

HARMONY WORKS TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 2024

HARMONY WORKS TRUST

CONTENTS

	Page
Reference and administrative details of the Company, its Trustees and advisers	1
Chair's report	2
Trustees' report	3 - 9
Independent auditor's report on the financial statements	10 - 12
Statement of financial activities	13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16 - 28

HARMONY WORKS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE PERIOD ENDED 31 JULY 2024

Date of registration 29 August 2023

Charity registration no. 1204512

Trustees

Ms K Burland Clark	<i>appointed 22 March 2023</i>
Ms H Cockcroft	<i>appointed 27 September 2023</i>
Ms D Edwards (Vice Chair)	<i>appointed 14 March 2023</i>
Mr I Falconer (Vice Chair)	<i>appointed 16 March 2023</i>
Mr D Hobson (Chair)	<i>appointed 14 March 2023</i>
Mr P Kennan	<i>appointed 16 March 2023, resigned 16 August 2024</i>
Ms R McDonald	<i>appointed 01 January 2024</i>
Mr K Shivers	<i>appointed 14 March 2023</i>

Project Director Ms E Pieters

Registered office Office 9, Shirley House
31 Psalter Lane
Sheffield, S11 8YL

Independent auditor BHP LLP
2 Rutland Park
Sheffield, S10 2PD

Bankers Lloyds Bank
1 High Street
Sheffield

HARMONY WORKS TRUST

CHAIR'S REPORT

FOR THE PERIOD ENDED 31 JULY 2024

I am delighted to introduce our Annual Report and to highlight the significant progress and achievements of Harmony Works Trust in our first full year as a charity.

Harmony Works Trust was set up as a Charitable Incorporated Organisation in August 2023 following five years hard work from a group of interested parties led by the Sheffield Music Academy and the Sheffield Music Hub that saw the benefit of bringing together the main providers of music education in Sheffield into one central location.

I would like to thank the trustees of Sheffield Music Academy who had the commitment and support to act as an accountable body in these early years which allowed us to identify Canada House, to negotiate an option to purchase, appoint a design team and achieve a successful full planning application for the conversion of this important heritage asset.

The acquisition of Canada House was complicated and a significant milestone in our programme. As a charity we recognise the patience of the previous owners, Panache Ltd and are grateful that they were able to support us during the acquisition period.

We are confident that when the refurbishment is complete, we will provide a home for young people to develop their music skills and education across a wide range of different genre of music and make a significant contribution to the regeneration of Castlegate, in the centre of Sheffield.

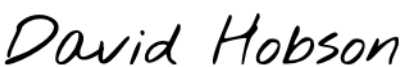
However, the refurbishment of this heritage asset is only a part of the aims of the charity. More importantly is the bringing together young people, local groups and professional musicians in a way that enhances collaborative work. In this respect we have collaborative agreements with a range of organisations including the locally based Music in the Round, the University of Sheffield, Sheffield Hallam University, The Sheffield College, Concerteenies and Choir With No Name, joined by relocations to Sheffield by Brass Bands England and Orchestras for All.

Furthermore, we have been reaching out to all communities and raising our profile within the sector and region with involvement in the MOBO Awards which were held in Sheffield for the first time and the very popular Castlegate Festival.

None of this could have been achieved without the support and commitment of Sheffield City Council and South Yorkshire Mayoral Combined Authority in terms of funding, introductions and guidance. We are grateful to all the funding organisations that have collaborated and supported the charity so far and who have recognised the benefits that will accrue from delivering our vision for Harmony Works including bringing a heritage asset back to life, developing arts and culture in the region and improving opportunities for young people.

Looking forward to the next 12 months the pace of development will be maintained with our focus on completing the fundraising for the capital project, completing the design and preparing for the appointment of a contractor and increasing the involvement of young people in the development of the final design.

Finally, I would like to thank everyone who has contributed and without whom none of this would have been possible; our trustees who have supported the evolution of the charity, our passionate and committed in house project team who have put in the extra hours to achieve each programme milestone and our many different partners too numerous to mention, but you know who you are.



Signer ID: HZHX7OUYTW...

