

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

Report of the Trustees and
Audited Financial Statements for the Year Ended 31st March 2022
for
Severn Arts
(A Company Limited by Guarantee)

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

Severn Arts

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Severn Arts

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

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

Severn Arts

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

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

INTRODUCTION

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

OBJECTIVES AND ACTIVITIES

Objectives and Activities

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

The Company's Objects are:

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

The Company's current aims are:

- To deliver the work of the Worcestershire Music Education Hub against the 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.

Severn Arts

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

STRATEGIC REPORT

Achievement and performance

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

Worcestershire Music Education Hub

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

In 2021-22:

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

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

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

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

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

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

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

Severn Arts

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

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

Arts Development

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

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

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

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

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

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

The Arches Worcester Festivals - Cultural Development Fund programme

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

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

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

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

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

Severn Arts

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

STRATEGIC REPORT

Financial review

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

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

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

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

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

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

Going concern

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

Reserves

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

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

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

Risk management

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

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

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

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

Severn Arts

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

STRATEGIC REPORT

Plans for future periods

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

Methods of appointment or election of trustees

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

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

Key management

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

Public benefit

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

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

In so far as the trustees are aware:

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

AUDITORS

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

Severn Arts

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

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

John de la Cour

J de la Cour - Trustee

Report of the Independent Auditors to the Members of Severn Arts

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Report of the Independent Auditors to the Members of Severn Arts

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

Use of our report

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



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

Date: 4/11/2022

Severn Arts

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

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

The notes form part of these financial statements

Severn Arts

Balance Sheet 31st March 2022

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

The financial statements were approved by the Board of Trustees and authorised for issue on 12 October 2022 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 2022**

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

The notes form part of these financial statements

Severn Arts

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

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

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

2. ANALYSIS OF CHANGES IN NET FUNDS

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

Severn Arts

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

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 Financial Statements - continued for the Year Ended 31st March 2022

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.

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2022

2. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

Basic Financial Assets

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

Basic Financial Liabilities

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

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

OPERATING LEASES

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

PENSION COSTS

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

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

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

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

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

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Critical areas of judgements

Judgement is applied in setting the depreciation rates for tangible fixed assets. Details to these rates can be found in the accounting policies in note 2. The carrying value of tangible fixed assets can be found in note 14.

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

4. DONATIONS AND LEGACIES

	Unrestricted funds	Restricted funds	2022 Total funds	2021 Total funds
	£	£	£	£
Donations	835	16,712	17,547	5,339
Grants	115,908	1,661,438	1,777,346	1,240,446
	<u>116,743</u>	<u>1,678,150</u>	<u>1,794,893</u>	<u>1,245,785</u>

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

	2022 £	2021 £
Arts Council England	56,243	56,243
BBC Children In Need (Youth Investment Fund)	18,348	-
The Childrens Society	10,200	-
Cultural Development Fund Grants	749,562	236,950
Music Education Grant	738,857	736,779
The National Foundation for Youth Music	19,932	24,915
Other Grants	12,927	18,005
Sutton Croft	26,360	-
West Merica Police	-	20,000
Without Walls Consortium Ltd	-	4,150
Worcestershire County Council Funding	132,317	143,404
UK Association for Music Education	12,600	-
	<u>1,777,346</u>	<u>1,240,446</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	Music Education	Arts Development	Festivals	2022 Total activities	2021 Total activities
	£	£	£	£	£
Sundry parent income	-	-	-	-	210
CPD income	2,055	-	-	2,055	-
Project income	44,150	7,850	18,712	70,712	39,182
Resources	24,635	-	-	24,635	14,025
Tuition	636,648	-	-	636,648	277,035
Subscriptions	23,753	-	-	23,753	4,643
Concerts	1,654	-	-	1,654	82
	<u>732,895</u>	<u>7,850</u>	<u>18,712</u>	<u>759,457</u>	<u>335,177</u>

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2022

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Music Education	1,273,069	414,101	1,687,170
Arts Development	124,043	11,313	135,356
Festivals	725,935	42,177	768,112
	<u>2,123,047</u>	<u>467,591</u>	<u>2,590,638</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2022 £	2021 £
Staff costs	1,334,217	1,422,836
Instrument consumables	745	141
Workshop expenditure	216	103
External funding and bursary	19,693	27,143
Project costs	751,651	193,956
Subcontracted staff costs	16,525	13,738
	<u>2,123,047</u>	<u>1,657,917</u>

