

Community Music East Limited
Company limited by guarantee
Annual report and financial statements
For the year ended
31 March 2010

Charity Number 298418
Company Registration Number 02186012

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Community Music East Limited

Company limited by guarantee

Financial statements

Year ended 31 March 2010

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Community Music East Limited

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Trustees annual report

The trustees present their report and audited financial statements for the year ended 31 March 2010

Registered charity name Community Music East Limited

Charity number 298418

Company registration number 02186012

Operational address Community Workshop
Music House Lane
Norwich
NR1 1QL

Trustees A Brown (Joint Chair)
C King (Joint Chair)
M Burrows
A Rippon

Secretary A Cooke

Operations director E A Knight

Development director A Cooke

Auditor Lovewell Blake LLP
Chartered Accountants
& Statutory Auditor
102 Prince of Wales Road
Norwich
Norfolk
NR1 1NY

Bankers Lloyds TSB Bank plc
16 Gentlemans Walk
Norwich
Norfolk
NR2 1LZ

Solicitors Clapham & Collinge
St Catherine's House
All Saints Green
Norwich
NR1 3GA

Community Music East Limited

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Trustees annual report (continued)

Year ended 31 March 2010

Structure, governance and management

Governing document

Community Music East Ltd (which is also known as CME) is a registered charity (No 298418) and a company limited by guarantee (No 2186012) CME was incorporated on 30 October 1987 and is governed by its Memorandum and Articles of Association

Recruitment and appointment of Trustees

CME's voluntary board of directors are also the charity's trustees The directors are the only members of the company Other than the members no organisations or individuals are entitled to appoint board members

It is CME's policy that potential board members are identified and sought in order to provide a suitable balance of skills and experience relevant to the strategic development and continuation of the organisation New board members are proposed and appointed by a majority of the board at a board meeting and have that appointment confirmed by a majority vote of the members at the following AGM

Trustee induction and training

New board members are inducted by separate meetings with the joint chairs, the trustees and other relevant members of staff and visit examples of CME's work Training for trustees takes place in relation to the skill-base of the board and as the need arises

New trustees will also be provided with copies of

- The Memorandum and Articles of Association
- The latest accounts of the Charity
- Charity Commission guidance notes CC3 - "The Essential Trustee"

In addition trustees are encouraged to read Charity Commission and other newsletters and to attend courses designed to keep them abreast of their duties and responsibilities

Organisational structure

An executive sub-committee of the board, comprising board members and senior management staff, meets on a monthly basis and reports to the full board which meets quarterly

An Executive meeting is held monthly at which cashflows and liabilities are presented by the Operations and Development directors, and these cashflows are also circulated to all Board members The Board reviews spending, income generation and commitments at each quarterly meeting in the context of longer term strategies and the business plans In addition, annual reviews of ongoing quality analysis and compliance are also reported to the Board

Risk management

The trustees are aware of the Charity Commission requirement to identify and review the major risks to which the charity is exposed and to establish systems to mitigate these risks, and confirm that this exercise is currently being carried out and will be completed during the year ended 31 March 2011

Community Music East Limited

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Trustees annual report (continued)

Year ended 31 March 2010

Objectives and activities

CME's objects are to promote, maintain, improve and advance education particularly by the improvement and development of public taste, appreciation and understanding of music by the conduct of classes and courses, the presentation of concerts, the performance of music and the encouragement of the arts generally, including the arts of music, singing, dance, drama, literature, sculpture and painting

CME aims to provide opportunity through engagement with music and multi-media. It gives particular priority to work with people who are in any way socially, financially or educationally disadvantaged

CME has also always aimed to improve the quality of community education provision and support for tutors and other career pathways in the music industry

CME's charitable activities are in the following areas

Music and multi-media activities to increase opportunities, primarily for people who may be disadvantaged either socially, economically or culturally, to develop self esteem, self-confidence and a feeling of value and achievement from engagement in music making in creative multi-media activity

Training and Continuous Professional Development to source funds to train new creative practitioners as CME freelance workshop tutors and, with UEA HE accreditation, to deliver the CME-designed course teaching creative practitioners to deliver reflective, user-centred practice in a range of cultural settings, and to develop the skills and experience of CME staff and tutors with new and updated training and opportunities

Development and research to develop the breadth of CME's offer of direct delivery, training and research and of new products and activities, and to expand business and CPD opportunities for the region's creative practitioners via cultural industry connections. Also to research a flexible, sustainable position for the organisation by embedding ourselves pivotally in the regional infrastructure

This replaces the focus on a new centre capital development in light of relocation of the office to the Community Workshop

Public benefit

The trustees confirm that they have had due regard to the Charity Commission's guidance on public benefit