David Hobson
Chair

HARMONY WORKS TRUST

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 JULY 2024

The Trustees present our Annual Report together with the audited financial statements of the Harmony Works Trust for the period 29 August 2023 to 31 July 2024. We confirm that the Annual Report and Financial Statements of the Charitable Incorporated Organisation comply with the current statutory requirements, the requirements of our governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Policies and objectives

The objects of the Trust are, for the public benefit:

- to advance education in and promote public appreciation of the performing arts, in particular but not limited to, music; and
- to acquire, preserve, restore and maintain the building of historic and architectural interest situated in Sheffield currently known as Canada House.

In furtherance of the above purposes and not otherwise, we will, particularly, but not exclusively, provide and operate the venue at Canada House, Sheffield S1 2AT and such other facilities for teaching, practice, rehearsal and performance, and the provision of music support services; and will support other charities, governmental and not-for-profit organisations, including Sheffield Music Academy, Sheffield Music Hub, and other local music education hubs, in their provision and delivery of such services.

In setting objectives and planning for activities, we have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategies for achieving objectives

In the first year of existence our strategy has been:

- to register the newly established Trust as a Charitable Incorporated Organisation
- to appoint trustees with skills relevant to those we require to navigate the project development phase
- to transfer the Accountable Body role for the project from the Sheffield Music Academy
- to secure the freehold of Canada House
- to fundraise for the project development and delivery phases.

Our work has therefore focused on developing the capital project procurement strategy, a capital project plan, a stakeholder engagement, fundraising, conservation management plan, and a management and maintenance plan. Our strategies for the post-capital works operational stage are being developed via an Operational Business Plan and Evaluation Strategy and Plan. We also prepared draft Safeguarding and Ethical Fundraising Policies that were formally adopted in 2024-25.

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2024

ACHIEVEMENTS AND PERFORMANCE**Accountable Body**

Since the Harmony Works Project first began in 2017 the Sheffield Music Academy (SMA) had acted as the accountable body. Before we could complete the contract to purchase Canada House which SMA had entered into in January 2021, we first needed to transfer the role of accountable body to ourselves, together with the various assets and liabilities that SMA held on the project's behalf.

On 25 March 2024 SMA and the Trust signed a Business Transfer and Handover Agreement to formally register that transfer. The Agreement, which was prepared by our legal advisors CMS LLP and tax advisors CT LLP, clearly set out what transferred and confirmed that we would be responsible for all outstanding liabilities relating to the transferring business and would indemnify SMA accordingly.

The Agreement confirmed that the effective date of transfer was the date of our incorporation, ie 29 August 2023. However, SMA continued to act as our agent in some matters until the date of the agreement, entering into engagements on our behalf and continuing to hold cash funds in relation to loan monies until its loan agreement with Sheffield City Council was novated.

We purchased the freehold of Canada House on 30 April 2024, primarily funded by a Levelling Up Fund Grant for that purpose. While we await the start of refurbishment later in 2025, the building is inspected and maintained on a weekly basis to retain the heritage asset in good condition.

Project Development

During 2023-24 our Project Team has developed the project, guided by us and supported by external consultants:

- A full structural and damp survey and ground investigation works were undertaken to test current assumptions within the cost plan, and to inform the foundation design for RIBA Stage 4.
- As the ongoing sustainable operation of Harmony Works is built on a model of partners paying to occupy space in Canada House, a collaboration/co-occupation strategic plan was developed as part of the wider Business Plan and has been enacted during this period, demonstrating the financial viability of the operational phase. Further development of the operational business plan has been supported by the creation of the Conservation Management Plan, which provides the restoration and repair philosophy for Harmony Works at Canada House and the Management and Maintenance plan, which models and timelines routine, repair, servicing and maintenance, adding greater certainty to the modelling of operational phase costs. Partnership working and project planning in this period has unearthed rich seams of information and material relating to the heritage of Canada House.
- Harmony Works' Theory of Change model continued to evolve. Our model underpins the project's Evaluation Strategy and Plan, which will measure the project's delivery against our stated aims and the priorities of our project funders.
- We continued our audience development work and activity planning, including Youth Voice work and volunteer recruitment, to ensure that the project is shaped by young people, the future beneficiaries of Harmony Works.
- With our partners, we continued our development work to engage with local politicians, funders and Sheffield community stakeholders. Highlights include our involvement with the MoBO awards which Sheffield hosted, and partnership projects with the University of Sheffield's Departments of Music and Engineering. Our community engagement at festivals, libraries, schools, youth clubs, theatre groups, and shops and businesses in Castlegate continues to raise our profile and is engaging voices from diverse communities that is helping to shape the project's outputs.
- We agreed our communications strategy, brand guidelines and protocols for external communications, and refreshed the design of our website.

