

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**

<b>TRUSTEES</b>	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)
<b>REGISTERED OFFICE</b>	Suite 11 Malvern Gate Bromwich Road Worcester Worcestershire WR2 4BN
<b>REGISTERED COMPANY NUMBER</b>	11033978 (England and Wales)
<b>REGISTERED CHARITY NUMBER</b>	1180335
<b>AUDITORS</b>	Richards Sandy Audit Services Limited (Statutory Auditor) Thorneloe House 25 Barbourne Road Worcester WR1 1RU
<b>SENIOR MANAGEMENT TEAM</b>	Laura Worsfold (chief executive officer) Debra Fawcett (director of learning) Elaine Knight (arts director) Matthew Tolley (director of finance) - left post year end
<b>SOLICITORS</b>	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES

**Severn Arts**  
**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.



**Severn Arts**  
**Report of the Trustees**  
**for the Year Ended 31st March 2021**

**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.

## **Severn Arts**

### **Report of the Trustees for the Year Ended 31st March 2021**

#### **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.

## Severn Arts

### Report of the Trustees for the Year Ended 31st March 2021

#### 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 ..... and signed on the board's behalf by:

*John de la Cour*  
.....

J de la Cour - Trustee

**Severn Arts**  
**Report of the Trustees**  
**for the Year Ended 31st March 2021**

**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"

## **Report of the Independent Auditors to the Members of Severn Arts**

### **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](http://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 £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	3	151,075	1,094,710	1,245,785	1,207,923
<b>Charitable activities</b>	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	-
<b>Total</b>		694,338	1,123,262	1,817,600	2,150,235
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>	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
<b>Total</b>		788,551	1,153,663	1,942,214	2,033,415
<b>NET INCOME/(EXPENDITURE)</b>		(94,213)	(30,401)	(124,614)	116,820
<b>Transfers between funds</b>	19	3,941	(3,941)	-	-
<b>Net movement in funds</b>		(90,272)	(34,342)	(124,614)	116,820
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		1,201,391	105,939	1,307,330	1,190,510
<b>TOTAL FUNDS CARRIED FORWARD</b>		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 £
<b>FIXED ASSETS</b>					
Tangible assets	13	492,005	6,950	498,955	528,263
<b>CURRENT ASSETS</b>					
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
		<u>1,049,763</u>	<u>74,502</u>	<u>1,124,265</u>	<u>1,283,647</u>
<b>CREDITORS</b>					
Amounts falling due within one year	15	(154,461)	(9,854)	(164,315)	(261,722)
		<u>895,302</u>	<u>64,648</u>	<u>959,950</u>	<u>1,021,925</u>
<b>NET CURRENT ASSETS</b>					
		<u>895,302</u>	<u>64,648</u>	<u>959,950</u>	<u>1,021,925</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,387,307</u>	<u>71,598</u>	<u>1,458,905</u>	<u>1,550,188</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	16	(276,189)	-	(276,189)	(242,858)
		<u>1,111,118</u>	<u>71,598</u>	<u>1,182,716</u>	<u>1,307,330</u>
<b>NET ASSETS</b>					
		<u>1,111,118</u>	<u>71,598</u>	<u>1,182,716</u>	<u>1,307,330</u>
<b>FUNDS</b>	19				
Unrestricted funds				1,111,118	1,201,391
Restricted funds				<u>71,598</u>	<u>105,939</u>
<b>TOTAL FUNDS</b>				<u>1,182,716</u>	<u>1,307,330</u>

The 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

**Severn Arts**

**Cash Flow Statement  
for the Year Ended 31st March 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	4,245	69,029
Interest paid		<u>(6,374)</u>	<u>(17,071)</u>
Net cash (used in)/provided by operating activities		<u>(2,129)</u>	<u>51,958</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(17,266)	(40,205)
Sale of tangible fixed assets		<u>-</u>	<u>240</u>
Net cash used in investing activities		<u>(17,266)</u>	<u>(39,965)</u>
<b>Cash flows from financing activities</b>			
WCC loan repayments		<u>(23,812)</u>	<u>(57,142)</u>
Net cash used in financing activities		<u>(23,812)</u>	<u>(57,142)</u>
		<u>          </u>	<u>          </u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(43,207)</b>	<b>(45,149)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b><u>984,730</u></b>	<b><u>1,029,879</u></b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b><u>941,523</u></b>	<b><u>984,730</u></b>