CME delivers public benefit through the following organisational mission and values

Mission Statement: To promote opportunity through the process of music making and creative media activity

CME Core Values:

- To promote the highest quality of user-centred learning activity through creative participation
- To provide services and resources to the widest range of users, particularly those who are educationally, culturally, socially and economically disadvantaged
- To develop individual aspiration and growth via opportunities for training and CPD
- To be dynamic, innovative, flexible and resilient as an organisation and focal agency
- To promote opportunity through creative initiatives and practice

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Trustees annual report (continued)

Year ended 31 March 2010

Achievements and performance

CME is both a voluntary organisation and a social enterprise working in a very dynamic environment. The organisation works to planned targets for activities that are funded by a range of sources varying from contracts to grants to service level agreements. CME assures this income by developing initiatives that fit with national, regional and local objectives and income streams and our core values.

Music and multi-media workshop activities

To increase opportunities, primarily for people who may be disadvantaged either socially, economically or culturally, to develop self-esteem, self-confidence and a feeling of value and achievement from involvement in music making and in creative multi-media activity.

This process is achieved by seeking discrete resources from a range of income sources in order to support a holistic programme promoting opportunity and progression. The scale and focus of activity within this programme will vary from year to year dependent upon the availability of specific funding and the organisation's success in securing funds.

Over the year actual delivery of 1036 workshops was up 3.6% on the target for the year of 1,000 and up 19.2% on 2008-2009. 9% of the workshops were neither music nor multimedia projects (see below).

The proportion of the actual workshops delivered across the target group/activity areas was as follows:

Children and young people (including those at risk) - 68%
(702 workshops - 2008-2009 63%)

Adults with mental health problems, learning difficulties and physical disabilities, drugs & alcohol problems - 16% (168 workshops - 2008-2009 20%)

Direct workshop delivery of other activities

Sing Up and families singing - 6%
(66 workshops - 2008-2009 6%)

Adults receiving computer access training - 5%
(52 workshops - 2008-2009 0%)

Adults receiving CPD on UEA accredited course - 4%
(39 workshops - 2008-2009 0%)

Adults in employment upgrading basic skills - 1%
(9 workshops - 2008-2009 0%)

PROJECTS

- ACER contract/'Stepping Stones' to deliver basic skills training to meet employer's workforce needs. This was a DWP targeting fund, sub-contracted to ACER and paid in arrears of results. It was terminated by mutual agreement due to lack of employer engagement and low participant numbers. The project made a deficit for CME.

- Breckland District Council/'Go Create' to undertake consultative research into the rural demand for creative activity provision by taster workshop feedback. This was a 2008-2009 project of which only three workshops and the report DVD were in this year. Breckland agreed the method of consultation and the product was successful.

- DAT (Norfolk) to work with adult drugs & alcohol addicts to produce a film showing the effects of their problem upon their lives. The film product has been acclaimed as professional, moving and an effective warning and the user-participants were very pleased with the result and dissemination.

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Trustees annual report (continued)

Year ended 31 March 2010

- **First Light Movies** to work with four groups of young people across Norfolk to produce a film driven by their interest that would deliver a professional experience of film-making for each group. This was a year's project starting in July 2009. The four groups were engaged and enthusiastic to work on films about zombies, ghosts, local figure Thomas Paine, and an exploration of suspected criminal activity. This work underpinned another successful bid to MEDIABOX (First Light) funds for a TV debate in Holt, workshops for which began in 2009-2010.

- **Hardship Fund** to deliver continuity of core services and underpin sustainability measures for the organisation. CME bid for project funds to meet the demand of our most disadvantaged users, otherwise unfunded, for the period January - September 2010. The first quarter targets were easily exceeded. Also training sessions from HF promoted use of any underspend on sustainability, such as new product development, underpinning structural changes eg venue costs, and skills training for workers. The flexibility of these funds meant we were able to respond to demands for working in a new client group, who are economically inactive and rarely funded, which was from residential homes for dementia sufferers and their families. It also meant we were able to allocate funds towards new projects, such as Norfolk Sound & Vision conference and festival (September 2010) and developing film work and to piloting new offers to users, such as 1:1 sessions and for training for staff and tutors.

- **'Music Wise'/Youth Music** to develop musical skills in young people. The Norfolk Youth Music Action Zone was established with Youth Music funding in 2000. CME has run this programme as lead organisation then alone since 2007. This was the third year of the YMAZ project 'Music Wise', of which 25% is match-funded, and of the 393 workshops, 31 provided the musical training for the four First Light film projects. The strands of this programme cover delivery in Early Year's settings, band skills work to after-school clubs and in CME's public programme, family work and group or individual sessions for KS4 young people at risk of exclusion or offending, or facing challenging circumstances, such as rural deprivation or being refugees, victims of crime etc. This year there was a marked increase in demand for 1:1 delivery to pupils from Pupil Referral Units and Education Plus, and the high quality of the support and skills delivered by our tutors is now widely known as successful.

