education		**295,785**	**5,349**	**301,134**	904,964
Arts Development		**10,840**	**23,203**	**34,043**	37,348
Other income		**236,638**	-	**236,638**	-
Total		**694,338**	**1,123,262**	**1,817,600**	2,150,235
EXPENDITURE ON					
Charitable activities	5				
Music Education		**658,593**	**805,114**	**1,463,707**	1,646,299
Arts Development		**121,763**	**66,175**	**187,938**	174,239
Festivals		**8,195**	**282,374**	**290,569**	212,877
Total		**788,551**	**1,153,663**	**1,942,214**	2,033,415
NET INCOME/(EXPENDITURE)		**(94,213)**	**(30,401)**	**(124,614)**	116,820
Transfers between funds	19	**3,941**	**(3,941)**	-	-
Net movement in funds		**(90,272)**	**(34,342)**	**(124,614)**	116,820
RECONCILIATION OF FUNDS					
Total funds brought forward		**1,201,391**	**105,939**	**1,307,330**	1,190,510
TOTAL FUNDS CARRIED FORWARD		**1,111,119**	**71,597**	**1,182,716**	1,307,330

The notes form part of these financial statements

Severn Arts

Balance Sheet
31st March 2021

	Notes	Unrestricted funds £	Restricted funds £	**2021 Total funds £**	2020 Total funds £
FIXED ASSETS					
Tangible assets	13	**492,005**	**6,950**	**498,955**	528,263
CURRENT ASSETS					
Debtors: amounts falling due within one year	14	**158,396**	**24,346**	**182,742**	298,917
Cash at bank and in hand		**891,367**	**50,156**	**941,523**	984,730
		1,049,763	**74,502**	**1,124,265**	1,283,647
CREDITORS					
Amounts falling due within one year	15	**(154,461)**	**(9,854)**	**(164,315)**	(261,722)
NET CURRENT ASSETS		**895,302**	**64,648**	**959,950**	1,021,925
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,387,307**	**71,598**	**1,458,905**	1,550,188
CREDITORS					
Amounts falling due after more than one year	16	**(276,189)**	**-**	**(276,189)**	(242,858)
NET ASSETS		**1,111,118**	**71,598**	**1,182,716**	1,307,330
FUNDS	19				
Unrestricted funds				**1,111,118**	1,201,391
Restricted funds				**71,598**	105,939
TOTAL FUNDS				**1,182,716**	1,307,330

Their financial statements were approved by the Board of Trustees and authorised for issue on 4th November 2021 and were signed on its behalf by:

John de la Cour

J de la Cour - Trustee

The notes form part of these financial statements

Severn Arts

Cash Flow Statement
for the Year Ended 31st March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	**4,245**	69,029
Interest paid		**(6,374)**	(17,071)
Net cash (used in)/provided by operating activities		**(2,129)**	51,958
Cash flows from investing activities			
Purchase of tangible fixed assets		**(17,266)**	(40,205)
Sale of tangible fixed assets		**-**	240
Net cash used in investing activities		**(17,266)**	(39,965)
Cash flows from financing activities			
WCC loan repayments		**(23,812)**	(57,142)
Net cash used in financing activities		**(23,812)**	(57,142)
Change in cash and cash equivalents in the reporting period		**(43,207)**	(45,149)
Cash and cash equivalents at the beginning of the reporting period		**984,730**	1,029,879
Cash and cash equivalents at the end of the reporting period		**941,523**	984,730

The notes form part of these financial statements

1. GENERAL INFORMATION

Severn Arts is a private company, limited by guarantee, incorporated in the UK and registered in England and Wales.

The principal activity of Severn Arts is set out in the Trustees Report.

The registered office and principal operating office of Severn Arts is Suite 11, Malvern Gate, Bromwich Road, Worcester, WR2 4BN.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006, except in regard to the treatment of the LGPS as if it was a defined contribution pension scheme rather than if it was a defined benefit pension scheme, which is a departure from the requirement of FRS 102, on the basis that accounting for the LGPS as a defined benefit pension scheme is inconsistent with the requirements to give a true and fair view (see the accounting policy for pension costs for more details).

The financial statements have been prepared under the historical cost convention.

The accounts are presented in GBP and are rounded to the nearest £1.

INCOME

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

Donation and grant income is recognised when the charity has been notified of the amounts. If there are performance conditions attached to the donation before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charitable company and it is probable that they will be fulfilled.

Income from the supply of services (including income from charitable activities) represents the value of services provided to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Interest income is recognised for all interest-bearing financial instruments on an accrual basis.

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to the grant and the grant will be received.

EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources as detailed below.

Charitable activity costs are those costs that relate directly to specific activities within the organisation.

Supports costs include the running costs of the charity and have been attributed to direct costs of charitable activities as follows:

- Support costs that can be directly attributed to a particular activity have been categorised as such in the financial statements.

- Any residual costs have been allocated between activities in line with the value of support costs agreed in advance by funders, multiplied by the percentage of total support costs in each heading.

continued...

Notes to the Cash Flow Statement for the Year Ended 31st March 2021

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	**(124,614)**	116,820
Adjustments for:		
Depreciation charges	**46,574**	44,842
Loss on disposal of fixed assets	**-**	5,988
Interest paid	**6,374**	17,071
Decrease/(increase) in debtors	**116,175**	(112,303)
Decrease in creditors	**(40,264)**	(3,389)
Net cash provided by operations	**4,245**	69,029

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.20 £	Cash flow £	Other non-cash changes £	At 31.3.21 £
Net cash				
Cash at bank and in hand	**984,730**	**(43,207)**		**941,523**
	984,730	**(43,207)**		**941,523**
Debt				
Debts falling due within 1 year	**(57,143)**	**23,812**	**33,331**	**-**
Debts falling due after 1 year	**(242,858)**	**-**	**(33,331)**	**(276,189)**
	(300,001)	**23,812**	**-**	**(276,189)**
Total	**684,729**	**(19,395)**	**-**	**665,334**

The notes form part of these financial statements

2. ACCOUNTING POLICIES - continued

TANGIBLE FIXED ASSETS

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

A review for impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets costing £500 or more are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Motor vehicles - 5 years straight line
- Fixtures & fittings - 10 years straight line
- Office equipment - 5 years straight line
- Computer equipment - 5 years straight line
- Instruments:
  - Low value/ low life expectancy: Over 4 years. This applies to instruments such as recorders, fifes, doods, ukuleles and other similar low value items.
  - Brass: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.
  - Woodwind: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.
  - Upper strings: Instruments have a longer life in schools, however are of much lower initial value than brass/ woodwind which makes them less saleable over time. Assume 30% at year 10 and 0% at years.
  - Lower Strings: Instruments have a longer life in schools. Assuming 50% at 10 years, down to 20% at 20 years.
  - Tuned Percussion: Includes some higher value instruments which are not hired out and so wear and tear is less (tend to be used centrally). E.g. Timpani, Marimba, Xylophone, Vibraphone, Keyboard instruments. Assumed slower depreciation - 60% of original value at year 10 and 30% at year 20.
  - Untuned Percussion: Includes lower cost instruments such as cymbals, drums, djembes. Usually higher wear and tear for small percussion. Some, such as djembe are hired to schools in sets and are often not repairable. Assumed 20% value at year 10.
  - High Value: Includes instruments rarely hired out, used centrally only or if exceptional value (eg. Harp, Contrabassoon etc). Instruments are kept in excellent serviced condition and still retain considerable value after 20 years (assumed 50%).
  - Miscellaneous: This assumed straight line depreciation to 10% after 10 years and covers non standard items eg Drum Kit, Early Years percussion, Samba, Folk.

TAXATION

The charity is exempt from corporation tax on its charitable activities.

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11' Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to contractual provisions of the instrument.

Financial assets are offset, with the net amounts presented in the accounts where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

continued...

2. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

Basic Financial Assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic Financial Liabilities
Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts, discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of the operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction cost.

OPERATING LEASES
Rents payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

HIRE PURCHASE AND LEASING COMMITMENTS
Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

PENSION COSTS
Retirement benefits to employees of the charity are provided by either the Teachers' Pension Scheme ('TPS'), the Local Government Pension Scheme ('LGPS'), or a private defined contribution scheme.