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2024

Key performance indicators

We aimed to achieve value for money during the period by following the procedures laid out in our Procurement Method Statement. This ensured that our procurement of goods and services and the recruitment of staff were fair, properly authorised and recorded, competitively tendered and offered satisfactory quality and value for money.

FINANCIAL REVIEW**Financial review of the period**

In the period to 31 July 2024, we received income of £2,257,105, comprising balances of £29,427 transferred from Sheffield Music Academy which had previously acted as the project's Accountable Body, grants and donations totalling £2,223,624 and £4,054 of bank interest.

Some £1.6 million of the grants and donations we received was from the Levelling Up Fund, secured by Sheffield City Council in 2021 awarded to the project in December 2022, specifically for the purchase of Canada House.

We spent £413,189 on charitable activities related to the project (building consultants, design and survey fees, and legal and insurance costs) and acquired Canada House for £1,661,000. As at 31 July 2024, funds totalled £1,843,916 of which (£98,546) are unrestricted funds and £1,942,462 are restricted funds.

Fundraising activities and income generation

We engaged consultant fundraising support between August and December 2023 to support the ongoing fundraising activity by the team and trustees. In the 11 months to 31 July 2024 we secured Gainshare funding of £2 million from the South Yorkshire Mayoral Authority, £108,250 of development funds from Sheffield City Council and £200,000 from trusts and foundations, all of which we expect to expend by summer 2027. We also applied for £3.5 million from Round Four of Arts Council England's Cultural Development Fund in May 2024 and £4.6m from the National Lottery Heritage Fund in August 2024. We have received no complaints about our fundraising activities.

Going concern

After making appropriate enquiries, we have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, we 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 Policy

During this initial capital phase of the project, most of our funds are restricted for acquisition and refurbishment purposes. We recognise that before the Project enters its operational phase, we will have to determine our Reserves Policy and identify a minimum level of operating capital to sustain our operations in the face of unexpected emergencies and economic downturns. The charity has negative free reserves of £98,546 as at 31 July 2024.

Most charities aim to keep between one to six months of cash in free reserves to cover all operating expenses and, pending the Board's final decision on an appropriate level for Harmony Works, we have budgeted for £100,000 in the first instance, just over 15% (two months) of cash in hand, but we would hope to increase that to near 30% (about one term) over time, a level typical in the education sector.

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2024

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Harmony Works Trust was established as a Charitable Incorporated Organisation on 29 August 2023.

Our Constitution requires that there must be at least three charity trustees. If the number falls below this minimum, the remaining trustee or trustees may act only to call a meeting of the charity trustees, or appoint a new charity trustee. There is no maximum number of charity trustees that may be appointed.

Apart from the first charity trustees, every trustee must be appointed for a term of not more than four years by a resolution passed at a properly convened meeting of the charity trustees. In selecting individuals for appointment as charity trustees, the charity trustees must have regard to the skills, knowledge and experience needed for the effective administration of the CIO. Each of Sheffield Music Academy and Sheffield Music Hub (each an "appointing body") may appoint one charity trustee.

The trustees for the charity for the period ended 31 July 2024 are listed on page 1. The seven trustees appointed at the date of registration were joined by Ruth McDonald on 1 January 2024. Peter Kennan resigned as a trustee on 16 August 2024.

Organisational structure and decision-making policies

We met as Trustee Board eight times during the period covered by this report. At our meetings we agree the broad strategy and areas of activity for the Charity, including capital project development, long term business planning, insurance and financial strategies, risk management and performance.

We have also established three sub-committees (Capital Project, Finance & Resources, and Fundraising) that meet every four to six weeks, and have delegated authority to pursue matters within their remit on behalf of the main Board.

The day-to-day delivery of the Harmony Works Project is delegated to the Project Director and her team.

We may make decisions either at a meeting or by resolution in writing or electronic form agreed by a majority of us all.