- **Norfolk County Council Adult Social Services** to deliver music/media activity to adults with learning difficulties or profound disabilities. This year we worked with Caister Friends, CME MHP group, Vauxhall Centre disabled users, and the drop-in legacy of the Access All Areas project.

- **Public Programme** to deliver music & multimedia choices to the paying public. This year we booked in a full year's offer priced to cover our direct costs and increase profile and offered 1:1 tuition in specific skills. Whilst there remains a demand for leisure skills' training, the return is minimal even for full groups and the programme overall had to be supported by the HF grant. NHS and SS personal budgets enabled a few users to have tailored provision 1:1 and this may be an expanding area of income, but without other funds, the public programme was deemed not viable.

- **UK Online** to deliver free training in accessing the web through a structured government programme, My Guide. This small project ran July 2009 -2010 and gave 81 participants 4-6 hours of computer training.

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Trustees annual report (continued)

Year ended 31 March 2010

Training and Continuing Professional Development

- Sing Up to deliver CPD to primary schools' teachers with the aim of developing a singing culture within schools and sign up to the SU website resource and awards programme. This is technically a strand of the Training & CPD tranche of CME work, but is delivered through singing workshop activity by CME tutors and other specialist trainers

- Music & Multimedia Activities Sing Up Beyond the Mainstream was a branch of funds to extend the singing schools reach beyond primary. There were substantial efforts made to develop a project around local minority groups, however no group cohered and it was agreed to explore working with a SU Vocal Force project in Essex SEN schools. The unspent funds remain held over for Sing Up to redistribute. CME also delivered singing workshops to build confidence and teamwork in groups referred through WEETU and a number of family and school events were based around vocal bonding.

- UEA-accredited HE course During 2008-2009 CME had worked with the University of East Anglia and an education consultant to develop our training programme into Certificate of Education accredited by the university at 60 credits at level 5. The Teaching Through Creative Process and Practice course is to train practitioners from across the region to deliver in the community learning sector. This pilot is in part funded by the Arts Council and supported by HEFCE fund, and delivered at CME and by CME staff and other guest tutors. It is an exciting culmination of our hopes for recognition of the quality and value of the practice CME has promoted throughout its existence and the first course started in September 2009 with nine students. The teaching element ran over the first six months with a further three for portfolio submissions and three for marking and moderation, and UEA were pleased with the pilot and the agreement to run the second of three is for January 2011.

- In house tutor skills updates were diminished this year, due to constraints on funding and staff time. The tutor meetings held included skills and repertoire sharing and IAG updates, as well as work on project specific preparation and review. Two tutors were trained as Arts Awards assessors, several attended Sing Up training and others took the PTTLs courses.

- Optional training for staff leaving under the redundancy process was budgeted but not taken up. Of the remaining staff team, IAG training was completed by the Marketing & Communications Co-ordinator and the Development Director attended training and skills development sessions to set up the pilot Norwich Sound & Vision conference and festival (September 2010).

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Trustees annual report (continued)

Year ended 31 March 2010

Development and research

The Board and staff team had to manage a new approach to sustainability for the organisation in a challenging economic environment this year. Since we had the offer to lease the Community Workshop and were being asked to vacate 189 King Street, it was agreed that the staff team should downsize and the capital project, to build or purchase and refurbish a freehold property as a centre and studio facility, was not a relevant or realisable priority, certainly in the short-term.

As part of the new roles offered to staff, a developmental and research remit was considered vital, to broaden the product base for our core delivery, to engage with potential partners and networks, to explore a current overview of the marketplace, to match the changing commercial requirements of the sector in a flexible and responsive way, to elucidate pathways for engaged participants and workers, to reposition CME as structurally relevant in the region to stakeholders with common interest. The new post of Development Director was created to lead in these areas and to include income generation. The financial circumstances of the organisation, the global economic issue and the change of direction for government policy and funds for 2010-2015 make the lead up to the October 2010 budget highly challenging and the reactive and experimental nature of this post and the new strategy aims to reflect this creatively.

- CoMuse to develop the CME record label and publishing pilot project. This year Monk Inc used CoMuse to release a CD, but the costs were paid by the band and not CME, as the strategy for the project was unclear and a budget unavailable.