8. SUPPORT COSTS

	Management £	Finance £	Human resources £	Governance costs £	Totals £
Music Education	368,333	1,641	39,951	4,176	414,101
Arts Development	10,571	-	403	339	11,313
Festivals	39,606	-	1,396	1,175	42,177
	<u>418,510</u>	<u>1,641</u>	<u>41,750</u>	<u>5,690</u>	<u>467,591</u>

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

	Music Education £	Arts Development £	Festivals £	2022 Total activities £	2021 Total activities £
Rates and water	2,367	192	666	3,225	3,838
Insurance	10,876	884	3,060	14,820	9,410
Light and heat	5,280	429	1,486	7,195	6,741
Telephone	6,108	496	2,042	8,646	7,929
Advertising	18,980	-	4,520	23,500	15,282
Sundries	2,453	-	-	2,453	11,094
Service Charges	10,233	832	2,879	13,944	13,945
Rent	29,377	2,391	8,266	40,034	43,236
Travel Expenses	55,365	630	384	56,359	13,424
IT Expenses	46,124	1,187	4,108	51,419	54,518
Legal, HR and Professional	21,384	1,738	6,017	29,139	3,438
Accountancy and Payroll	15,119	1,229	4,254	20,602	14,026
Conference Costs	167	-	-	167	370
Subscriptions	5,363	-	-	5,363	5,319
Board Costs	1,916	-	-	1,916	834
Premises Costs	6,353	516	1,788	8,657	5,563
CPD Costs	4,985	-	-	4,985	8,581
Venue Hire	10,296	-	-	10,296	22
Safeguarding Costs	2,893	2	-	2,895	1,300
Consultancy Fees	75,455	-	-	75,455	-
	<u>331,094</u>	<u>10,526</u>	<u>39,450</u>	<u>381,070</u>	<u>218,870</u>
Carried forward	331,094	10,526	39,450	381,070	218,870

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2022

8. SUPPORT COSTS - continued

	Music Education £	Arts Development £	Festivals £	2022 Total activities £	2021 Total activities £
Brought forward	331,094	10,526	39,450	381,070	218,870
Postage and Stationary	556	45	156	757	647
Doprocation of tangible and heritage assets	36,683	-	-	36,683	46,574
Interest payable and similar charges	-	-	-	-	6,374
Bank charges	1,641	-	-	1,641	1,328
Redundancy	39,951	403	1,396	41,750	-
Auditors' remuneration	4,176	339	1,175	5,690	10,504
	<u>414,101</u>	<u>11,313</u>	<u>42,177</u>	<u>467,591</u>	<u>284,297</u>

9. NET INCOME/(EXPENDITURE)

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

	2022 £	2021 £
Depreciation - owned assets	36,683	46,574
Rent paid under operating leases	<u>40,034</u>	<u>43,236</u>

10. AUDITORS' REMUNERATION

	2022 £	2021 £
Audit remuneration	5,160	4,000
TPS EOYC audit	2,094	1,200
Other services	13,278	5,304
	<u>20,532</u>	<u>10,504</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st March 2022 nor for the year ended 31st March 2021.

TRUSTEES' EXPENSES

No trustees were reimbursed for expenses during the year (2021: one trustee £654).

12. STAFF COSTS

	2022 £	2021 £
Wages and salaries	1,115,955	1,142,918
Social security costs	76,661	78,562
Other pension costs	183,351	201,356
	<u>1,375,967</u>	<u>1,422,836</u>

Included within the above gross wages of £1,115,955 are redundancy payments of £41,750 (2021: £nil).

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

	2022	2021
Average number of employees	<u>75</u>	<u>84</u>

Severn Arts

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2022**

12. STAFF COSTS - continued

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

	2022	2021
£60,001 - £70,000	<u>1</u>	<u>-</u>

Key management personnel remunerations

During the year total remuneration, including employer pension and national insurance costs, paid to key management personnel totalled £224,941 for 4 employees (2021: £233,170 for 4 employees).