Policies adopted for the induction and training of Trustees

Trustees are appointed on the basis of skill and other qualities that they may bring to the charity. During the period all trustees and staff undertook training on Equity Diversity and Inclusion (EDI), which supported the creation of our initial EDI Statement. Future trustee development topics will include health and safety, including the Building Safety Act. All trustees receive a copy of the Constitution and receive trustee training.

Pay policy for key management personnel

During 2023-24 all staff were employed on a freelance basis, but we began work with our HR advisors to develop policies and procedures that will enable us to directly employ a small team of project staff from January 2025. That will include policies to ensure salaries remain competitive and appropriate.

Related party relationships

All our trustees volunteer their services and are not paid for their work. Out of pocket expenses totalling £634 were paid to 2 trustees, in accordance with our Trustee Expenses Policy.

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2024

Ian Falconer and Karen Burland-Clark, as trustees nominated by Sheffield Music Academy and the Sheffield Music Hub respectively, registered conflicts of interest and took no part in decisions that impacted on those partners. No other trustees registered a conflict of interest during the period.

RISK MANAGEMENT

Principal risks and uncertainties

We keep the major risks to which the charity is exposed under regular review, in particular those related to our operations and finances. We have established systems and procedures to manage them, and we consider the top risks affecting the project, and their mitigation, at each Board meeting. In this period, the principal risks and uncertainties were as follows:

- *that the Trust fails to raise necessary funds for refurbishment of Canada House leading to the operational phase of the Harmony Works project not completing.* We engaged external professional fundraising support and an Appeal Chair and are looking to appoint additional trustees with fundraising expertise.
- *that the Trust acquired Canada House before project delivery funding was fully secured, leaving the Trust with the liabilities of ownership and insufficient funds to complete the capital development phase of the project.* Our Business Plan was based upon a sustainable business model, and we were able to draw down some funding early to support the initial ownership costs and capital work.
- *that the Trust lacked key strategic skills at Board level leading to inadequate or inefficient oversight of the project.* We continue to strengthen the skills and diversity of the Board and regular skills audits will assess current competency, targeted recruitment and succession planning.
- *that insufficient cash reserves create heightened vulnerability in trading, and an inability to address our charitable obligations.* Our capital and operational plans look forward three to five years, with monthly cashflow management, and include contingency funds, reserves and regular stress testing.

Trustees' indemnities

We have Trustee's and Directors' indemnity insurance cover in place to the value of £2 million.

PLANS FOR FUTURE PERIODS

In 2024-25 we plan:

- To complete our fundraising for the delivery phase of the Harmony Works capital project.
- To recruit a full project team of staff and consultants, as per our Capital Project Delivery Plan.
- To develop the capital project design and achieve RIBA stage 4.
- To deliver the Activity Plan as per our Round 2 National Heritage Lottery Fund application.
- To increase awareness of and support for the project.
- To continue our Youth Voice Work and develop a Youth Panel which will contribute to both the design of the project's capital and operational outputs and to the governance of the project.
- To cement, strengthen and, where relevant, formalise relationships with our public partners Sheffield City Council and the South Yorkshire Mayoral Combined Authority, our Harmony Works tenants, the wider family of Harmony Works supporters and collaborators and our diverse communities in Sheffield and beyond.
- To ensure that data and stories which demonstrate the impact of our proposed project activities continue to be collected, analysed and promoted, as per our evaluation strategy and plan.

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2024

Events after the Reporting Period

In January 2025, the Trust was delighted to receive confirmation of two major awards which it had applied for in the autumn of 2024, i.e. £4.67 million from the National Lottery Heritage Fund and £3.5 million from Arts Council England. Together with our previous fundraising successes, we have now identified the majority of the funds we require to complete the capital phase of the project.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales 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 charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, BHP LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

HARMONY WORKS TRUST

Approved by order of the members of the board of Trustees and signed on their behalf by:

David Hobson

Signer ID: HZHX7OUYTW...

.....
David Hobson
Chair of Trustees

Date: 05/02/2025 GMT

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HARMONY WORKS TRUST

We have audited the financial statements of Harmony Works Trust (the 'charity') for the year ended 31 July 2024, which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2024, 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; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 auditor responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 charity'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 other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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. 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 course of 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HARMONY WORKS TRUST (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the senior auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the entity through discussions with Trustees and other management, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the entity, including health and safety and GDPR;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we ensured identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the entity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HARMONY WORKS TRUST (CONTINUED)

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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 is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Signer ID: WKOLTHN6RI...