The TPS is an unfunded defined benefit scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer defined benefit scheme and the assets are held separately from those of the charity in separate trustee administered funds. Whilst it would be possible to obtain an actuarial valuation of the charity's share of the LGPS to which the charity belongs, the trustees of the charity believe that to account for the LGPS as a defined benefit pension scheme, rather than as a defined contribution scheme, would be inconsistent with the requirement to give a true and fair view. This is because the trustees do not consider their annual contributions relating to settling their share of the LGPS's current forecast deficit to be material to the accounts of the charity (based on the information provided within the most recent triennial actuarial valuation of the relevant LGPS) and also due to the very low number of members of the LGPS allocated to the charity compared to the overall number of members of the relevant LGPS, it is considered probable that the actuarial valuation of the charity's share of the deficit would be disproportionally effected by any significant uncertainty in assumptions or errors compared to other scheme employers. In addition, the minority of employees of the charity that belong to the relevant LGPS include two of the three members of the senior management team and accounting for the LGPS as a defined benefit scheme would likely cause adjustments to disclosures concerning the remuneration paid to key management personnel in such a way that is not likely to be accurately determined on an individual employee basis and would likely be less comparable year on year due to changes in actuarial assumptions applied each year to the valuation of the relevant LGPS. The trustees therefore believe that accounting for their payments to the LGPS as a defined contribution scheme better reflects the actual financial impact to the charity.

Where the charity has entered into an agreement with the relevant LGPS that determines how the charity will fund a deficit, the charity recognises at that point a liability for the contributions payable that arises from the agreement (to the extent that they both relate to the deficit and can be reliably measured) and the resulting expense is recognised within the Statement of Financial Activities.

Contributions payable to the defined contribution pension scheme are charged to profit or loss in the period to which they relate.

continued...

6. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2021	2020
	£	£
Staff costs	1,422,836	1,423,461
Subcontracted staff costs	13,738	3,104
Instrument consumables	141	5,374
Workshop expenditure	103	3,170
External funding and bursary	27,143	25,641
Project costs	193,956	165,138
	1,657,917	1,625,888

7. SUPPORT COSTS

	Management	Finance	Governance costs	Totals
	£	£	£	£
Music Education	221,695	1,328	6,306	229,329
Arts Development	47,845	-	106	47,951
Festivals	2,925	-	4,092	7,017
	272,465	1,328	10,504	284,297

Support costs, included in the above, are as follows:

	Music Education	Arts Development	Festivals	2021 Total activities	2020 Total activities
	£	£	£	£	£
Rates and water	2,582	152	1,104	3,838	2,822
Insurance	6,298	418	2,694	9,410	8,704
Light and heat	4,535	266	1,940	6,741	8,766
Telephone	5,225	469	2,235	7,929	7,310
Advertising	11,127	2,579	1,576	15,282	36,019
Sundries	10,757	-	337	11,094	5,692
Service Charges	9,381	551	4,013	13,945	9,914
Rent	28,806	2,108	12,322	43,236	43,137
Travel Expenses	13,424	-	-	13,424	81,705
IT Expenses	49,788	2,022	2,708	54,518	51,222
Legal, HR and Professional	2,313	136	989	3,438	14,773
Accountancy and Payroll	9,429	555	4,042	14,026	5,310
Recruitment Costs	-	-	-	-	4,427
Conference Costs	370	-	-	370	2,124
Subscriptions	2,145	1,404	1,770	5,319	1,739
Board Costs	819	-	15	834	1,146
Premises Costs	3,742	220	1,601	5,563	14,603
CPD Costs	8,530	51	-	8,581	6,709
Venue Hire	22	-	-	22	21,118
Safeguarding Costs	1,105	195	-	1,300	5,796
Postage and Stationary	435	26	186	647	2,560
Depreciation of tangible and heritage assets	46,574	-	-	46,574	44,842
Loss on sale of tangible fixed assets	-	-	-	-	5,988
Interest payable and similar charges	4,288	252	1,834	6,374	17,071
Bank charges	1,328	-	-	1,328	-
Auditors' remuneration	6,306	106	4,092	10,504	4,030
	229,329	11,510	43,458	284,297	407,527

continued...

3. DONATIONS AND LEGACIES

	Unrestricted funds	Restricted funds	2021 Total funds	2020 Total funds
	£	£	£	£
Donations	1,799	3,540	5,339	2,435
Grants	149,276	1,091,170	1,240,446	1,205,488
	151,075	1,094,710	1,245,785	1,207,923

Grants received, included in the above, are as follows:

	2021	2020
	£	£
Music Education Grant	736,780	738,225
Worcestershire County Council Funding	143,404	108,693
Cultural Development Fund Grants	236,950	290,864
Arts Council England	56,242	32,808
The National Foundation for Youth Music	24,915	-
West Merica Police	20,000	20,000
Without Walls Consortium Ltd	4,150	-
Other Grants	18,005	14,898
	1,240,446	1,205,488

4. INCOME FROM CHARITABLE ACTIVITIES

	Music Education	Arts Development	2021 Total activities	2020 Total activities
	£	£	£	£
Sundry parent income	210	-	210	27,852
CPD income	-	-	-	1,530
Event income	-	-	-	8,773
Project income	5,139	34,043	39,182	35,641
Resources	14,025	-	14,025	27,135
Tuition	277,035	-	277,035	809,282
Subscriptions	4,643	-	4,643	24,160
Concerts	82	-	82	5,810
Rent and workshop income	-	-	-	2,129
	301,134	34,043	335,177	942,312

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 6)	Support costs (see note 7)	Totals
	£	£	£
Music Education	1,234,378	229,329	1,463,707
Arts Development	139,987	47,951	187,938
Festivals	283,552	7,017	290,569
	1,657,917	284,297	1,942,214

continued...

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	8,926	1,198,997	1,207,923
Charitable activities			
Music Education	904,964	-	904,964
Arts Development	16,329	21,019	37,348
Total	930,219	1,220,016	2,150,235
EXPENDITURE ON			
Charitable activities			
Music Education	514,180	1,132,119	1,646,299
Arts Development	163,186	11,053	174,239
Festivals	202,794	10,083	212,877
Total	880,160	1,153,255	2,033,415
NET INCOME	50,059	66,761	116,820
RECONCILIATION OF FUNDS			
Total funds brought forward	1,151,332	39,178	1,190,510
TOTAL FUNDS CARRIED FORWARD	1,201,391	105,939	1,307,330

13. TANGIBLE FIXED ASSETS

	Instruments £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st April 2020	**499,499**	**71,719**	**3,500**	**39,191**	**613,909**
Additions	**2,885**	**4,659**	**6,600**	**3,122**	**17,266**
At 31st March 2021	**502,384**	**76,378**	**10,100**	**42,313**	**631,175**
DEPRECIATION					
At 1st April 2020	**64,384**	**13,801**	**1,050**	**6,411**	**85,646**
Charge for year	**28,554**	**8,086**	**1,470**	**8,464**	**46,574**
At 31st March 2021	**92,938**	**21,887**	**2,520**	**14,875**	**132,220**
NET BOOK VALUE					
At 31st March 2021	**409,446**	**54,491**	**7,580**	**27,438**	**498,955**
At 31st March 2020	435,115	57,918	2,450	32,780	528,263

continued...

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation - owned assets	**46,574**	44,842
Hire of plant and machinery	**13,738**	3,104
Deficit on disposal of fixed assets	**-**	5,988
Rent paid under operating leases	**43,236**	43,137

9. AUDITORS' REMUNERATION

	2021	2020
	£	£
Audit remuneration	**4,000**	4,030
TPS EOYC audit	**1,200**	1,200
Other services	**5,304**	198
	10,504	5,428

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st March 2021 nor for the year ended 31st March 2020.

TRUSTEES' EXPENSES

One trustee was reimbursed travel expenses of £654 in the year (2020: one trustee £1,086).

11. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	**1,142,918**	1,130,485
Social security costs	**78,562**	74,852
Other pension costs	**201,356**	218,124
	1,422,836	1,423,461

The average monthly number of employees during the year was as follows:

	2021	2020
Average number of employees	**84**	81

No employees (2020: no employees) received employee benefits (excluding employer pension and national insurance costs) of more than £60,000

Key management personnel remunerations
During the year total remuneration, including employer pension and national insurance costs, paid to key management personnel totalled £233,170 for 4 employees (2020: £221,698 for 4 employees).

continued...

