

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

Report of the Trustees and
Audited Financial Statements for the Year Ended 31st March 2023
for
Severn Arts
(A Company Limited by Guarantee)

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

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for the Year Ended 31st March 2023**

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Severn Arts

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

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

Severn Arts

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

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

INTRODUCTION

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

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

OBJECTIVES AND ACTIVITIES

Objects and Activities

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

The Company's Objects are:

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

The Company's current aims are:

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

The principal strategies employed to achieve these aims are:

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

Severn Arts

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

ACHIEVEMENT AND PERFORMANCE

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

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

Worcestershire Music Education Hub

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

In 2022-23:

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

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

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

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

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

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

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

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

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

Arts Development

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

This year the programme delivered a range of projects for young people to take part in, working with partners to secure additional funding, providing employment opportunities for creative practitioners, offering commissions to local artists, and sharing opportunities across the sector through a monthly newsletter.

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

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

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

We are a partner in Reimagine Redditch, an Arts Council funded initiative to engage more people in the arts who do not traditionally participate in culture.

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

The Arches Worcester Festivals - Cultural Development Fund programme

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

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

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

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

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

Severn Arts

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

FINANCIAL REVIEW

Financial results for the year

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

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

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

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

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

Reserves policy

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

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

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

Going concern

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

Risk management

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

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

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

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

Severn Arts

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

PLANS FOR FUTURE PERIODS

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

Methods of appointment or election of trustees

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

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

Key management

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

Public benefit

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

Severn Arts

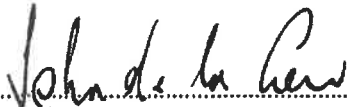
Report of the Trustees
for the Year Ended 31st March 2023

In so far as the trustees are aware:

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

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

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


.....
J de la Cour - Trustee

Report of the Independent Auditors to the Members of Severn Arts

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

Use of our report

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



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

Date: 11/12/2023

Severn Arts

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

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

The notes form part of these financial statements


Severn Arts

**Balance Sheet
31st March 2023**

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

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

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


J de la Cour - Trustee

Severn Arts

**Cash Flow Statement
for the Year Ended 31st March 2023**

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

The notes form part of these financial statements

Severn Arts

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

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

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

2. ANALYSIS OF CHANGES IN NET FUNDS

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

3. MAJOR NON-CASH TRANSACTIONS

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

Severn Arts

Notes to the Financial Statements for the Year Ended 31st March 2023

1. GENERAL INFORMATION

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

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

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

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

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

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

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

INCOME

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

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

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

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

EXPENDITURE

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

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

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

- Support costs that can be directly attributed to a particular activity have been categorised as such in the financial statements.
- Any residual costs have been allocated between activities in line with the value of support costs agreed in advance by funders, multiplied by the percentage of total support costs in each heading.

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

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.

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

2. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

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

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

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

Basic Financial Assets

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

Basic Financial Liabilities

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

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

OPERATING LEASES

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

PENSION COSTS

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

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

The LGPS is a funded multi-employer defined benefit scheme and the assets are held separately from those of the charity in separate trustee administered funds. Whilst it would be possible to obtain an actuarial valuation of the charity's share of the LGPS to which the charity belongs, the trustees of the charity believe that to account for the LGPS as a defined benefit pension scheme, rather than as a defined contribution scheme, would be inconsistent with the requirement to give a true and fair view. This is because the trustees do not consider their annual contributions relating to settling their share of the LGPS's current forecast deficit to be material to the accounts of the charity (based on the information provided within the most recent triennial actuarial valuation of the relevant LGPS) and also due to the very low number of members of the LGPS allocated to the charity compared to the overall number of members of the relevant LGPS, it is considered probable that the actuarial valuation of the charity's share of the deficit would be 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.