BHP LLP

Chartered Accountants

Statutory Auditor

2 Rutland Park

Sheffield

S10 2PD

Date: 05/02/2025 GMT

BHP LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

HARMONY WORKS TRUST

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 JULY 2024

	Note	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £
Income from:				
Donations and legacies	4	2,303,166	(50,115)	2,253,051
Investments	5	-	4,054	4,054
Total income		2,303,166	(46,061)	2,257,105
Expenditure on:				
Charitable activities	6	410,704	2,485	413,189
Impairment	7	156,000	-	156,000
Total expenditure		566,704	2,485	569,189
Net income/(expenditure)		1,736,462	(48,546)	1,687,916
Transfers between funds	15	50,000	(50,000)	-
Net movement in funds		1,786,462	(98,546)	1,687,916
Reconciliation of funds:				
Net movement in funds		1,786,462	(98,546)	1,687,916
Total funds carried forward		1,786,462	(98,546)	1,687,916

The Statement of financial activities includes all gains and losses recognised in the period.

HARMONY WORKS TRUST

BALANCE SHEET
AS AT 31 JULY 2024

	Note	2024 £
Fixed assets		
Tangible assets	11	1,505,000
		<u>1,505,000</u>
Current assets		
Debtors	12	50,532
Cash at bank and in hand		338,406
		<u>388,938</u>
Creditors: amounts falling due within one year	13	(100,600)
		<u>288,338</u>
Net current assets		<u>1,793,338</u>
Total assets less current liabilities		<u>1,793,338</u>
Creditors: amounts falling due after more than one year	14	(105,422)
		<u>1,687,916</u>
Total net assets		<u><u>1,687,916</u></u>
Charity funds		
Restricted funds	15	1,786,462
Unrestricted funds	15	(98,546)
		<u>1,687,916</u>
Total funds		<u><u>1,687,916</u></u>

The financial statements were approved and authorised for issue by the trustees and signed on their behalf by:

David Hobson

Signer ID: HZHX7OUYTW...

David Hobson
(Chair of Trustees)
Date: 05/02/2025 GMT

The notes on pages 16 to 28 form part of these financial statements.

HARMONY WORKS TRUST

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2024

	Note	2024 £
Cash flows from operating activities		
Net cash used in operating activities	18	1,904,118
Cash flows from investing activities		
Interests from investments		4,054
Purchase of tangible fixed assets		(1,661,000)
Net cash used in investing activities		(1,656,946)
Cash flows from financing activities		
Cash transferred from Sheffield Music Academy activities		91,234
Net cash provided by financing activities		91,234
Change in cash and cash equivalents in the period		338,406
Cash and cash equivalents at the end of the period	19,20	338,406

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2024

1. General information

Harmony Works Trust is a Charitable Incorporated Organisation (CIO) registered in England and Wales. The registered office is Office 9, Shirley House, 31 Psalter Lane, Sheffield, S11 8YL. The charity was registered with the Charity Commission on 29 August 2023.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Harmony Works Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy. The accounts are presented in sterling, which is the functional currency of the charity and is rounded to the nearest £.

2.2 Going concern

The Trustees have at the time of approving the financial statements a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the financial statements.

2.3 Income

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

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donated professional services and facilities are recognised on the basis of the value of the gift to the charity which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2024

2. Accounting policies (continued)**2.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the charity's objectives, as well as any associated support costs.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. The freehold land and property purchased in the period is in the process of being restored and refurbished and is akin to an asset in the course of construction, as such depreciated is not being charged.

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in statement of financial activities unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

The freehold property known as Canada House is an inalienable asset.