19. MOVEMENT IN FUNDS

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General fund	436,932	(93,810)	(17,690)	325,432
Designated Funds	300,000	-	-	300,000
Assets transferred from Worcestershire County Council	464,459	(37,925)	21,631	448,165
WCC Arts Connect	-	37,521	-	37,521
	1,201,391	(94,214)	3,941	1,111,118
Restricted funds				
Music Education Grant	-	2,885	(2,885)	-
Inspiring Future Through The Arts	468	10,164	-	10,632
Worcestershire Arts Partnership	636	(956)	320	-
Cultural Educational Programme	3,628	1,642	-	5,270
Bursary Fund	2,098	3,485	(2,238)	3,345
Cultural Development Fund	79,718	(73,517)	862	7,063
Space Hive	17,391	(5,548)	-	11,843
Worcestershire Children's First	2,000	(2,000)	-	-
Furthering Talent	-	7,724	-	7,724
Youth Music	-	25,456	-	25,456
Sundry Restricted Donations	-	265	-	265
	105,939	(30,400)	(3,941)	71,598
TOTAL FUNDS	1,307,330	(124,614)	-	1,182,716

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	535,082	(628,892)	(93,810)
Assets transferred from Worcestershire County Council	-	(37,925)	(37,925)
WCC Arts Connect	159,256	(121,735)	37,521
	694,338	(788,552)	(94,214)
Restricted funds			
Music Education Grant	736,781	(733,896)	2,885
Inspiring Future Through The Arts	20,467	(10,303)	10,164
Worcestershire Arts Partnership	(10)	(946)	(956)
Cultural Educational Programme	4,000	(2,358)	1,642
Bursary Fund	3,485	-	3,485
Cultural Development Fund	261,332	(334,849)	(73,517)
Space Hive	199	(5,747)	(5,548)
Arts Council TPS Grant	56,242	(56,242)	-
Worcestershire Children's First	-	(2,000)	(2,000)
Furthering Talent	13,920	(6,196)	7,724
Youth Music	26,581	(1,125)	25,456
Sundry Restricted Donations	265	-	265
	1,123,262	(1,153,662)	(30,400)
TOTAL FUNDS	1,817,600	(1,942,214)	(124,614)

continued...

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	14,768	48,614
Prepayments and accrued income	167,974	250,303
	182,742	298,917

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Other loans (see note 17)	-	57,143
Trade creditors	22,791	8,245
Social security and other taxes	18,219	21,770
Other creditors	22,439	25,018
Accruals and deferred income	100,866	149,546
	164,315	261,722

Included in accruals and deferred income above is £14,594 (2020: £33,744) of deferred income. Deferred income primarily relates to tuition paid in advance for the 2021/22 year.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Other loans (see note 17)	276,189	242,858

17. LOANS

An analysis of the maturity of the loan payable to Worcestershire County Council, which is repayable by instalments, is as follows:

	2021	2020
	£	£
Amounts falling due within one year	-	57,143
Amounts falling between one and five years	228,571	228,572
Amounts falling due in more than five years	47,618	14,286
	276,189	300,001

The loan payable to Worcestershire County Council is secured against the instruments included within tangible fixed assets (see note 12).

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	32,000	29,333
Between one and five years	29,333	-
	61,333	29,333

continued...

19. MOVEMENT IN FUNDS - continued

Unrestricted funds

- **Designated Reserves**
  A cash reserve of £300,000 has been designated by the trustees to ensure financial stability of the charity and meet charitable objectives.

- **Transferred from Worcestershire County Council**
  Assets (including musical instruments) donated by Worcestershire County Council upon the transfer of County Music Service undertakings to Severn Arts.

- **WCC Arts Connect** Funding to support the cultural sector running networking groups and commissioning artists.

Restricted Funds

- **Music Education Grant**
  DFE Grant allocated by Arts Council of England. Delivers core and extension roles for Music Education as set out in the National Plan for Music Education.

- **The Sheila Trust Fund**
  Classical music bursary fund made up of donations made in memory of a local music teacher.

- **Inspiring Future Through the Arts**
  Provides arts activities through the Probation Service to prevent reoffending. Annual grant from Crime & Police Commissioner.

- **Jump Start**
  Arts Council England Grant to promote and develop new writing. Two-year grant.

- **Worcestershire Arts Partnership**
  Network of arts and cultural organisations - fund to develop members and membership.

- **Cultural Education Programme**
  Arts Connect funding to develop the infrastructure of the Cultural. Education Partnership (a network of organisations promoting arts and culture to young people.

- **Arts Services - Voices and Visions**
  Worcestershire County Council funding to deliver activities as set out the Worcestershire County Arts Contract.

- **Bursary Funds**
  A bursary fund (Music Grows) started in 2019 for musical opportunities for Worcestershire children and young people.

- **Cultural Development Fund**
  Grant to fund festivals element of Worcester Railway Arches Project 2019-22 (project delivered between Worcester City Council, University of Worcester and Severn Arts).

- **Space Hive**
  Crowdfunding and Arts Council England funding for Travelling Music Box project re vehicle purchase, set up and funding sessions.

- **Arts Council TPS Grant**
  Grant to fund increased Teacher Pension Scheme employer contributions.

- **Sundry Donations Received**
  Small donations received for a specific purpose in the year include, ticket income for Symphony Hall Concert, donations to contribute towards the running costs of the Jazz Orchestra and donations for sheet music purchases.

continued...

19. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.19 £	Net movement in funds £	Transfers between funds £	At 31.3.20 £
Unrestricted funds				
General fund	353,727	83,205	-	436,932
Designated Funds	300,000	-	-	300,000
Assets transferred from Worcestershire County Council	497,605	(33,146)	-	464,459
	1,151,332	50,059	-	1,201,391
Restricted funds				
The Sheila Trust Fund	282	(282)	-	-
Inspiring Future Through The Arts	726	(258)	-	468
Jump Start	1,929	(2,373)	444	-
Worcestershire Arts Partnership	2,544	(1,908)	-	636
Cultural Educational Programme	5,000	(1,372)	-	3,628
Arts Services - Voices and Vision	28,597	(28,153)	(444)	-
Bursary Fund	100	1,998	-	2,098
Cultural Development Fund	-	79,718	-	79,718
Space Hive	-	17,391	-	17,391
Worcestershire Children's First	-	2,000	-	2,000
	39,178	66,761	-	105,939
TOTAL FUNDS	1,190,510	116,820	-	1,307,330

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	930,219	(847,014)	83,205
Assets transferred from Worcestershire County Council	-	(33,146)	(33,146)
	930,219	(880,160)	50,059
Restricted funds			
Music Education Grant	738,225	(738,225)	-
The Sheila Trust Fund	-	(282)	(282)
Inspiring Future Through The Arts	20,450	(20,708)	(258)
Jump Start	2,367	(4,740)	(2,373)
Worcestershire Arts Partnership	250	(2,158)	(1,908)
Cultural Educational Programme	6,000	(7,372)	(1,372)
Arts Services - Voices and Vision	108,693	(136,846)	(28,153)
Bursary Fund	1,998	-	1,998
Cultural Development Fund	288,864	(209,146)	79,718
Space Hive	17,391	-	17,391
Arts Council TPS Grant	32,808	(32,808)	-
Malvern Civic Society	200	(200)	-
Income for Trips	20	(20)	-
Ensemble Funding	750	(750)	-
Worcestershire Children's First	2,000	-	2,000
	1,220,016	(1,153,255)	66,761
TOTAL FUNDS	2,150,235	(2,033,415)	116,820

continued...

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The employer's pension costs paid to TPS in the period amounted to £159,358 (2020: £143,414), excluding adjustments in regard to holiday pay accruals.

Local Government Pension Scheme
The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The agreed contribution rates for future years are 21.4% for employers, with employees paying variable rates depending on their level of gross wages received each month.

The employer's pension costs paid to TPS in the period amounted to £45,866 (2020: £61,300), including £nil (2020: £27,100) in regard to accrued additional lump sum top up payments following the triennial actuarial valuation of the LGPS.

Defined contribution scheme
The employer's pension costs paid to the defined contribution scheme in the period amounted to £5,471 (2020: £4,087).

21. RELATED PARTY DISCLOSURES

During the year trustee Mr O Harper, invoiced the charity £250 for project costs in relation to the festivals project (2020: no related party transactions).

19. MOVEMENT IN FUNDS - continued

- **Ensemble Funding**
  Councillors Divisional Fund to provide sheet music ensembles.

- **Worcestershire Children's First**
  Trust funding to deliver holiday arts activities, including music lessons, for vulnerable children and young people in the county

- **Furthering Talent**
  Grant to support 30 talented young musicians from disadvantaged backgrounds to further their music progression and provide mentoring and training support.

- **Youth Music**
  Grant to develop inclusive and accessible music opportunities, training programmes and research to improve diversity, equality and inclusion and widen reach, working with two other music Hubs in Gloucestershire and Warwickshire.

TRANSFERS BETWEEN FUNDS

Transfers were made between the general fund and Assets transferred from Worcestershire Council fund to align the value of the fixed assets with their net book value. Other transfers include to clear the deficit on the Worcestershire Arts Partnership fund and the Cultural Development Fund.

A transfer was also made between the General and Bursary Fund to represent the value of free tuition provided from the fund in the year.

