

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 |

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

**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. On 16th 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.

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020**

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.

**TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020**

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 an 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.

**TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020**

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.

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020**

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 be found in the Accounting Policies.

c. Reserves policy

The 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.

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020**

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
(Chair of Trustees)

Date: 15th December 2020

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

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.

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEVERN ARTS (CONTINUED)



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.

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

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.

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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.

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**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEVERN ARTS (CONTINUED)

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**

| | | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total funds 2020 £ | Total funds 13 months ended 31 March 2019 £ |
|------------------------------------|-------------|--|--|---------------------------------------|--|
| | Note | | | | |
| 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 |
| | | <u>1,283,647.0</u> | <u>1,216,493.0</u> |
| Creditors: amounts falling due within one year | 11 | (261,722.0) | (265,110.0) |
| NET CURRENT ASSETS | | <u>1,021,925.0</u> | <u>951,383.0</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,550,188.0</u> | <u>1,490,511.0</u> |
| Creditors: amounts falling due after more than one year | 12 | (242,858.0) | (300,001.0) |
| TOTAL NET ASSETS | | <u><u>1,307,330.0</u></u> | <u><u>1,190,510.0</u></u> |
| CHARITY FUNDS | | | |
| Restricted funds | 14 | 105,939.0 | 39,178.0 |
| Unrestricted funds | 14 | 1,201,391.0 | 1,151,332.0 |
| TOTAL FUNDS | | <u><u>1,307,330.0</u></u> | <u><u>1,190,510.0</u></u> |

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the 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

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

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.

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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, doodles, 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, Vibraphone, 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 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% 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.

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

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.

**SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

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 | |

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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 | |

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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 |
| | <u>1,625,888.0</u> | <u>407,527.0</u> | <u>2,033,415.0</u> | <u>1,411,590.0</u> |
| TOTAL 2019 | <u><u>1,096,426.0</u></u> | <u><u>315,164.0</u></u> | <u><u>1,411,590.0</u></u> | |

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 |
| | <u>1,297,878.0</u> | <u>157,642.0</u> | <u>170,368.0</u> | <u>1,625,888.0</u> | <u>1,096,426.0</u> |
| TOTAL 2019 | <u><u>1,085,073.0</u></u> | <u><u>805.0</u></u> | <u><u>10,548.0</u></u> | <u><u>1,096,426.0</u></u> | |

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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 |
| | <u>348,421.0</u> | <u>16,597.0</u> | <u>42,509.0</u> | <u>407,527.0</u> | <u>315,164.0</u> |
| TOTAL 2019 | <u>315,164.0</u> | <u>-</u> | <u>-</u> | <u>315,164.0</u> | |

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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 | <u>4,030.0</u> | <u>3,300.0</u> |

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 |
| | <u>1,426,565.0</u> | <u>1,040,027.0</u> |

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. |
|-------------|--|
| <u>96</u> | <u>90</u> |

No employee received remuneration amounting to more than £60,000 in either year.

The key management personnel 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 reimbursement of travel expenses amounting to £1,086 (2018: 1 Trustee - £504).

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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.

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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 |
| | <u>261,722.0</u> | <u>265,110.0</u> |
| | 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) | - |
| | <u>33,744.0</u> | <u>66,643.0</u> |

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).

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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 |

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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 |

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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 |
| | <u>1,765,268.0</u> | <u>(613,936.0)</u> | <u>(300,000.0)</u> | <u>851,332.0</u> |
| 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 |
| | <u>836,832.0</u> | <u>(797,654.0)</u> | <u>-</u> | <u>39,178.0</u> |
| TOTAL OF FUNDS | <u><u>2,602,100.0</u></u> | <u><u>(1,411,590.0)</u></u> | <u><u>-</u></u> | <u><u>1,190,510.0</u></u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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.

SEVERN ARTS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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 |

SEVERN ARTS
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

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 scheduled 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 LGPS 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).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020**

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 |