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	151,075	1,094,710	1,245,785
Charitable activities			
Music Education	295,785	5,349	301,134
Arts Development	10,840	23,203	34,043
Other income	236,638	-	236,638
Total	<u>694,338</u>	<u>1,123,262</u>	<u>1,817,600</u>
EXPENDITURE ON			
Charitable activities			
Music Education	658,593	805,264	1,463,857
Arts Development	121,763	66,175	187,938
Festivals	8,195	282,224	290,419
Total	<u>788,551</u>	<u>1,153,663</u>	<u>1,942,214</u>
NET INCOME/(EXPENDITURE)	(94,213)	(30,401)	(124,614)
Transfers between funds	<u>3,941</u>	<u>(3,941)</u>	<u>-</u>
Net movement in funds	(90,272)	(34,342)	(124,614)
RECONCILIATION OF FUNDS			
Total funds brought forward	1,201,391	105,939	1,307,330
TOTAL FUNDS CARRIED FORWARD	<u><u>1,111,119</u></u>	<u><u>71,597</u></u>	<u><u>1,182,716</u></u>

Severn Arts

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2022**

14. TANGIBLE FIXED ASSETS

	Instruments £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st April 2021	502,384	76,378	10,100	42,313	631,175
Additions	-	143	-	2,089	2,232
At 31st March 2022	502,384	76,521	10,100	44,402	633,407
DEPRECIATION					
At 1st April 2021	92,938	21,887	2,520	14,875	132,220
Charge for year	18,129	7,652	2,020	8,882	36,683
At 31st March 2022	111,067	29,539	4,540	23,757	168,903
NET BOOK VALUE					
At 31st March 2022	391,317	46,982	5,560	20,645	464,504
At 31st March 2021	409,446	54,491	7,580	27,438	498,955

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	61,863	14,768
Prepayments and accrued income	236,211	167,974
	<u>298,074</u>	<u>182,742</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	104,526	22,791
Social security and other taxes	21,498	18,219
Other creditors	33,507	22,439
Accruals and deferred income	135,597	100,866
	<u>295,128</u>	<u>164,315</u>

Included in accruals and deferred income above is £12,233 (2021: £14,594) of deferred income. Deferred income primarily relates to tuition paid in advance for the 2022/23 year.

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

	2022 £	2021 £
Other loans (see note 18)	<u>276,189</u>	<u>276,189</u>

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2022

18. LOANS

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

	2022 £	2021 £
Amounts falling due within one year	-	-
Amounts falling between one and five years	228,571	228,571
Amounts falling due in more than five years	47,618	47,618
	<u>276,189</u>	<u>276,189</u>

The loan payable to Worcestershire County Council is secured against the instruments included within tangible fixed assets (see note 14).

Worcestershire County Council has agreed to postpone repayment of the loan by 1 year due to COVID-19, resulting in no amounts due within one year.

19. LEASING AGREEMENTS

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

	2022 £	2021 £
Within one year	29,333	32,000
Between one and five years	-	29,333
	<u>29,333</u>	<u>61,333</u>

Severn Arts

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2022**

20. MOVEMENT IN FUNDS

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

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2022

20. MOVEMENT IN FUNDS - continued

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

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

Severn Arts

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2022**

20. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General fund	436,932	(93,810)	(17,690)	325,432
Designated Funds	300,000	-	-	300,000
Assets transferred from Worcestershire County Council	464,459	(37,925)	21,631	448,165
WCC Arts Connect	-	37,521	-	37,521
	<u>1,201,391</u>	<u>(94,214)</u>	<u>3,941</u>	<u>1,111,118</u>
Restricted funds				
Music Education Grant	-	2,885	(2,885)	-
Cultural Development Fund	79,718	(73,517)	862	7,063
Bursary Fund	2,098	3,485	(2,238)	3,345
Cultural Educational Programme	3,628	1,642	-	5,270
Furthering Talent	-	7,724	-	7,724
Inspiring Future Through The Arts	468	10,164	-	10,632
Music Box Fund	17,391	(5,548)	-	11,843
Sundry Restricted Donations	-	265	-	265
Worcestershire Arts Partnership	636	(956)	320	-
Worcestershire Children's First	2,000	(2,000)	-	-
Youth Music	-	25,456	-	25,456
	<u>105,939</u>	<u>(30,400)</u>	<u>(3,941)</u>	<u>71,598</u>
TOTAL FUNDS	<u>1,307,330</u>	<u>(124,614)</u>	<u>-</u>	<u>1,182,716</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	535,082	(628,892)	(93,810)
Assets transferred from Worcestershire County Council	-	(37,925)	(37,925)
WCC Arts Connect	159,256	(121,735)	37,521
	<u>694,338</u>	<u>(788,552)</u>	<u>(94,214)</u>
Restricted funds			
Music Education Grant	736,781	(733,896)	2,885
Cultural Development Fund	261,332	(334,849)	(73,517)
Arts Council TPS Grant	56,242	(56,242)	-
Bursary Fund	3,485	-	3,485
Cultural Educational Programme	4,000	(2,358)	1,642
Furthering Talent	13,920	(6,196)	7,724
Inspiring Future Through The Arts	20,467	(10,303)	10,164
Music Box Fund	199	(5,747)	(5,548)
Sundry Restricted Donations	265	-	265
Worcestershire Arts Partnership	(10)	(946)	(956)
Worcestershire Children's First	-	(2,000)	(2,000)
Youth Music	26,581	(1,125)	25,456
	<u>1,123,262</u>	<u>(1,153,662)</u>	<u>(30,400)</u>
TOTAL FUNDS	<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 2022