During the year assets to the value of £2,885 were purchased from the Music Education Grant, these assets have been included in unrestricted assets and a transfer between funds to represent the purchase has been made accordingly.

20. EMPLOYEE BENEFIT OBLIGATIONS

The charity's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS to the period ended 31 March 2019.

Included in creditors at the year end were pension creditors of £22,439 (2020: £25,018).

Teachers' Pension Scheme
The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers. All teachers have the option to opt-out of the TPS following enrolment. The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million.

continued...

Severn Arts

Detailed Statement of Financial Activities for the Year Ended 31st March 2021

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	1,799	3,540	5,339	2,435
Grants	149,276	1,091,170	1,240,446	1,205,488
	151,075	1,094,710	1,245,785	1,207,923
Charitable activities				
Sundry parent income	-	210	210	27,852
CPD income	-	-	-	1,530
Event income	-	-	-	8,773
Project income	10,840	28,342	39,182	35,641
Resources	14,025	-	14,025	27,135
Tuition	277,035	-	277,035	809,282
Subscriptions	4,643	-	4,643	24,160
Concerts	82	-	82	5,810
Rent and workshop income	-	-	-	2,129
	306,625	28,552	335,177	942,312
Other income				
Government Grants - CJRS	236,638	-	236,638	-
Total incoming resources	694,338	1,123,262	1,817,600	2,150,235
EXPENDITURE				
Charitable activities				
Wages	482,159	660,759	1,142,918	1,130,485
Social security	21,644	56,918	78,562	74,852
Pensions	22,254	179,102	201,356	218,124
Subcontracted staff costs	13,738	-	13,738	3,104
Instrument consumables	-	141	141	5,374
Workshop expenditure	103	-	103	3,170
External funding and bursary	19,903	7,240	27,143	25,641
Project costs	49,147	144,809	193,956	165,138
	608,948	1,048,969	1,657,917	1,625,888
Support costs				
Management				
Rates and water	2,734	1,104	3,838	2,822
Insurance	5,597	3,813	9,410	8,704
Light and heat	4,801	1,940	6,741	8,766
Telephone	4,704	3,225	7,929	7,310
Advertising	11,405	3,877	15,282	36,019
Sundries	4,581	6,513	11,094	5,692
Service Charges	9,932	4,013	13,945	9,914
Rent	18,829	24,407	43,236	43,137
Travel Expenses	3,554	9,870	13,424	81,705
IT Expenses	32,321	22,197	54,518	51,222
Legal, HR and Professional	865	2,573	3,438	14,773
Carried forward	99,323	83,532	182,855	270,064

Severn Arts

Detailed Statement of Financial Activities for the Year Ended 31st March 2021

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
Management				
Brought forward	**99,323**	**83,532**	**182,855**	270,064
Accountancy and Payroll	**7,222**	**6,804**	**14,026**	5,310
Recruitment Costs	**-**	**-**	**-**	4,427
Conference Costs	**370**	**-**	**370**	2,124
Subscriptions	**3,549**	**1,770**	**5,319**	1,739
Board Costs	**819**	**15**	**834**	1,146
Premises Costs	**3,962**	**1,601**	**5,563**	14,603
CPD Costs	**1,222**	**7,359**	**8,581**	6,709
Venue Hire	**22**	**-**	**22**	21,118
Safeguarding Costs	**1,300**	**-**	**1,300**	5,796
Postage and Stationary	**411**	**236**	**647**	2,560
Depreciation of tangible and heritage assets	**45,804**	**770**	**46,574**	44,842
Loss on sale of tangible fixed assets	**-**	**-**	**-**	5,988
Interest payable	**4,540**	**1,834**	**6,374**	17,071
	168,544	**103,921**	**272,465**	403,497
Finance				
Bank charges	**1,328**	**-**	**1,328**	-
Governance costs				
Auditors' remuneration	**9,732**	**772**	**10,504**	4,030
Total resources expended	**788,552**	**1,153,662**	**1,942,214**	2,033,415
Net income/(expenditure)	**(94,214)**	**(30,400)**	**(124,614)**	116,820

SEVERN ARTS

England & Wales - Charity number 1180335

Accounts

Registered number: 11033978
Charity number: 1180335

SEVERN ARTS

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2020

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

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SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 MARCH 2020

Trustees	Andrew Watts Chloë Phillips Daniel Herbert Hannah Needham John de la Cour Julie Berrow Karen Edwards William Davies
Company registered number	11033978
Charity registered number	1180335
Registered office	Suite 11, Malvern Gate Bromwich Road Worcester WR2 4BN
Principal operating office	Suite 11, Malvern Gate Bromwich Road Worcester WR2 4BN
Chief executive officer	Laura Worsfold
Independent auditors	The Richards Sandy Partnership Limited Statutory Auditors Thorneloe House Barbourne Road Worcester WR1 1RU
Bankers	Lloyds Bank Units 2 & 3 Caxton Gate 36/38 New Street Birmingham B2 4LP
Solicitors	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES

TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 MARCH 2020

The Trustees present their annual report together with the audited financial statements of the Charitable Company for the period 1 April 2019 to 31 March 2020. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective January 2015).

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

INTRODUCTION

This is the second set of trading accounts to be drawn up by Severn Arts. Although the Company was incorporated in October 2017, no financial activity took place until 1st March 2018. A set of dormant accounts were filed for the period before that date.

The Company began operations formally on 1st March 2018 after five Trustees who had volunteered for the role were formally appointed under revised Articles of Association which they adopted on 15th March 2018. The intention was to take over responsibility for the Worcestershire County Music Service (which was already trading as Severn Arts) and, in September 2018 the transfer of the County Arts service took place. On16th October 2018 the Company was formally registered as a Charity by the Charity Commission.

In January 2019, the new Chief Executive, Laura Worsfold, took over and Severn Arts inherited a new programme of Festivals work as part of a DCMS/Arts Council-backed Cultural Development Fund programme for Worcester City.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution

The company is constituted under a Memorandum of Association dated 18 October 2017 and is a registered charity number 1180335.

b. Methods of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are appointed and co opted under the terms of the Articles of Association. Day to day management is delegated by the Board of Trustees to the Chief Executive Officer.

Trustees have received training through two board away days concentrating upon the role of board, policy and strategic direction. The Chair and CEO are also currently attending diversity training. All trustees are invited to participate in CPD as required. All board members are subject to DBS. Severn Arts has invested in a national leadership transformational change programme supported by the Arts Council of England. Change Creation and the Board have participated in a specific programme aimed at governance and strategic direction. Individual Trustees are now leading on inclusion and artistic policy as well as safeguarding and financial matters. The Board of Trustees is fully committed to training and development and are engaged in regional and national agendas as part of the West Midlands Culture Response Unit.

OBJECTIVES AND ACTIVITIES

c. Policies and objectives

The Company has widely-drawn charitable Objects which focus on education, music and the arts and the promotion of social inclusion.

The Company's current purposes are:

- To deliver the work of the Worcestershire Music Education Hub against the core and extension roles outlined in the National Plan for Music Education.
- To provide and develop opportunities for music tuition, instrument repair & loan and activity for children and young people in Worcestershire.
- To deliver arts activities as outlined in an Arts Plan currently supported by Worcestershire County Council.
- To develop and deliver a Festivals programme as part of The Arches Worcester Cultural Development Fund (CDF) project.

The principal strategies employed to achieve these purposes are:

- To present subsidised, affordable whole-class, small group and 1-2-1 music tuition in schools delivered by experienced, high-quality music teachers.
- To provide an extensive orchestra and ensemble offer and performance opportunities.
- To support and implement music and arts education projects that engage children and young people with creative activity and encourage progression and growth.
- To develop and nurture excellence in teaching practice and invest in CPD and resources that support music teachers to implement an enriched and inspiring curriculum.
- To provide inspiring, ambitious artistic programmes and opportunities that reflect ambition, involve and engage young people in the creative arts sector and provide platforms for artistic talent to grow and prosper.
- To provide support, training and development opportunities for creative professionals.
- To employ and develop a dedicated and skilled diverse workforce.

ACHIEVEMENTS AND PERFORMANCE

a. Worcestershire Music Education Hub

Severn Arts works in partnership with key music organisations who collectively make up the Hub, which is chaired by a member of staff at the University of Worcester.

In 2019-20:

- 196 schools engaged with the Hub
- 87 schools received whole class teaching
- 3969 pupils received tuition through whole class
- 127 schools were supported through CPD/visits
- 126 schools were supported to develop a singing strategy

We delivered a comprehensive events programme aimed at celebrating young talent and offering a range of large, medium and intimate music and arts concerts and activities that showcase the county's children and young people and appeal to a wide audience. Examples include the countywide Festival of Music involving over 250 children; the Big Sing with over 2000 children taking part; and participation in national projects such as BBC Ten pieces, National Youth Orchestra and National Youth Jazz Orchestra. We also participated in the West Midlands Big Month of Music in March as a partner in the West Midlands Music Group.