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2023

2. ACCOUNTING POLICIES - continued

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Critical areas of judgements

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

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

4. DONATIONS AND LEGACIES

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

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

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

Severn Arts

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2023 Total funds £	2022 Total funds £
Bank interest	<u>1,518</u>	<u>-</u>	<u>1,518</u>	<u>-</u>

6. INCOME FROM CHARITABLE ACTIVITIES

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

7. CHARITABLE ACTIVITIES COSTS

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

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

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

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2023

9. SUPPORT COSTS

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

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

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

10. NET INCOME/(EXPENDITURE)

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

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

Severn Arts

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

11. AUDITORS' REMUNERATION

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

12. TRUSTEES' REMUNERATION AND BENEFITS

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

TRUSTEES' EXPENSES

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

13. STAFF COSTS

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

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

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

	2023	2022
	<u>87</u>	<u>75</u>
Average number of employees		

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

	2023	2022
	<u>1</u>	<u>1</u>
£60,001 - £70,000		

Key management personnel remunerations

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

Severn Arts

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

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

15. TANGIBLE FIXED ASSETS

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

Severn Arts

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

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

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

	2023	2022
	£	£
Other loans (see note 19)	<u>-</u>	<u>276,189</u>

19. LOANS

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

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

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

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

20. LEASING AGREEMENTS

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

	2023	2022
	£	£
Within one year	32,000	29,333
Between one and five years	<u>61,333</u>	<u>-</u>
	<u>93,333</u>	<u>29,333</u>

Severn Arts

Notes to the Financial Statements - continued
for the Year Ended 31st March 2023

21. MOVEMENT IN FUNDS

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

Severn Arts

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

21. MOVEMENT IN FUNDS - continued

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

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

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2023

21. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

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

Severn Arts

Notes to the Financial Statements - continued for the Year Ended 31st March 2023

21. MOVEMENT IN FUNDS - continued

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

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

Unrestricted funds

- **Designated Reserves**

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

- **Transferred from Worcestershire County Council**

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

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

Restricted Funds

- **Music Education Grant**

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

- **Cultural Development Fund**

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

Notes to the Financial Statements - continued
for the Year Ended 31st March 2023

21. MOVEMENT IN FUNDS - continued

- **Arts Council TPS Grant**
Grant to fund increased Teacher Pension Scheme employer contributions.
- **BBC Children in Need**
Grant received to purchase a set of turntables and music technology equipment for the Music Box (bus).
- **Bursary Funds**
A bursary fund (Music Grows) started in 2019 for musical opportunities for Worcestershire children and young people.
- **Changing Tracks Nurture Group**
Creative Musical Nurture Groups for Children at Risk of Exclusion from Primary School funded by Youth Music.
- **The Children's Society**
Arts Projects for young people at risk of offending.
- **COMF Enhanced Youth Support**
A photography and film project exploring the impact of Covid on young people in rural communities.
- **Cultural Education Programme**
Arts Connect funding to develop the infrastructure of the Cultural Education Partnership (a network of organisations promoting arts and culture to young people).
- **Furthering Talent**
Grant to support 30 talented young musicians from disadvantaged backgrounds to further their music progression and provide mentoring and training support.
- **Holiday Activities & Food Programme**
A grant to provide arts activities to vulnerable children across the County.
- **Inspiring Future Through the Arts**
Provides arts activities through the Probation Service to prevent reoffending. Annual grant from Crime & Police Commissioner.
- **Jubilee Funding**
A grant from Worcestershire County Council to commission local artists to celebrate the Queen Jubilee.
- **Kickstart**
The Kickstart Scheme provides funding to create new jobs for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment.
- **Music Box Fund**
To support and develop the delivery of Music Box music sessions.
- **Music Mark Innovation Fund**
Music Mark funded project exploring youth voice across the 14 West Midlands Music Hubs.
- **Soundabout Choir**
Inclusive Choir for young people and their families delivered in partnership with MAC Makes Music and Soundabout.
- **Youth Music**
Grant to develop inclusive and accessible music opportunities, training programmes and research to improve diversity, equality and inclusion and widen reach, working with two other music Hubs in Gloucestershire and Warwickshire.
- **Sundry Donations Received**
Small donations received for a specific purpose in the year include, ticket income for Symphony Hall Concert, donations to contribute towards the running costs of the Jazz Orchestra and donations for sheet music purchases.

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

21. MOVEMENT IN FUNDS - continued

TRANSFERS BETWEEN FUNDS

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

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

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

22. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

Teachers' Pension Scheme

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

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

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

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

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

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

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

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Local Government Pension Scheme

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

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

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

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

Defined contribution scheme

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

23. RELATED PARTY DISCLOSURES

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

Severn Arts

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

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

This page does not form part of the statutory financial statements

Severn Arts

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

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