- Norwich Sound & Vision to bring together relevant music industry experts in a one day conference set against a three day showcase across four venues of local and new bands and with a selection of short films screening for five days. The projected pilot raised much interest and received funding from UKTI for development of the idea, and sponsorship from local agencies. Substantial public funding was agreed in principle, but is likely to be deferred until the pilot proves its impact. The Hardship Fund remit for novel products enabled a tight but adequate budget to be made available to underpin this.

- Social Enterprise East of England to distribute consultancy funds against SEEE commissioned research projects. Board members T Brown and A Rippon were commissioned in 2008-2009 to undertake a research & information report, which finished in 2009-2010. T Brown and B Higham won two contracts in 2009-2010, completed in 2010-2011, to analyse social impact measurement in one report and to consider business issues in another. B Higham also attended a course in social awareness raising with a bursary from Anglia Ruskin University. CME received administration fees.

Fund generating costs

In previous years, attempts to position CME to deliver DWP, LSC and ESF etc targets had been undermined by the national and regional commissioning of such contracts and those funds accessible were then altered to pay in arrears of targets achieved. It was agreed CME did not have the reserve cashflow to work in this way, as was demonstrated by the CME sub-contract with ACER, already sub-contracted to COVER.

The new funds raised this year were all in response to bids or negotiations undertaken by in house staff, working together. The allocation of staff time and travel in the second half of the year relates to a higher proportion of this work being undertaken by the Development Director role, and some profile-raising expenditure is also charged against this cost.

Financial review

Incoming resources within the General fund totalled £64,502 and expenditure amounted to £119,321. After transfers to designated funds of £20,000, net outgoing resources amounted to £74,819, of which £18,748 were non-taxable redundancy settlements.

Matched funding of £20,000 was designated during the year. After expenditure of £17,556, designated funds carried forward amounted to £2,444.

Incoming resources within the restricted funds totalled £310,651 and expenditure amounted to £298,072. Restricted fund balances carried forward at 31 March 2010 totalled £58,176.

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Trustees annual report (continued)

Year ended 31 March 2010

Reserves policy

CME believes that it needs reserves to enable the enterprise to continue for six months should all existing funding sources cease, so as to provide sufficient time to pursue alternative means of funding its activities and to meet legal obligations pertaining to staff and the then existing activities. CME believes that the reserves required should amount to at least 50% of the average annual expenditure of the previous three years. This amounts to £229,758.

The level of free reserves, being unrestricted funds not held as fixed assets, at the year end was £39,813 (2009: £97,538). In addition the charity held designated funds of £2,444.

It will therefore be the board's aim to rebuild reserves over a period of time to the required level.

Principal funding sources

During the year CME received £8,920 (2009: £7,023) as contributions to core costs from Norfolk County and Norwich City Councils. A minute amount of investment income is received. CME's charitable activities are however principally funded by a variety of grant and contractual arrangements with the funders acknowledged below.

Community Music East Limited

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Trustees annual report (continued)

Year ended 31 March 2010

Acknowledgements

In 2009-2010 Community Music East Limited received support from the following trusts, foundations, organisations and companies

ACER
Arts Council England
BEST, Thetford Excellence Partnership
Bignold Primary & Nursery School
Breckland Council
Broads & Marshes Arts Festival, Acle School
Campaign for Learning
Chapel Road School
Charles Burrell Humanities' School
Child Development Unit, NHS Norfolk
Community Development Foundation
Creative Partnerships - Duchy of Lancaster School, Methwold
Downs' Syndrome Norfolk
Earlham Early Years Centre
First Light Movies
Griffon Partnership
Lionwood Junior School
MediaBox
NCC for Castle Museum
NCC North Walsham Infant School
Norfolk Chamber of Commerce & Industry
Norfolk County Council Core funding
Norfolk County Council CAYT
Norfolk County Council Children's Services
Norfolk County Council Children's Services CAYT
Norfolk County Council Cultural Services
Norfolk County Council Social Services SLA LD9/PD46
Norfolk DAT
Norfolk Learning Partnership
Norfolk Mental Health Alliance
Norwich & District Anglers' Association & Consultative
Norwich Church of England Young Men's Society
Norwich City Council Core funding
Norwich Excellence Centre
Norwich Mind HQ
Paul Bassham Charitable Trust
RAF Marham
Sainsbury Centre for the Visual Arts
Sing Up
Social Enterprise East of England
St John's Infant School
Norwich City College for Norfolk Learning Partnership
Treehouse Out Of School Club
Ufi Charitable Trust Ltd
UKOnline
Victim Support
Watton Junior School
West Earlham Trade Association
YMCA St Giles Norwich
Youth Music YMAZ

Community Music East Limited

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Trustees annual report (continued)

Year ended 31 March 2010

Investment policy

Under the Memorandum and Articles of Association, the trustees have the power to invest the monies of the charity not immediately required for the furtherance of its objects in or upon such investments, securities or property as may be thought fit. Currently funds are deposited with Lloyds TSB and CAF Bank.