2.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2024

2. Accounting policies (continued)**2.9 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.10 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.11 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

HARMONY WORKS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2024

4. Income from donations and legacies

	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £
Donations			
Transfers from Sheffield Music Academy (note 21)	79,542	(50,115)	29,427
Donation in kind	115,779	-	115,779
Total donations	195,321	(50,115)	145,206
Grants	2,107,845	-	2,107,845
	2,303,166	(50,115)	2,253,051

5. Investment income

	Unrestricted funds 2024 £	Total funds 2024 £
Bank interest received	2,220	2,220
Interest received from HMRC	1,834	1,834
	4,054	4,054

6. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2024 £	Unrestricted funds 2024 £	Total 2024 £
The Harmony Works Project	410,704	2,485	413,189

HARMONY WORKS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2024

7. Impairment

	Restricted funds 2024 £	Total funds 2024 £
Impairment of Canada House (note 11)	156,000	156,000

8. Analysis of expenditure by activities

	Activities undertaken directly 2024 £	Support costs (note 8) 2024 £	Total funds 2024 £
The Harmony Works Project	399,189	14,000	413,189

Analysis of direct costs

	The Harmony Works Project 2024 £	Total funds 2024 £
Facilities management	35,285	35,285
Project fees	82,223	82,223
Building consultants	44,143	44,143
Building design	23,750	23,750
Building surveys	81,229	81,229
Legal fees	115,779	115,779
Communication and engagement	14,295	14,295
Interest and charges	2,485	2,485
	399,189	399,189

9. Auditor's remuneration

The auditor's remuneration amounts to an auditor fee of £13,250, and accounting services of £750.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2024

10. Staff costs and trustees' remuneration and expenses

The gross remuneration of the key management personnel during the period was £32,100. The key management personnel is deemed to be those listed on page one of the accounts who are paid as freelancers. The charity has no employees.

During the period, no trustees received any remuneration or other benefits.

During the period ended 31 July 2024, expenses totalling £634 were reimbursed or paid directly to 2 trustees in relation to travel costs.

11. Tangible fixed assets

	Freehold land and property £
Cost	
Additions	1,661,000
At 31 July 2024	1,661,000
Impairment	
Impairment charge	156,000
At 31 July 2024	156,000
Net book value	
At 31 July 2024	1,505,000

Freehold land and property comprises Canada House which is in the process of restoration. Further details are provided in accounting policies.

An impairment of £156,000 has been recognised on the basis of a professional valuation from SMC Brownhill Vickers dated April 2024 due to market hardening conditions experienced since the agreed purchase price and acquisition.

Canada House is under restoration, as development progresses further impairments are expected as conservation deficit is realised.

The professional valuation also indicates that the value of Canada House following completion of the restoration project will be in excess of the original purchase price.

HARMONY WORKS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2024

12. Debtors

	2024 £
<i>Due within one year</i>	
Other debtors	5,301
Prepayments and accrued income	45,231
	<hr/>
	50,532
	<hr/>

13. Creditors: Amounts falling due within one year

	2024 £
Trade creditors	85,503
Accruals	15,097
	<hr/>
	100,600
	<hr/>

14. Creditors: Amounts falling due after more than one year

	2024 £
Other loans	105,422
	<hr/>

The loan is an unsecured loan from Sheffield City Council to support the expenditure of the project. The loan is repayable in two equal instalments in June 2026 and June 2027. Interest is accrued on a daily basis at 2.55% per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2024

15. Statement of funds

Statement of funds - current period

	Income £	Expenditure £	Transfers in/out £	Balance at 31 July 2024 £
<i>Unrestricted funds</i>				
General funds	(46,061)	(2,485)	(50,000)	(98,546)
<i>Restricted funds</i>				
Levelling Up Funding	1,600,000	-	(1,600,000)	-
National Lottery Heritage Funding	154,608	(154,608)	-	-
SYMCA Gainshare	280,000	(35,013)	-	244,987
Sheffield City Council	149,753	(102,278)	(11,000)	36,475
Trusts	2,284	(2,284)	-	-
Sheffield Music Academy	742	(742)	-	-
Donation in kind - legal fees	115,779	(115,779)	-	-
Restricted fixed asset fund	-	(156,000)	1,661,000	1,505,000
	2,303,166	(566,704)	50,000	1,786,462
<i>Total of funds</i>	2,257,105	(569,189)	-	1,687,916

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2024

15. Statement of funds (continued)**Restricted funds**

Levelling Up Funding - Granted to Harmony Works from SCC from Sheffield Gateway Levelling Up Fund for the purchase of Canada House.

National Lottery Heritage Fund - Development Grant to fund survey work, project team, audience development and community engagement, fundraising, viability assessment.