The notes form part of these financial statements

## Severn Arts

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

#### 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.

**Severn Arts**

**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**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)</b>	<b>(124,614)</b>	<b>116,820</b>
<b>Adjustments for:</b>		
Depreciation charges	<b>46,574</b>	44,842
Loss on disposal of fixed assets	-	5,988
Interest paid	<b>6,374</b>	17,071
Decrease/(increase) in debtors	<b>116,175</b>	(112,303)
Decrease in creditors	<b>(40,264)</b>	<b>(3,389)</b>
<b>Net cash provided by operations</b>	<b><u>4,245</u></b>	<b><u>69,029</u></b>

**2. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1.4.20</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>At 31.3.21</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net cash</b>				
Cash at bank and in hand	<b><u>984,730</u></b>	<b><u>(43,207)</u></b>		<b><u>941,523</u></b>
	<b><u>984,730</u></b>	<b><u>(43,207)</u></b>		<b><u>941,523</u></b>
<b>Debt</b>				
Debts falling due within 1 year	<b>(57,143)</b>	23,812	33,331	-
Debts falling due after 1 year	<b><u>(242,858)</u></b>	<b><u>-</u></b>	<b><u>(33,331)</u></b>	<b><u>(276,189)</u></b>
	<b><u>(300,001)</u></b>	<b><u>23,812</u></b>	<b><u>-</u></b>	<b><u>(276,189)</u></b>
<b>Total</b>	<b><u>684,729</u></b>	<b><u>(19,395)</u></b>	<b><u>-</u></b>	<b><u>665,334</u></b>

The notes form part of these financial statements

Notes to the Financial Statements - continued  
for the Year Ended 31st March 2021

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.

Notes to the Financial Statements - continued  
for the Year Ended 31st March 2021

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 disproportionately 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.

# Severn Arts

## Notes to the Financial Statements - continued for the Year Ended 31st March 2021

### 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
	<u>1,657,917</u>	<u>1,625,888</u>

### 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
	<u>272,465</u>	<u>1,328</u>	<u>10,504</u>	<u>284,297</u>

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
	<u>229,329</u>	<u>11,510</u>	<u>43,458</u>	<u>284,297</u>	<u>407,527</u>

**Severn Arts**

**Notes to the Financial Statements - continued  
for the Year Ended 31st March 2021**

**3. DONATIONS AND LEGACIES**

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
Donations	1,799	3,540	5,339	2,435
Grants	<u>149,276</u>	<u>1,091,170</u>	<u>1,240,446</u>	<u>1,205,488</u>
	<u>151,075</u>	<u>1,094,710</u>	<u>1,245,785</u>	<u>1,207,923</u>

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
	<u>1,240,446</u>	<u>1,205,488</u>

**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
	<u>301,134</u>	<u>34,043</u>	<u>335,177</u>	<u>942,312</u>

**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	<u>283,552</u>	<u>7,017</u>	<u>290,569</u>
	<u>1,657,917</u>	<u>284,297</u>	<u>1,942,214</u>



**Severn Arts**

**Notes to the Financial Statements - continued  
for the Year Ended 31st March 2021**

**12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted funds £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	8,926	1,198,997	1,207,923
<b>Charitable activities</b>			
Music Education	904,964	-	904,964
Arts Development	16,329	21,019	37,348
<b>Total</b>	<b>930,219</b>	<b>1,220,016</b>	<b>2,150,235</b>
<b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
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
<b>Total</b>	<b>880,160</b>	<b>1,153,255</b>	<b>2,033,415</b>
<b>NET INCOME</b>	<b>50,059</b>	<b>66,761</b>	<b>116,820</b>
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	<b>1,151,332</b>	<b>39,178</b>	<b>1,190,510</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>1,201,391</b>	<b>105,939</b>	<b>1,307,330</b>

**13. TANGIBLE FIXED ASSETS**

	Instruments £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
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
<b>DEPRECIATION</b>					
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
<b>NET BOOK VALUE</b>					
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

## Severn Arts

### Notes to the Financial Statements - continued for the Year Ended 31st March 2021

#### 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	<u>43,236</u>	<u>43,137</u>

#### 9. AUDITORS' REMUNERATION

	2021	2020
	£	£
Audit remuneration	4,000	4,030
TPS EOYC audit	1,200	1,200
Other services	<u>5,304</u>	<u>198</u>
	<u>10,504</u>	<u>5,428</u>

#### 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	<u>201,356</u>	<u>218,124</u>
	<u>1,422,836</u>	<u>1,423,461</u>

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

	2021	2020
	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).