Plans for future periods

In order to place CME in the best position to continue its hard work in an ever changing and challenging environment, the organisation has undergone a process of structural reorganisation. The result of this work is a reshaped CME that the Board believes will best serve its users and stakeholders. The redirected focus of the organisation is to develop its flexibility and breadth of offer and to engage in new ventures, as well as to focus on increasing efficiency in the maintenance of our current programmes.

The Board would like to reiterate its thanks for the commitment made by workers who left in 2009 to take up new opportunities, especially to Ben Higham for his 20 years that sustained the organisation, and to Sarah Abercrombie and Ian Brownlie for their five years of hard work and creative contributions. The new staffing structure has four key posts, Development Director and Operations Director, which divide overall responsibility for CME's strategy and management, Service Delivery Manager, which is concerned with day-to-day delivery and tutor quality, and Marketing and Communications Coordinator, which covers relationships with users, PR and administration. The Sing Up Area Leader post is funded to March 2011.

As a result of these changes the strategy has been to maintain programming to core users, mostly young people and those with challenging needs, to explore the self-funding viability of the public programme, and to follow up ideas in new product development, including commercial film work, training and the Norwich Sound & Vision conference, with the aim of positioning us more marketably and in the regional infrastructure of cultural organisations as a developmental hub. As with most of the country, public sector cuts and the impact of the October 2010 budget has yet to be assessed, and CME is striving to place itself sustainably in the hiatus until movement begins again in the sector. The demand for our style of service to a variety of users in very challenging circumstances or with particularly difficult needs has risen and expanded to include new agencies' referrals. This supports our plan to bid for funds to service clients with complex or challenging needs, and to charge people with personal budgets at a rate that is viable, whether in groups or 1:1. This year has also focused on maintaining and generating goodwill for CME and developing relationships with relevant organisations. This allows for partnership working as well as referrals of users and several projects are in development as a result.

CME hopes that, as a consequence of the changes it began implementing in 2009, by 2011-2012 the impact of downsizing, relocation, novel strategies, new and improved relationships in an extended network of stakeholders, more efficient practice, better value-for-money services and an increased product offer will have filtered through to position us as a viable and sustainable organisation.

Trustees

Trustees, who are directors for the purpose of company law, who served during the year and up to the date of this report, are set out on page 1. All trustees held office throughout the year.

Community Music East Limited

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Trustees annual report (continued)

Year ended 31 March 2010

Statement of trustees' responsibilities

The trustees (who are also directors of Community Music East Limited for the purposes of company law) are responsible for preparing the Trustees annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial 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 the 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 in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information

Auditor

Lovewell Blake LLP have indicated they are willing to continue in office and a resolution to reappoint them will be proposed at the next Annual General Meeting

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the trustees



A Brown
Joint Chair



C King
Joint Chair

20 October 2010

Community Music East Limited

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Independent auditor's report to the members of Community Music East Limited

Year ended 31 March 2010

We have audited the financial statements of Community Music East Limited for the year ended 31 March 2010 on pages 14 to 24. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the 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 company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees' (who are also the directors of Community Music East Limited for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Community Music East Limited
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Independent auditor's report to the members of Community Music East Limited
(continued)

Year ended 31 March 2010

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements



Richard Morris FCA Senior Statutory Auditor
For and on behalf of LOVEWELL BLAKE LLP, Statutory Auditor

102 Prince of Wales Road
Norwich
Norfolk
NR1 1NY
21/10/10

Community Music East Limited
Company limited by guarantee

Statement of financial activities (incorporating the income and expenditure account)

Year ended 31 March 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	13,040	–	13,040	19,904
Investment income	3	46	–	46	3,428
Incoming resources from charitable activities	4	48,420	310,651	359,071	367,866
Other incoming resources	6	2,996	–	2,996	–
Total incoming resources		<u>64,502</u>	<u>310,651</u>	<u>375,153</u>	<u>391,198</u>
Resources expended					
Costs of generating funds					
Costs of generating voluntary income	7	(16,929)	–	(16,929)	(20,451)
Charitable activities	8	(106,377)	(298,072)	(404,449)	(428,373)
Governance costs	9	(13,571)	–	(13,571)	(15,496)
Total resources expended		<u>(136,877)</u>	<u>(298,072)</u>	<u>(434,949)</u>	<u>(464,320)</u>
Net (outgoing)/incoming resources for the year and net (expenditure)/income for the year	10	(72,375)	12,579	(59,796)	(73,122)
Reconciliation of funds					
Total funds brought forward		123,202	45,597	168,799	241,921
Total funds carried forward		<u>50,827</u>	<u>58,176</u>	<u>109,003</u>	<u>168,799</u>

The notes on pages 16 to 24 form part of these financial statements.