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

New partnerships established during the year include Soundabout, commissioned to undertake a needs analysis; CPD session and engagement strategy for children and young people living with disabilities and special needs; the Tri-Borough Early Years Consortium, working with us on developing and Early Years approach and delivering CPD for around 360 Early Years staff; Charanga, a music resource to provide resources free of charge to all our schools; CPD and support for singing; Armonico, with a significant project for 2020 targeting boys.

Severn Arts also has significant partnerships with the National Youth Orchestra`s Inspire programme; MAC Makes Music, working with Looked After Children (LAC); SEND children and Open Orchestra; Yamaha - new school and CPD opportunities including Class Band training, workshops provided by endorsed musicians; and Jamie Cullum led the world's first 5G music lesson, which included one of WYJO's drummers.

The CPD programme for all staff and schools expanded considerably during the year. Sessions took place with the exam boards, OCR, Trinity and courses added from Music Education Solutions and Charanga. We are planning for next year and beyond to make a better match of CPD training with what schools require, as well as providing them and our staff with the latest updates and training opportunities regionally and nationally. We are also looking at a programme across year which would spread out the intensive 5 days that we currently provide at the beginning of the academic year.

b. Arts Development

As this programme is funded by Worcestershire County Council, it sets out to meet the 4 main aims of the Council - children and young people, business support, health and wellbeing and the environment.

The development of Young Voices, New Visions saw Worcester Cathedral transformed as audiences were led through a site inspired promenade performance over 2 nights. The exhibition demonstrated the wealth of talented young artists in the County with over 60 schools taking part.

Covid19 hit just as the final of the Young Poet Laureate was due to take place. The competition this year was extended to incorporate children from aged 8 to encourage poetry writing from an early age. 3 winners from 3 age groups were announced online with 1 overall Young Poet Laureate.

A new partnership with organisations in Redditch was created to focus on people not already engaging in the arts. An application for 4 years funding was due to be submitted in March 2020 but had to be put on hold due to Covid19.

Further funding was received from West Mercia Police and Crime Commissioner to continue the important work of the Inspiring Futures project which we run within the Warwickshire and West Mercia Community Rehabilitation Company (Probation) in Worcester.

A key strand of arts development work is to support the creative sector and growing talent, including a new grants programme and masterclass programme.

We continue to support Live and Local to bring high quality live shows to rural and community venues across the county. 66 events took place over the year with a further 19 being cancelled due to Covid19. Audiences were therefore down on the previous year with 2622 audiences attending events.

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

c. Festivals – Cultural Development Fund programme

As part of this new development for the Company, 8 new jobs were created for the Festivals Team through the Cultural Development Funding. This included 2 apprenticeships and 1 internship to support young people entering into a career in the arts through different entry points.

The first Festival, Light Night, took place in January 2020. Audiences exceeded all expectations with over 5000 people attending the event. A thorough evaluation of the event evidenced the need for more festivals in Worcester with 85% asking for more festivals and 43% of those attending not having been to a festival before. Business saw an increase in their footfall by 6% on the night of Light Night.

As part of the Cultural Development Fund legacy there is a strand of work which supports local grassroots festivals. The aim is to increase ambition, raise aspirations and develop audiences. A new scheme was launched in February 2020 to encourage local festivals to apply for funding to sustain their organisations in the long term.

In March 2020 Covid19 hit and all plans for physical delivery of future festivals were put on hold.

FINANCIAL REVIEW

a. Overview

The bulk of Severn Arts' income comes from services for schools and parents. As a result of Covid-19 there will be challenges ahead to maintain the level of earned income. There is now increased challenge in ensuring music services remain at the heart of the cultural education offer in schools, and we have adapted our marketing strategy to encourage new schools to engage with us. This was starting to reap dividends, but will be slow to restart following Covid-19.

We receive a substantial Arts Council England grant to run the Worcestershire Music Hub. During 2019-20 we maintained the level of financial support from the education sector for specific evaluation work on the impact of our service through the University of Worcester, and we increased our income from the arts and cultural sector by providing training, CPD and support for artists and arts organisations. We secured a further annual grant of £20,000 from the Police and Crime Commissioner to continue the Probation Service Inspiring Futures project.

Other earned income has come from sales at concerts, sponsorship and instrument loan. A new business model to generate more income from the workshop is planned, and a review of our fees and charges is underway.

We also launched a Music Awards scheme in January 2019 to support young musicians to access opportunities, and received donations of £5,500.

Through a Crowdfunding campaign run in partnership with the Arts Council and Space Hive, Severn Arts raised £20,000 to purchase a music bus which will house our digital offer to schools and local communities and will offer access to music for everyone.

Income from the Cultural Development Fund Worcester Arches project finances the festivals component of the programme, and we also receive income to supply project management for the overall programme.

At 31st March 2020, total reserves are £1,307,330 consisting of £105,939 restricted funds and £1,201,391 unrestricted funds. Unrestricted funds include free reserves of £436,932.

FINANCIAL REVIEW (CONTINUED)

b. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can bé found in the Accounting Policies.

c. Reserves policy

EnteThe current reserves position of the Charity is set out in note 14 to these accounts. In summary the Charity has a current reserves balance of £1,307,330 (compared with £1,190,510 at 31st March 2019). However not all of these reserves are held in cash or cash equivalents. In order to ensure the financial stability of the Charity and to ensure that it can continue to meet its charitable objectives, the Trustees have agreed that a cash reserve of £300,000 should be held in addition to other cash and non cash reserves. This represents 3 months of net income for the charity. The policy assumes that the Charity is a going concern and that there is no foreseeable likelihood of it ceasing to operate. If the Charity did cease to operate, then it could liquidate its non cash assets in order to meet any winding up costs.

In deciding on this level of reserves, the Trustees have considered the financial risks that face the Charity, the certainty of income and the impact on users should the charity be unable to provide its services. The major financial risk faced is the withdrawal of grant support from Arts Council England. Whilst this would have a significant impact, the Charity would have forewarning of this and could plan appropriately. As such, the Trustees have assessed the financial risk to the Charity as being low, given the relative certainty of the main income streams.

There is clearly a need to review the reserves policy regularly as a trading history and an understanding of risk is developed. The Trustees accordingly review this reserves policy every 4 months. At the latest review, the Trustees considered the revised financial plans for the Charity. In the light of potential reduced income and the ongoing uncertainty associated with all income streams, a decision was taken to reduce the target reserves level and to put in place a fixed trigger point that would be used to indicate a fuller review of future plans was required. This trigger point was agreed to be £154,000, this being the lowest cash reserve balance predicted in the revised plans. Any indication that cash reserves were falling below this level will trigger a new, detailed financial review.

d. Risk management

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

e. Plans for future periods

Severn Arts plans to continue operating as it has during this year. It also plans to develop new business models and identify options for future business growth.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial period. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102)
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

Disclosure of information to auditors

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

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, The Richards Sandy Partnership Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

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

John de la Cour

John de la Cour
(Chair of Trustees)

Date: 15th December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEVERN ARTS

OPINION

We have audited the financial statements of Severn Arts (the 'charitable company') for the period ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Robert Iestyn Richards (Senior Statutory Auditor)

The Richards Sandy Partnership Limited
Statutory Auditors
Thorneloe House
25 Barbourne Road
Worcester
WR1 1RU

Date: 15 December 2020

The Richards Sandy Partnership Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEVERN ARTS (CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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Robert Iestyn Richards
The Richards Sandy Partnership Limited
Statutory Auditors
Thorneloe House
Barbourne Road
Worcester
WR1 1RU

Date:

The Richards Sandy Partnership Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE PERIOD ENDED 31 MARCH 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 13 months ended 31 March 2019 £
INCOME FROM:					
Donations and legacies	4	**8,926.0**	**1,198,997.0**	**1,207,923.0**	1,838,934.0
Charitable activities	5	**921,293.0**	**21,019.0**	**942,312.0**	763,166.0
TOTAL INCOME		**930,219.0**	**1,220,016.0**	**2,150,235.0**	2,602,100.0
EXPENDITURE ON:					
Charitable activities		**880,160.0**	**1,153,255.0**	**2,033,415.0**	1,411,590.0
NET MOVEMENT IN FUNDS		**50,059.0**	**66,761.0**	**116,820.0**	1,190,510.0
RECONCILIATION OF FUNDS:					
Total funds brought forward		**1,151,332.0**	**39,178.0**	**1,190,510.0**	-
Net movement in funds		**50,059.0**	**66,761.0**	**116,820.0**	1,190,510.0
TOTAL FUNDS CARRIED FORWARD		**1,201,391.0**	**105,939.0**	**1,307,330.0**	1,190,510.0

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 14 to 34 form part of these financial statements.