**Severn Arts**

**Notes to the Financial Statements - continued  
for the Year Ended 31st March 2021**

**19. MOVEMENT IN FUNDS**

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
<b>Unrestricted funds</b>				
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
	<u>1,201,391</u>	<u>(94,214)</u>	<u>3,941</u>	<u>1,111,118</u>
<b>Restricted funds</b>				
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
	<u>105,939</u>	<u>(30,400)</u>	<u>(3,941)</u>	<u>71,598</u>
<b>TOTAL FUNDS</b>	<u>1,307,330</u>	<u>(124,614)</u>	<u>-</u>	<u>1,182,716</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
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
	<u>694,338</u>	<u>(788,552)</u>	<u>(94,214)</u>
<b>Restricted funds</b>			
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
	<u>1,123,262</u>	<u>(1,153,662)</u>	<u>(30,400)</u>
<b>TOTAL FUNDS</b>	<u>1,817,600</u>	<u>(1,942,214)</u>	<u>(124,614)</u>

**Severn Arts**

**Notes to the Financial Statements - continued  
for the Year Ended 31st March 2021**

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade debtors	14,768	48,614
Prepayments and accrued income	<u>167,974</u>	<u>250,303</u>
	<u><b>182,742</b></u>	<u><b>298,917</b></u>

**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	<u>100,866</u>	<u>149,546</u>
	<u><b>164,315</b></u>	<u><b>261,722</b></u>

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)	<u>276,189</u>	<u>242,858</u>

**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	<u>47,618</u>	<u>14,286</u>
	<u><b>276,189</b></u>	<u><b>300,001</b></u>

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	<u>29,333</u>	<u>-</u>
	<u><b>61,333</b></u>	<u><b>29,333</b></u>

## Severn Arts

### Notes to the Financial Statements - continued for the Year Ended 31st March 2021

#### 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.

**Severn Arts**

**Notes to the Financial Statements - continued  
for the Year Ended 31st March 2021**

**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 £
<b>Unrestricted funds</b>				
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
<b>Restricted funds</b>				
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
<b>TOTAL FUNDS</b>	<u>1,190,510</u>	<u>116,820</u>	<u>-</u>	<u>1,307,330</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	930,219	(847,014)	83,205
Assets transferred from Worcestershire County Council	-	(33,146)	(33,146)
	930,219	(880,160)	50,059
<b>Restricted funds</b>			
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
<b>TOTAL FUNDS</b>	<u>2,150,235</u>	<u>(2,033,415)</u>	<u>116,820</u>

**Notes to the Financial Statements - continued  
for the Year Ended 31st March 2021**

**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).

## Severn Arts

### Notes to the Financial Statements - continued for the Year Ended 31st March 2021

#### 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.



# Severn Arts

## Detailed Statement of Financial Activities for the Year Ended 31st March 2021

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
<b>INCOME AND ENDOWMENTS</b>				
<b>Donations and legacies</b>				
Donations	1,799	3,540	5,339	2,435
Grants	<u>149,276</u>	<u>1,091,170</u>	<u>1,240,446</u>	<u>1,205,488</u>
	151,075	1,094,710	1,245,785	1,207,923
<b>Charitable activities</b>				
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,129</u>
	306,625	28,552	335,177	942,312
<b>Other income</b>				
Government Grants - CJRS	<u>236,638</u>	<u>-</u>	<u>236,638</u>	<u>-</u>
<b>Total incoming resources</b>	694,338	1,123,262	1,817,600	2,150,235
<b>EXPENDITURE</b>				
<b>Charitable activities</b>				
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	<u>49,147</u>	<u>144,809</u>	<u>193,956</u>	<u>165,138</u>
	608,948	1,048,969	1,657,917	1,625,888
<b>Support costs</b>				
<b>Management</b>				
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	<u>99,323</u>	<u>83,532</u>	<u>182,855</u>	<u>270,064</u>

This page does not form part of the statutory financial statements

# Severn Arts

## Detailed Statement of Financial Activities for the Year Ended 31st March 2021

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
<b>Management</b>				
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
	<u>168,544</u>	<u>103,921</u>	<u>272,465</u>	<u>403,497</u>
<b>Finance</b>				
Bank charges	1,328	-	1,328	-
<b>Governance costs</b>				
Auditors' remuneration	<u>9,732</u>	<u>772</u>	<u>10,504</u>	<u>4,030</u>
Total resources expended	<u>788,552</u>	<u>1,153,662</u>	<u>1,942,214</u>	<u>2,033,415</u>
<b>Net income/(expenditure)</b>	<u>(94,214)</u>	<u>(30,400)</u>	<u>(124,614)</u>	<u>116,820</u>