Community Music East Limited

Company limited by guarantee

Balance sheet


31 March 2010


Company number: 02186012

	Note	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	13		8,570		25,664
Current assets					
Debtors	14	59,130		34,495	
Cash at bank and in hand		<u>81,010</u>		<u>146,562</u>	
		140,140		181,057	
Creditors. Amounts falling due within one year	15	<u>(39,707)</u>		<u>(37,922)</u>	
Net current assets			100,433		143,135
Total assets less current liabilities			<u>109,003</u>		<u>168,799</u>
Net assets			<u>109,003</u>		<u>168,799</u>
Funds					
Restricted income funds	19		58,176		45,597
Unrestricted income funds	20		<u>50,827</u>		<u>123,202</u>
Total funds			<u>109,003</u>		<u>168,799</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the trustees on the 20 October 2010 and are signed on their behalf by


A Brown
Joint Chair


C King
Joint Chair

The notes on pages 16 to 24 form part of these financial statements.

Community Music East Limited

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Notes to the financial statements

Year ended 31 March 2010

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 and the Companies Act 2006, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

(b) Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants and donations and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Investment income is included when receivable.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

(d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

- Costs of generating funds comprise the costs associated with attracting voluntary income.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

Community Music East Limited

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Notes to the financial statements

Year ended 31 March 2010

1 Accounting policies (continued)

(e) Fixed assets

All fixed assets are initially recorded at cost

Items of equipment costing less than £500 are written off in the year of acquisition

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Office equipment	- 50% straight line
Musical instruments	- 50% straight line
Motor vehicles	- 25% straight line
Leasehold property	- over the term of the lease

(f) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

(g) Pension costs

The charity operates a group personal pension plan. Contributions are charged as expended to the Statement of Financial Activities

(h) Going concern

As with most of the country, public sector cuts and the impact of the October 2010 budget have yet to be assessed. The accounts have been prepared on the going concern basis on the assumption that ongoing funding will be available to meet the charity's commitments for the foreseeable future

(i) Cash flow statement

A cash flow statement is not included as part of these financial statements in view of the company falling outside the scope of Financial Reporting Standard No 1

2 Voluntary income

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Norfolk County Council	3,920	3,920	3,840
Norwich City Council	5,000	5,000	3,183
Donation of software - Microsoft	—	—	9,051
Miscellaneous donations	4,120	4,120	3,830
	<u>13,040</u>	<u>13,040</u>	<u>19,904</u>

3. Investment income

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Bank interest receivable	46	46	3,428

Community Music East Limited

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Notes to the financial statements

Year ended 31 March 2010

4. Incoming resources from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Participants	10,149	–	10,149	1,247
Trusts / Grants	–	121,793	121,793	74,418
Arts Council East	–	–	–	32,641
Youth Music	–	172,591	172,591	210,715
Norfolk County Council	5,000	8,109	13,109	13,109
Others	33,271	8,158	41,429	29,594
Investing in Communities	–	–	–	6,142
	<u>48,420</u>	<u>310,651</u>	<u>359,071</u>	<u>367,866</u>

5. Grants received

Included within incoming resources from charitable activities are the following grants awarded to the charity

Trusts and grants

Hardship Fund	80,293
First Light	24,000
MediaBox	10,000
UK Online	7,500
	<u>121,793</u>

Youth Music

Musicwise	120,000
Sing Up	52,591
	<u>172,591</u>

Norfolk County Council

Norfolk County Council Social Services	8,109
Drugs and Alcohol Advisory Team	5,000
	<u>13,109</u>

Others

Musicwise 2 and earned matched funding	30,013
UEA - Teaching Through Creative Process and Practice	7,443
SEEE	2,000
Comuse	1,208
Hardship Fund and earned matched funding	665
Sing Up	50
West Earlham Trade Association	50
	<u>41,429</u>

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Notes to the financial statements

Year ended 31 March 2010

6 Other incoming resources

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Landlord's improvements	<u>2,996</u>	<u>2,996</u>	<u>—</u>

7 Costs of generating voluntary income

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Project marketing	981	981	5,167
Staff servicing	15,948	15,948	12,484
Professional fees	—	—	2,800
	<u>16,929</u>	<u>16,929</u>	<u>20,451</u>