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:11033978

BALANCE SHEET
AS AT 31 MARCH 2020

	Note		2020 £		2019 £
FIXED ASSETS					
Tangible assets	9		**528,263.0**		539,128.0
CURRENT ASSETS					
Debtors	10	**298,917.0**		186,614.0	
Cash at bank and in hand		**984,730.0**		1,029,879.0	
		1,283,647.0		1,216,493.0	
Creditors: amounts falling due within one year	11	**(261,722.0)**		(265,110.0)	
NET CURRENT ASSETS			**1,021,925.0**		951,383.0
TOTAL ASSETS LESS CURRENT LIABILITIES			**1,550,188.0**		1,490,511.0
Creditors: amounts falling due after more than one year	12		**(242,858.0)**		(300,001.0)
TOTAL NET ASSETS			**1,307,330.0**		1,190,510.0
CHARITY FUNDS					
Restricted funds	14		**105,939.0**		39,178.0
Unrestricted funds	14		**1,201,391.0**		1,151,332.0
TOTAL FUNDS			**1,307,330.0**		1,190,510.0

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

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

However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees on 15 December 2020 and signed on their behalf by:

John de la Cour
(Chair of Trustees)

The notes on pages 14 to 34 form part of these financial statements.

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2020

	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operating activities	**45,971.0**	270,042.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	**(40,205.0)**	(46,434.0)
Disposal of tangible fixed assets	**6,227.0**	-
Cash reserves transferred from Worcestershire County Council	**-**	449,128.0
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	**(33,978.0)**	**402,694.0**
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from new borrowing from Worcestershire County Council	**-**	400,000.0
Repayments of borrowing from Worcestershire County Council	**(57,142.0)**	(42,857.0)
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	**(57,142.0)**	**357,143.0**
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD	**(45,149.0)**	**1,029,879.0**
Cash and cash equivalents at the beginning of the period	**1,029,879.0**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**984,730.0**	1,029,879.0

The notes on pages 14 to 34 form part of these financial statements

1. GENERAL INFORMATION

Severn Arts is a private limited Charitable Company incorporated in the UK and registered in England and Wales. This is the Charity's third year since incorporation and second year of trading.

The Charitable Company is a private company limited by guarantee. The members of the Charitable Company are the Trustees named on page 1. In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charitable Company.

The principal activity of the Charitable Company is that set out in the Trustees' Report.

The accounts are presented in £1 and are rounded to the nearest £1.

The comparative period is not 12 months, therefore is not wholly comparable.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006, except in regard to the treatment of the LGPS as if it was a defined contribution scheme rather than if it was a defined benefit scheme, which is a departure from the requirement of FRS 102 done on the basis that accounting for the LGPS as a defined benefit scheme is inconsistent with the requirement to give a true and fair view (see the accounting policy for pension costs for more details).

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

2. ACCOUNTING POLICIES (continued)

2.2 INCOME

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

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

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset class and depreciated over the useful economic life in accordance with the Charitable Company's accounting policies.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the Charitable Company which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

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

2.3 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All expenditure is inclusive of irrecoverable VAT.

2.4 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charitable Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2. ACCOUNTING POLICIES (continued)

2.5 TAXATION

The Charitable Company 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 Charitable Company 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.

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets costing £500 or more are capitalised.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

2. ACCOUNTING POLICIES (continued)

2.6 TANGIBLE FIXED ASSETS AND DEPRECIATION (CONTINUED)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	- 5 years straight line
Fixtures and fittings	- 10 years straight line
Office equipment	- 10 years straight line
Computer equipment	- 5 years straight line
Instruments	- see below

Category:

A. Low value/Low life expectancy: Over 4 years. This applies to instruments such as recorders, fifes, doods, ukuleles and other similar low value items.

B. Brass: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.

C. Woodwind: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.

D. Upper strings: Instrument have longer life in schools, however are of much lower initial value than brass/woodwind which makes them less sellable over time. Assume 30% at year 10 and 0% at year 20.

E. Lower Strings: Instruments have a longer life in schools. Assuming 50% at 10 years down to 20% at 20 years.

F. Tuned Percussion: Includes some higher value instrument which are not hired out and so wear and tear is less (tend to be used centrally). E.g. Timpani, Marimba, Xylophone, Vibrophone, Keyboard instruments. Assumed slower depreciation - 60% of original value at year 10 and 30% at year 20.

G. Untuned Percussion: Includes lower cost instruments such as cymbols, drums, djembes. Usually higher wear and tear for small percussion. Some, such as djembe are hired to schools in sets and are often not repairable. Assumed 20% at year 10.

H. High Value: Includes instruments rarely hired out, used centrally only or of exceptional value – e.g. Harp, Contrabassoon etc. Instruments are kept in excellent serviced condition and still retain considerable value after 20 years (assumed 50%).

I. Miscellaneous: This assumed straight line depreciation to 10% after 10 years and covers non standard items, e.g. Drum kit, Early Years percussion, Samba, Folk.

2.7 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.8 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2. ACCOUNTING POLICIES (continued)

2.9 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charitable Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation

2.10 FINANCIAL INSTRUMENTS

The Charitable Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.11 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2. ACCOUNTING POLICIES (continued)

2.12 PENSIONS

Retirement benefits to employees of the charitable company are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The Local Government Pension Scheme (LGPS) is a funded multi-employer defined benefit scheme and the assets are held separately from those of the company in separate trustee administered funds. Whilst it would be possible to obtain an actuarial valuation of the charity's share of the LGPS to which the charity belongs, the trustees of the charity believe that to account for the LGPS as a defined benefit scheme, rather than as a defined contribution scheme, would be inconsistent with the requirement to give a true and fair view. This is because the trustees do not consider their annual contributions relating to settling their share of the LGPS's current forecast deficit to be material to the accounts of the charity (based on the information provided within the most recent triennial actuarial valuation of the relevant LGPS) and also due to the very low number of members of the LGPS allocated to the charity compared to the overall number of members of the relevant LGPS, it is considered probable that an actuarial valuation of the charity's share of the deficit would likely be significantly below the level of materiality of the LGPS's own full actuarial valuation and as such the charity would be disproportionately affected by any significant uncertainty in assumptions or errors compared to other scheme employers. In addition, the minority of employees of the charity that belong to the LGPS include two of the three members of the senior management team and accounting for the LGPS as a defined benefit scheme would likely cause adjustments to disclosures concerning the remuneration paid to key management personnel in such a way that is not likely to be accurately determined on an individual employee basis and would likely be less comparable year on year due to changes in actuarial assumptions applied each year. The trustees therefore believe that accounting for their payments to the LGPS as a defined contribution scheme better reflects the actual financial impact to the charity.

Where the charity has entered into an agreement with the LGPS that determines how the charity will fund a deficit, the charity recognises at that point a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised within the statement of financial activities.

2.13 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charitable Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are shown in notes 9 and 19.

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 13 months ended 31 March 2019 £
DONATIONS				
Instruments transferred by Worcestershire County Council	-	-	-	487,784.0
Other fixed assets transferred by Worcestershire County Council	-	-	-	45,769.0
Cash reserves transferred from Worcestershire County Council	-	-	-	449,128.0
Other donations	271.0	2,164.0	**2,435.0**	53,492.0
GRANTS				
Music Education Grant	-	738,225.0	**738,225.0**	735,213.0
Worcestershire County Council funding	-	108,693.0	**108,693.0**	65,346.0
Cultural Development Fund grants	-	290,864.0	**290,864.0**	-
Arts Council England	-	32,808.0	**32,808.0**	2,102.0
Other grants	8,655.0	26,243.0	**34,898.0**	100.0
TOTAL 2020	8,926.0	1,198,997.0	**1,207,923.0**	1,838,934.0
TOTAL 2019	1,008,102.0	830,832.0	1,838,934.0	

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 13 months ended 31 March 2019 £
CPD	1,530.0	-	**1,530.0**	1,431.0
Event Income	8,773.0	-	**8,773.0**	6,184.0
Projects	14,622.0	21,019.0	**35,641.0**	6,465.0
Resources	27,135.0	-	**27,135.0**	8,855.0
Tuition	809,282.0	-	**809,282.0**	693,287.0
Subscriptions	24,160.0	-	**24,160.0**	2,069.0
Concerts	5,810.0	-	**5,810.0**	7,830.0
Rent and workshop income	2,129.0	-	**2,129.0**	5,061.0
Parent income	27,852.0	-	**27,852.0**	29,393.0
Miscellaneous	-	-	-	2,591.0
TOTAL 2020	921,293.0	21,019.0	**942,312.0**	763,166.0
TOTAL 2019	763,166.0	-	763,166.0	