20. MOVEMENT IN FUNDS - continued

Unrestricted funds

- **Designated Reserves**
A cash reserve of £300,000 has been designated by the trustees to ensure financial stability of the charity and meet charitable objectives.
- **Transferred from Worcestershire County Council**
Assets (including musical instruments) donated by Worcestershire County Council upon the transfer of County Music Service undertakings to Severn Arts.
- **WCC Arts Connect Funding** to support the cultural sector running networking groups and commissioning artists.

Restricted Funds

- **Music Education Grant**
DFE Grant allocated by Arts Council of England. Delivers core and extension roles for Music Education as set out in the National Plan for Music Education.
- **Cultural Development Fund**
Grant to fund festivals element of Worcester Railway Arches Project 2019-22 (project delivered between Worcester City Council, University of Worcester and Severn Arts).
- **Arts Council TPS Grant**
Grant to fund increased Teacher Pension Scheme employer contributions.
- **BBC Children in Need**
Grant received to purchase a set of turntables and music technology equipment for the Music Box (bus).
- **Bursary Funds**
A bursary fund (Music Grows) started in 2019 for musical opportunities for Worcestershire children and young people.
- **Changing Tracks Nurture Group**
Creative Musical Nurture Groups for Children at Risk of Exclusion from Primary School funded by Youth Music.
- **The Children's Society**
Arts Projects for young people at risk of offending.
- **COMF Enhanced Youth Support**
A photography and film project exploring the impact of Covid on young people in rural communities.
- **Cultural Education Programme**
Arts Connect funding to develop the infrastructure of the Cultural Education Partnership (a network of organisations promoting arts and culture to young people).
- **Furthering Talent**
Grant to support 30 talented young musicians from disadvantaged backgrounds to further their music progression and provide mentoring and training support.
- **Holiday Activities & Food Programme**
A grant to provide arts activities to vulnerable children across the County.
- **Inspiring Future Through the Arts**
Provides arts activities through the Probation Service to prevent reoffending. Annual grant from Crime & Police Commissioner.
- **Jubilee Funding**
A grant from Worcestershire County Council to commission local artists to celebrate the Queen Jubilee.

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2022

20. MOVEMENT IN FUNDS - continued

- **Kickstart**
The Kickstart Scheme provides funding to create new jobs for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment.
- **Music Box Fund**
To support and develop the delivery of Music Box music sessions.
- **Music Mark Innovation Fund**
Music Mark funded project exploring youth voice across the 14 West Midlands Music Hubs.
- **Soundabout Choir**
Inclusive Choir for young people and their families delivered in partnership with MAC Makes Music and Soundabout.
- **Sundry Donations Received**
Small donations received for a specific purpose in the year include, ticket income for Symphony Hall Concert, donations to contribute towards the running costs of the Jazz Orchestra and donations for sheet music purchases.
- **Worcestershire Arts Partnership**
Network of arts and cultural organisations - fund to develop members and membership.
- **Worcestershire Children's First**
Trust funding to deliver holiday arts activities, including music lessons, for vulnerable children and young people in the county
- **Youth Music**
Grant to develop inclusive and accessible music opportunities, training programmes and research to improve diversity, equality and inclusion and widen reach, working with two other music Hubs in Gloucestershire and Warwickshire.

TRANSFERS BETWEEN FUNDS

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

Restricted funds	£
BBC Children in Need	906
Kickstart	1,183
	<hr/>
	2,089
	<hr/>

During the year £5,000 was transferred from the unrestricted general fund to the restricted Bursary Fund as a contribution from the Music Hub grant and £2,030 was transferred from the unrestricted general fund to the restricted Soundabout Choir fund. This was to clear the deficit on the restricted fund.

21. EMPLOYEE BENEFIT OBLIGATIONS

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

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

Included in creditors at the year end were pension creditors of £22,620 (2021: £22,439).