8 Costs of charitable activities by activity type

	Music making and media £	Training and CPD £	Development and research £	Total Funds 2010 £	Total Funds 2009 £
Staff, recruitment and human resources	148,564	104,639	30,580	283,783	288,989
Training and staff CPD	3,231	—	—	3,231	20,730
Premises costs	30,748	2,026	—	32,774	22,783
Office costs	28,177	1,788	4,360	34,325	30,473
Motor and travel expenses	14,041	2,785	640	17,466	18,919
PR and marketing	6,069	974	67	7,110	10,129
Bank charges	50	—	—	50	108
Professional fees	4,656	—	500	5,156	4,613
Equipment purchases and repairs	2,253	—	—	2,253	97
Music publishing	1,208	—	—	1,208	2,808
External evaluation	—	—	—	—	8,656
Depreciation	17,093	—	—	17,093	20,068
	<u>256,090</u>	<u>112,212</u>	<u>36,147</u>	<u>404,449</u>	<u>428,373</u>

9 Governance costs

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Audit fees - Lovewell Blake	7,637	7,637	7,245
Audit fees - Lovewell Blake re previous year	29	29	(151)
Audit fees - Larking Gowen re previous year	—	—	488
Staff servicing	4,294	4,294	6,160
Other governance costs	1,611	1,611	1,754
	<u>13,571</u>	<u>13,571</u>	<u>15,496</u>

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Notes to the financial statements

Year ended 31 March 2010

10. Net outgoing resources for the year

This is stated after charging

	2010	2009
	£	£
Depreciation	17,093	20,068
Auditor's fees	7,666	7,582
Operating lease costs		
- Land and buildings	5,862	5,862
- Other	2,972	-
	<u>19,691</u>	<u>13,492</u>

11 Transactions with trustees

During the year the charity paid £940 to Clapham and Collinge in respect of legal fees. Mr C King is a partner in Clapham and Collinge.

During the year Mr A Brown received £1,400, and Mrs A Rippon received £200, in respect of research work carried out. This was funded by a grant from Social Enterprise East of England.

12 Staff costs and emoluments

Total staff costs were as follows:

	2010	2009
	£	£
Wages and salaries	179,016	190,623
Social security costs	14,604	16,449
Other pension costs	5,766	7,021
	<u>199,386</u>	<u>214,093</u>

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows

	2010	2009
	No	No
Number of staff	<u>6</u>	<u>8</u>

No employee received remuneration of more than £60,000 during the year (2009 - Nil)

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Notes to the financial statements

Year ended 31 March 2010

13. Tangible fixed assets

	Equipment £	Musical instruments and equipment £	Motor Vehicles £	Leasehold Property £	Total £
Cost					
At 1 April 2009	55,635	170,989	64,377	112,254	403,255
Disposals	—	—	(5,289)	(112,254)	(117,543)
At 31 March 2010	<u>55,635</u>	<u>170,989</u>	<u>59,088</u>	<u>—</u>	<u>285,712</u>
Depreciation					
At 1 April 2009	46,086	165,049	54,203	112,254	377,592
Charge for the year	6,908	5,045	5,140	—	17,093
On disposals	—	—	(5,289)	(112,254)	(117,543)
At 31 March 2010	<u>52,994</u>	<u>170,094</u>	<u>54,054</u>	<u>—</u>	<u>277,142</u>
Net book value					
At 31 March 2010	<u>2,641</u>	<u>895</u>	<u>5,034</u>	<u>—</u>	<u>8,570</u>
At 31 March 2009	<u>9,549</u>	<u>5,940</u>	<u>10,174</u>	<u>—</u>	<u>25,663</u>

Property improvements represented the cost of conversion of leased premises at 189 King Street, Norwich for use by the charity

14 Debtors

	2010 £	2009 £
Trade debtors	24,057	6,550
Prepayments	<u>35,073</u>	<u>27,945</u>
	<u>59,130</u>	<u>34,495</u>

15. Creditors' Amounts falling due within one year

	2010 £	2009 £
Trade creditors	17,501	17,677
PAYE and social security	3,765	—
Accruals	<u>18,441</u>	<u>20,245</u>
	<u>39,707</u>	<u>37,922</u>

16. Pensions

The charity operates a group personal pension plan for employees. The annual contributions payable are chargeable to the statement of financial activities.