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 13 months ended 31 March 2019 £
Music Education	1,297,878.0	348,421.0	**1,646,299.0**	1,400,237.0
Arts Development	157,642.0	16,597.0	**174,239.0**	805.0
Festivals	170,368.0	42,509.0	**212,877.0**	10,548.0
	1,625,888.0	407,527.0	**2,033,415.0**	1,411,590.0
TOTAL 2019	1,096,426.0	315,164.0	1,411,590.0	

Analysis of direct costs

	Music 2020 £	Arts 2020 £	Festivals 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	1,264,787.0	69,278.0	92,500.0	**1,426,565.0**	1,040,027.0
Instrument consumables	5,374.0	-	-	**5,374.0**	1,566.0
Workshop expenditure	3,170.0	-	-	**3,170.0**	1,055.0
External funding and bursary	11,141.0	14,500.0	-	**25,641.0**	6,386.0
Project costs	13,406.0	73,864.0	77,868.0	**165,138.0**	47,392.0
	1,297,878.0	157,642.0	170,368.0	**1,625,888.0**	1,096,426.0
TOTAL 2019	1,085,073.0	805.0	10,548.0	1,096,426.0	

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Music 2020 £	Arts 2020 £	Festivals 2020 £	Total funds 2020 £	Total funds 2019 £
Depreciation	44,788.0	-	-	**44,788.0**	40,859.0
Service charges	12,364.0	280.0	1,300.0	**13,944.0**	10,458.0
Rent	37,329.0	1,373.0	4,435.0	**43,137.0**	35,092.0
Travel expenses	74,619.0	1,875.0	5,211.0	**81,705.0**	65,835.0
IT expenses	44,133.0	1,265.0	5,878.0	**51,276.0**	15,622.0
Legal, HR and professional	13,552.0	217.0	1,004.0	**14,773.0**	27,519.0
Accountancy and Payroll	4,735.0	102.0	473.0	**5,310.0**	4,332.0
Rates	2,502.0	57.0	263.0	**2,822.0**	3,519.0
Insurance	7,616.0	233.0	855.0	**8,704.0**	8,325.0
Telephone	6,482.0	147.0	681.0	**7,310.0**	6,688.0
Repairs and Maintenance	-	-	-	**-**	11,685.0
Recruitment Costs	2,085.0	30.0	2,312.0	**4,427.0**	6,998.0
Conference Costs	957.0	1,053.0	114.0	**2,124.0**	663.0
Subscriptions	1,138.0	61.0	540.0	**1,739.0**	2,669.0
Board Costs	1,090.0	10.0	46.0	**1,146.0**	4,561.0
Loss on disposal of assets	5,988.0	-	-	**5,988.0**	-
Marketing	17,765.0	2,889.0	15,365.0	**36,019.0**	3,579.0
Utilities	7,831.0	166.0	769.0	**8,766.0**	7,277.0
Sundry	4,131.0	3,848.0	273.0	**8,252.0**	10,378.0
Premises Costs	13,020.0	281.0	1,302.0	**14,603.0**	18,522.0
CPD	5,716.0	261.0	732.0	**6,709.0**	4,235.0
Venue Hire	18,067.0	2,350.0	701.0	**21,118.0**	12,008.0
Safeguarding	5,442.0	99.0	255.0	**5,796.0**	-
Loan interest	17,071.0	-	-	**17,071.0**	14,340.0
	348,421.0	16,597.0	42,509.0	**407,527.0**	315,164.0
TOTAL 2019	315,164.0	-	-	315,164.0	

7. AUDITORS' REMUNERATION

	2020 £	13 months ended 31 March 2019 £
Fees payable to the Charitable Company's auditor for the audit of the Charitable Company's annual accounts	**4,030.0**	3,300.0

8. STAFF COSTS

	2020 £	13 months ended 31 March 2019 £
Wages and salaries	**1,133,589.0**	848,140.0
Social security costs	**74,852.0**	54,050.0
Contribution to defined contribution pension schemes	**218,124.0**	137,837.0
	1,426,565.0	1,040,027.0

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

	2020 No.	13 months ended 31 March 2019 No.
	96	90

No employee received remuneration amounting to more than £60,000 in either year.

The key management personel employee benefits for the year totalled £221,698 (2019: £158,865), including employer's National Insurance and pension contributions.

During the year, no Trustees received any remuneration or other benefits (2019: £NIL).

1 Trustee received reimbursment of travel expenses amounting to £1,086 (2018: 1 Trustee - £504).

9. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Instruments £	Total £
COST OR VALUATION						
At 1 April 2019	**3,500.0**	**23,033.0**	**46,548.0**	**19,122.0**	**487,784.0**	**579,987.0**
Additions	**-**	**-**	**2,138.0**	**20,069.0**	**17,998.0**	**40,205.0**
Disposals	**-**	**-**	**-**	**-**	**(6,283.0)**	**(6,283.0)**
At 31 March 2020	**3,500.0**	**23,033.0**	**48,686.0**	**39,191.0**	**499,499.0**	**613,909.0**
DEPRECIATION						
At 1 April 2019	**350.0**	**1,974.0**	**4,655.0**	**2,587.0**	**31,293.0**	**40,859.0**
Charge for the period	**700.0**	**2,303.0**	**4,869.0**	**3,824.0**	**33,146.0**	**44,842.0**
On disposals	**-**	**-**	**-**	**-**	**(55.0)**	**(55.0)**
At 31 March 2020	**1,050.0**	**4,277.0**	**9,524.0**	**6,411.0**	**64,384.0**	**85,646.0**
NET BOOK VALUE						
At 31 March 2020	**2,450.0**	**18,756.0**	**39,162.0**	**32,780.0**	**435,115.0**	**528,263.0**
At 31 March 2019	3,150.0	21,059.0	41,893.0	16,535.0	456,491.0	539,128.0

Securities - Severn Arts has a loan from Worcestershire County Council of £300,001 (2019: £357,143) as detailed within the creditors notes (notes 11 and 12), which is secured against the instruments.

10. DEBTORS

	2020 £	2019 £
DUE WITHIN ONE YEAR		
Trade debtors	**48,614.0**	36,076.0
Prepayments and accrued income	**250,303.0**	150,538.0
	298,917.0	186,614.0

Included within accrued income is an amount of £84,292 (2019: £97,855) in relation to tuition and instrument hire fees paid by parents and schools, relating to services provided on 31 March 2020 or before that had not been invoiced and collected until 1 April 2020 or after. Also included in accrued income is an amount of £136,616 (2019: £NIL) in relation to grant income that the Charitable Company was entitled to at 31 March 2020 that had not been received until after that date.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Loan from Worcestershire County Council	**57,143.0**	57,142.0
Trade creditors	**8,245.0**	420.0
Other taxation and social security	**21,770.0**	21,289.0
Other creditors	**25,018.0**	88,858.0
Accruals and deferred income	**149,546.0**	97,401.0
	261,722.0	265,110.0

	2020 £	2019 £
DEFERRED INCOME		
Deferred income at 1 April 2019	**66,643.0**	-
Resources deferred during the period	**33,744.0**	66,643.0
Amounts released from previous periods	**(66,643.0)**	-
	33,744.0	66,643.0

Deferred income relates to various types of income received prior to 31 March 2020 that relates to services that will be performed by the Charitable Company on or after 1 April 2020.

Securities - the Worcestershire County Council loan is secured against the instruments, as detailed within the fixed asset note (note 9). In the next financial year Severn Arts are due to repay £57,143 (2019: £57,142) of the total balance owed of £300,001 (2019: £357,143).

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Loan from Worcestershire County Council	**242,858.0**	300,001.0

The loan from Worcestershire County Council total balance owed is £300,001 (2019: £357,143).

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2020 £	2019 £
Repayable by instalments after 5 years	**14,286.0**	71,429.0

The Worcestershire County Council Loan is repayable over 6 years (2019: 7 years) with an annual interest rate of 4.78%

Securities - the Worcestershire County Council loan is secured against the instruments, as detailed within the fixed asset note (note 9). For financial years 2022-2026 Severn Arts are due to repay £242,858 (2019: £300,001) of the total balance owed of £300,001 (2019: £357,143).