Teachers' Pension Scheme

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2022

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

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

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

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

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

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

The employer's pension costs paid to TPS in the period amounted to £133,661 (2021: £159,358), excluding adjustments in regard to holiday pay accruals.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The agreed contribution rates for future years are 21.4% for employers, with employees paying variable rates depending on their level of gross wages received each month.

The employer's pension costs paid to LGPS in the period amounted to £36,548 (2021: £45,866).

Defined contribution scheme

The employer's pension costs paid to the defined contribution scheme in the period amounted to £5,738 (2021: £5,471).

22. RELATED PARTY DISCLOSURES

During the year there were no related party transactions (2021: trustee Mr O Harper, invoiced the charity £250 for project costs in relation to the festivals project).

Severn Arts

**Detailed Statement of Financial Activities
for the Year Ended 31st March 2022**

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	835	16,712	17,547	5,339
Grants	115,908	1,661,438	1,777,346	1,240,446
	<u>116,743</u>	<u>1,678,150</u>	<u>1,794,893</u>	<u>1,245,785</u>
Charitable activities				
Sundry parent income	-	-	-	210
CPD income	2,055	-	2,055	-
Project income	6,850	63,862	70,712	39,182
Resources	24,635	-	24,635	14,025
Tuition	636,648	-	636,648	277,035
Subscriptions	23,753	-	23,753	4,643
Concerts	1,654	-	1,654	82
	<u>695,595</u>	<u>63,862</u>	<u>759,457</u>	<u>335,177</u>
Other income				
Government Grants - CJRS	24,747	-	24,747	236,638
	<u>24,747</u>	<u>-</u>	<u>24,747</u>	<u>236,638</u>
Total incoming resources	<u>837,085</u>	<u>1,742,012</u>	<u>2,579,097</u>	<u>1,817,600</u>
EXPENDITURE				
Charitable activities				
Wages	474,293	599,912	1,074,205	1,142,918
Social security	34,800	41,861	76,661	78,562
Pensions	39,115	144,236	183,351	201,356
Instrument consumables	367	378	745	141
Workshop expenditure	108	108	216	103
External funding and bursary	14,780	4,913	19,693	27,143
Project costs	37,685	713,966	751,651	193,956
Subcontracted staff costs	16,125	400	16,525	13,738
	<u>617,273</u>	<u>1,505,774</u>	<u>2,123,047</u>	<u>1,657,917</u>
Support costs				
Management				
Rates and water	1,124	2,101	3,225	3,838
Insurance	5,165	9,655	14,820	9,410
Light and heat	2,507	4,688	7,195	6,741
Telephone	2,756	5,890	8,646	7,929
Advertising	8,778	14,722	23,500	15,282
Sundries	1,321	1,132	2,453	11,094
Service Charges	4,860	9,084	13,944	13,945
Rent	13,952	26,082	40,034	43,236
Travel Expenses	31,105	25,254	56,359	13,424
IT Expenses	33,194	18,225	51,419	54,518
Legal, HR and Professional	10,155	18,984	29,139	3,438
Accountancy and Payroll	7,180	13,422	20,602	14,026
Conference Costs	92	75	167	370
Carried forward	122,189	149,314	271,503	197,251

This page does not form part of the statutory financial statements

Severn Arts

Detailed Statement of Financial Activities for the Year Ended 31st March 2022

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Management				
Brought forward	122,189	149,314	271,503	197,251
Subscriptions	2,977	2,386	5,363	5,319
Board Costs	1,063	853	1,916	834
Premises Costs	3,016	5,641	8,657	5,563
CPD Costs	2,737	2,248	4,985	8,581
Venue Hire	5,714	4,582	10,296	22
Safeguarding Costs	1,608	1,287	2,895	1,300
Consultancy Fees	75,455	-	75,455	-
Postage and Stationary	264	493	757	647
Depreciation of tangible and heritage assets	35,363	1,320	36,683	46,574
Interest payable	-	-	-	6,374
	<u>250,386</u>	<u>168,124</u>	<u>418,510</u>	<u>272,465</u>
Finance				
Bank charges	1,641	-	1,641	1,328
Human resources				
Redundancy	21,774	19,976	41,750	-
Governance costs				
Auditors' remuneration	1,983	3,707	5,690	10,504
Total resources expended	<u>893,057</u>	<u>1,697,581</u>	<u>2,590,638</u>	<u>1,942,214</u>
Net expenditure	<u>(55,972)</u>	<u>44,431</u>	<u>(11,541)</u>	<u>(124,614)</u>