Contributions made by the charity amounted to £5,766 (2009 £7,021)

There were unpaid contributions of £390 (2009 £Nil) at the year end

Community Music East Limited

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Notes to the financial statements

Year ended 31 March 2010

17. Taxation

The charity is exempt from corporation tax as surplus income and gains are applied for charitable purposes

18. Commitments under operating leases

At 31 March 2010 the charity had annual commitments under non-cancellable operating leases as set out below

	Assets other than Land and buildings	
	2010 £	2009 £
Operating leases which expire:		
Within 2 to 5 years	<u>2,972</u>	<u>2,998</u>

19 Restricted income funds

	Balance at 1 Apr 2009 £	Incoming resources £	Outgoing resources £	Balance at 31 Mar 2010 £
Youth Music - Musicwise	–	120,000	(120,000)	–
Youth Music - Sing Up	–	52,641	(48,578)	4,063
Norfolk County Council Social Services	–	8,109	(8,109)	–
Arts Council East - Teaching Through Creative Process and Practice	29,598	–	(29,598)	–
Youth Music - Sing Up Beyond the Mainstream Evaluation and Development Project	9,765	–	(3,053)	6,712
First Light	6,234	–	(6,234)	–
Hardship Fund	–	24,000	(24,000)	–
MediaBox	–	80,958	(41,387)	39,571
UK Online	–	10,000	(4,045)	5,955
UEA - Teaching Through Creative Process and Practice	–	7,500	(5,625)	1,875
	–	7,443	(7,443)	–
	<u>45,597</u>	<u>310,651</u>	<u>(298,072)</u>	<u>58,176</u>

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Notes to the financial statements

Year ended 31 March 2010

19. Restricted income funds (*continued*)

Youth Music

Youth Music distributes lottery funding for children to access music through its Youth Music Action Zones, of which Community Music East is the Norfolk one, under the brand of Music Wise. 2009-2010 saw the conclusion of the three year Music Wise 2 project, bringing around £698,000 worth of provision and development work into Norfolk, working with young people at risk.

Youth Music - Sing Up

Youth Music is distributing government funding for the national Sing Up programme. Its aim is to inspire primary school age children and their leaders to sing. Community Music East secured a SLA to deliver Area Leader Services in this region, along with two other regional providers, from November 2007 to March 2011.

Norfolk County Council Social Services

Community Music East has negotiated an annual service level agreement with Norfolk County Council Social Services to secure a contribution towards the costs of programmes with Social Services client groups. The SLA with Norfolk County Council provides a limited fund to work with people with learning and/or physical disabilities.

Arts Council East / UEA - Teaching Through Creative Process and Practice

This funding is towards a course to be run by Community Music East and accredited by the University of East Anglia, offering a certificate in continuing education in Teaching through Creative Process and Practice. It is aimed at practising artists and musicians who wish to further and accredit their teaching skills, is at university level 2, is part-time and runs for approx six months. HEFCE will be providing the balance of funding and some student bursaries will be available.

Youth Music - Sing Up Beyond the Mainstream

In an extension to the Sing Up programme, Community Music East is developing the Mouth Full project. The intention is to expand the access for children in deprived communities to singing experiences.

Evaluation and Development Project

Funding to undertake an internal evaluation of the YMAZ and development of a network for national YMAZ information-sharing.

First Light

To work with four groups of young people across Norfolk to produce a film driven by their interest that would deliver a professional experience of film-making for each group.

Hardship Fund

To deliver continuity of core services and underpin sustainability measures for the organisation.

MediaBox

Funds for a TV debate in Holt, workshops for which began in 2009-10.

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Notes to the financial statements

Year ended 31 March 2010

19. Restricted income funds (continued)

UK Online

To deliver free training in accessing the web through a structured government programme, My Guide

20. Unrestricted income funds

	Balance at 1 Apr 2009 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Mar 2010 £
First Light matched funding	–	–	(17,556)	20,000	2,444
General Funds	123,202	64,502	(119,321)	(20,000)	48,383
	<u>123,202</u>	<u>64,502</u>	<u>(136,877)</u>	<u>–</u>	<u>50,827</u>

21. Analysis of net assets between funds

	Tangible fixed assets £	Net current assets £	Total £
Restricted Income Funds:			
Youth Music - Sing Up	–	4,063	4,063
Youth Music - Sing Up Beyond the Mainstream	–	6,712	6,712
Hardship Fund	–	39,571	39,571
MediaBox	–	5,955	5,955
UK Online	–	1,875	1,875
	<u>–</u>	<u>58,176</u>	<u>58,176</u>
Unrestricted Income Funds:			
Designated Funds	–	2,444	2,444
General Funds	8,570	39,813	48,383
	<u>8,570</u>	<u>42,257</u>	<u>50,827</u>
Total Funds	<u>8,570</u>	<u>100,433</u>	<u>109,003</u>

22. Company limited by guarantee

Community Music East Limited is a company limited by guarantee with no share capital. Each member of the company is liable to £1 in the event of the winding-up of the company.