13. LOAN AGEING ANALYSIS

	2020 £	2019 £
Worcestershire County Council loan ageing profile		
Due in 2020	**-**	57,142.0
Due in 2021	**57,143.0**	57,143.0
Due in 2022	**57,143.0**	57,143.0
Due in 2023	**57,143.0**	57,143.0
Due in 2024	**57,143.0**	57,143.0
Due in 2025	**57,143.0**	57,143.0
Due in 2026	**14,286.0**	14,286.0
	300,001.0	357,143.0

14. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT PERIOD

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2020 £
UNRESTRICTED FUNDS					
DESIGNATED FUNDS					
Designated Funds	300,000.0	-	-	-	300,000.0
GENERAL FUNDS					
General Funds	353,727.0	930,219.0	(847,014.0)	-	436,932.0
Assets transferred from Worcestershire County Council	497,605.0	-	(33,146.0)	-	464,459.0
	851,332.0	930,219.0	(880,160.0)	-	901,391.0
RESTRICTED FUNDS					
Music Education Grant	-	738,225.0	(738,225.0)	-	-
The Sheila Trust Fund	282.0	-	(282.0)	-	-
Inspiring Future Through the Arts	726.0	20,450.0	(20,708.0)	-	468.0
Jump Start	1,929.0	2,367.0	(4,740.0)	444.0	-
Worcestershire Arts Partnership	2,544.0	250.0	(2,158.0)	-	636.0
Cultural Educational Programme	5,000.0	6,000.0	(7,372.0)	-	3,628.0
Arts Services - Voices and Vision	28,597.0	108,693.0	(136,846.0)	(444.0)	-
Bursary Fund	100.0	1,998.0	-	-	2,098.0
Cultural Development Fund	-	288,864.0	(209,146.0)	-	79,718.0
Space Hive	-	17,391.0	-	-	17,391.0
Arts Council TPS grant	-	32,808.0	(32,808.0)	-	-
Malvern Civic Society	-	200.0	(200.0)	-	-
Income for Trips	-	20.0	(20.0)	-	-
Ensemble Funding	-	750.0	(750.0)	-	-
Worcestershire Children's First	-	2,000.0	-	-	2,000.0
	39,178.0	1,220,016.0	(1,153,255.0)	-	105,939.0
TOTAL OF FUNDS	1,190,510.0	2,150,235.0	(2,033,415.0)	-	1,307,330.0

14. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR PERIOD

	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2019 £
UNRESTRICTED FUNDS				
DESIGNATED FUNDS				
Designated Funds - all funds	-	-	300,000.0	300,000.0
GENERAL FUNDS				
General Funds	1,231,715.0	(577,988.0)	(300,000.0)	353,727.0
Assets transferred from Worcestershire County Council	533,553.0	(35,948.0)	-	497,605.0
	1,765,268.0	(613,936.0)	(300,000.0)	851,332.0
RESTRICTED FUNDS				
Music Education Grant	735,213.0	(735,213.0)	-	-
The Sheila Trust Fund	602.0	(320.0)	-	282.0
Inspiring Future Through the Arts	17,126.0	(16,400.0)	-	726.0
Jump Start	9,648.0	(7,719.0)	-	1,929.0
Worcestershire Arts Partnership	2,797.0	(253.0)	-	2,544.0
Cultural Educational Programme	5,000.0	-	-	5,000.0
Arts Services - Voices and Vision	66,346.0	(37,749.0)	-	28,597.0
Bursary Fund	100.0	-	-	100.0
	836,832.0	(797,654.0)	-	39,178.0
TOTAL OF FUNDS	2,602,100.0	(1,411,590.0)	-	1,190,510.0

14. STATEMENT OF FUNDS (CONTINUED)

Designated Reserves

- A cash reserve of £300,000 has been designated by the trustees to ensure financial stability of the charity and meet charitable objectives.

General Reserves

- **Transferred from Worcestershire County Council** – Assets (including musical instruments) donated by Worcestershire County Council upon the transfer of County Music Service undertakings to Severn Arts

Restricted Funds

- **Music Education Grant** – DFE Grant allocated by Arts Council of England. Delivers core and extension roles for Music Education as set out in the National Plan for Music Education.
- **The Sheila Trust Fund** – Classical music bursary fund made up of donations made in memory of a local music teacher.
- **Inspiring Future Through the Arts** – Provides arts activities through the Probation Service to prevent reoffending. Annual grant from Crime & Police Commissioner.
- **Jump Start** – Arts Council England Grant to promote and develop new writing. Two-year grant.
- **Worcestershire Arts Partnership** – Network of arts and cultural organisations – fund to develop members and membership.
- **Cultural Education Programme** – Arts Connect funding – grant to develop the infrastructure of the Cultural. Education Partnership (a network of organisations promoting arts and culture to young people.
- **Arts Services - Voices and Visions** – Worcestershire County Council. This is annual funding to deliver activities as set out the Worcestershire County Arts Contract.
- **Bursary Funds** – a bursary fund (Music Grows) started in 2019 for musical opportunities for Worcestershire children and young people.
- **Cultural Development Fund** – Grant to fund Festivals element of Worcester Railway Arches Project – 2019-22 (Project delivered between Worcester City Council, University of Worcester and Severn Arts).
- **Arts Council TPS Grant** – Grant to fund increased Teachers Pension Scheme employers contributions.
- **Spacehive** – Crowdfunding and Arts Council England funding for Travelling Music Box project – vehicle purchase, set up and funded sessions
- **Malvern Civic Society** – funding for sheet music purchase for ensembles
- **Income from Trips** – Ticket income for Symphony Hall Concert
- **Ensemble Funding** – Councillors Divisional Fund to provide sheet music for ensembles

Transfer between funds - A transfer of funds occurred during 2019-20 from WCC Arts Contract to cover a deficit in the associated Jump Start arts fund.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	528,263.0	-	**528,263.0**
Current assets	1,147,031.0	136,616.0	**1,283,647.0**
Creditors due within one year	(229,233.0)	(32,489.0)	**(261,722.0)**
Creditors due in more than one year	(242,858.0)	-	**(242,858.0)**
Difference	(1,812.0)	1,812.0	-
TOTAL	1,201,391.0	105,939.0	**1,307,330.0**

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	539,128.0	-	539,128.0
Current assets	1,148,718.0	67,775.0	1,216,493.0
Creditors due within one year	(236,511.0)	(28,597.0)	(265,108.0)
Creditors due in more than one year	(300,001.0)	-	(300,001.0)
TOTAL	1,151,334.0	39,178.0	1,190,512.0

16. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	**116,820.0**	1,190,510.0
ADJUSTMENTS FOR:		
Depreciation charges	**44,842.0**	40,859.0
Increase in debtors	**(112,303.0)**	(186,614.0)
Increase/(decrease) in creditors	**(3,388.0)**	207,968.0
Fixed assets transferred from Worcestershire County Council	**-**	(533,553.0)
Cash reserves transferred from Worcestershire County Council	**-**	(449,128.0)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**45,971.0**	270,042.0

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand	**984,730.0**	1,029,879.0
TOTAL CASH AND CASH EQUIVALENTS	**984,730.0**	1,029,879.0

18. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2019 £	Cash flows £	Other non-cash changes £	At 31 March 2020 £
Cash at bank and in hand	**1,029,879.0**	**(45,149.0)**	**-**	**984,730.0**
Debt due within 1 year	**(57,142.0)**	**57,142.0**	**(57,143.0)**	**(57,143.0)**
Debt due after 1 year	**(300,001.0)**	**-**	**57,143.0**	**(242,858.0)**
	672,736.0	**11,993.0**	**-**	**684,729.0**

19. PENSION COMMITMENTS

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £143,414 (2019 - £90,956).

At the year end the charity had a pension creditor due to the TPS of £19,357 (2018 - £15,825).

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The agreed contribution rates for future years are 21.4% per cent for employers, with employees paying variable rates depending on their level of gross wages received each month. In addition the charity is schedules to pay the LGPS £27,100 (2019 - £nil) in additional lump sum top up payments to cover their share of the pension scheme's deficit, payable over the next 3 years. These costs have been accrued for in the financial statements.

Total employer pension costs relating to the LPGS for the year was £61,300 (2018 - £37,012), including £27,100 (2019 – £nil) in regard to accrued additional lump sum top up payments.

At the year end the charity had a pension creditor due to the LGPS of £4,425 (2018 - £4,125) and accrued additional lump sum top up payments of £27,100 (2019 - £nil).

Additional lump sum pension contributions have been accrued to the sum of £27,100 (2019: £Nil).

20. OPERATING LEASE COMMITMENTS

At 31 March 2020 the Charitable Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	**29,333.0**	32,000.0
Later than 1 year and not later than 5 years	**-**	29,333.0
	29,333.0	61,333.0

The following lease payments have been recognised as an expense in the Statement of Financial Activities:

	2020	2019
	£	£
Operating lease rentals	**32,000.0**	32,000.0