SYMCA Gainshare (allocation from Sheffield City Council) – design fees, project team, insurances, construction, consultant costs.

Sheffield City Council - Feasibility Grant to fund reports for ACE application, including economic and social data outputs, subsidy control opinion, access report, fundraising, business plan, cost plan.

Trusts - Business Plan, Community Engagement, project team.

Sheffield Music Academy - legal fees (IBIS release), statutory fees (planning).

Donation in Kind - Legal fees - From CMS LLP for work associated with the acquisition of Canada House, establishment of Harmony Works Trust CIO and transfer of funds and accountability from Sheffield Music Academy.

Fixed asset funds - represents the net book value of the tangible fixed assets.

General Funds

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

The unrestricted fund has a deficit balance as at 31 July 2024 totalling £98,456. This deficit balance is represented by the loan from SCC detailed in note 13.

Transfers from the restricted funds to the fixed asset fund represents funding received from grant providers expensed in accordance with the conditions and transferred to a separate fund to represent the cost of the property. The £50,000 transferred from unrestricted funds represents the charity's own investment in the purchase of the property.

HARMONY WORKS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2024

16. Summary of funds

Summary of funds - current period

	Income £	Expenditure £	Transfers in/out £	Balance at 31 July 2024 £
General funds	(46,061)	(2,485)	(50,000)	(98,546)
Restricted funds	2,303,166	(566,704)	50,000	1,786,462
	<u>2,257,105</u>	<u>(569,189)</u>	<u>-</u>	<u>1,687,916</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £
Tangible fixed assets	1,505,000	-	1,505,000
Current assets	382,062	6,876	388,938
Creditors due within one year	(100,600)	-	(100,600)
Creditors due in more than one year	-	(105,422)	(105,422)
Total	<u>1,786,462</u>	<u>(98,546)</u>	<u>1,687,916</u>

HARMONY WORKS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2024

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2024 £
Net income for the period (as per Statement of Financial Activities)	1,687,916
Adjustments for:	
Interest from investments	(4,054)
Impairment of fixed assets	156,000
Increase in debtors	(181)
Increase in creditors	93,864
Transfer from Sheffield Music Academy	(29,427)
Net cash provided by operating activities	1,904,118

19. Analysis of cash and cash equivalents

	2024 £
Cash in hand	338,406
Total cash and cash equivalents	338,406

20. Analysis of changes in net debt

	Cash flows £	Other non- cash changes £	Transfer from SMA £	At 31 July 2024 £
Cash at bank and in hand	205,912	-	132,494	338,406
Debt due after 1 year	-	(2,355)	(103,067)	(105,422)
	205,912	(2,355)	29,427	232,984

HARMONY WORKS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2024

21. Related party transactions

Ian Falconer and Emily Pieters are trustees of Sheffield Music Academy (SMA). Harmony Works was formerly a project within SMA and included within their financial statements. On the establishment of Harmony Works Trust, assets and liabilities held by SMA with a net value of £29,427 were transferred to Harmony Works Trust and this figure is included in donations in the Statement of Financial Activities (note 4). No balance was due to or from SMA at 31 July 2024.

22. Transfer from Sheffield Music Academy

On 29 August 2023, the assets and liabilities related to the Harmony Works project were transferred from Sheffield Music Academy to the charity. The breakdown of the assets and liabilities transferred are shown below and recognised as income within donations and legacies (note 4):

	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £
Current assets			
Debtors	50,000	351	50,351
Cash at bank	38,633	52,601	91,234
Liabilities			
Current liabilities	(9,091)	-	(9,091)
Loan due over 1 year	-	(103,067)	(103,067)
	<u>79,542</u>	<u>(50,115)</u>	<u>29,427</u>

Included within the above are the following restricted fund balances transferred from Sheffield Music Academy:

	£
Levelling up funding	50,000
National Lottery Heritage Funding	(4,787)
Sheffield City Council	31,503
Trusts	2,084
Sheffield Music Academy	742
	<u>79,542</u>

23. Post balance sheet events

In January 2025 the Trust was delighted to receive confirmation of two major awards which it had applied for in the autumn of 2024, i.e. £4.67 million from the National Lottery Heritage Fund and £3.5 million from Arts Council England. Together with our previous fundraising successes, we have now identified the majority of the funds we require to complete the capital phase of the project.