

**KENT MUSIC**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Trustees (at the date of approval of the financial statements)**

Geoff Miles, Chair  
Tim Leates  
Sarah Hohler (appointed by Kent County Council)  
Francesca Christmas  
James Williams  
Paul Danielsen  
Robin Hammerton  
Elizabeth Topiwala  
Geoffrey Lymer (appointed by Kent County Council)  
Lesley-Ann Thomson (appointed 27 September 2019)  
Kyle Siwek (appointed 27 September 2019)  
Alicia Moyles (appointed 27 September 2019)  
Jessica Cooling (appointed 27 September 2019)  
Rebecca Everden (appointed 27 September 2019)

**Company registered number**

05464855

**Charity registered number**

1110639

**Registered office**

24 Turkey Court, Turkey Mill  
Ashford Road  
Maidstone  
Kent  
ME14 5PP

**Chief executive officer**

Peter Bolton

**Senior management team**

Samantha Rogerson, Head of Finance and Operations  
Karen Self, Head of Partnerships & Development  
Helen Hendry, Head of Music Programmes  
Trevor James, Head of Education

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Advisers (continued)**

**Independent auditor**

Crowe U.K. LLP  
Riverside House  
40 - 46 High Street  
Maidstone  
Kent  
ME14 1JH

**Patron**

Jools Holland OBE

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees present their annual report together with the audited financial statements for the year 1 September 2018 to 31 August 2019. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's 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 (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the Charity qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

It is important when reading these accounts to note the reasons for income from charitable activities being significantly lower than in the previous year (£6,332,853 in 2018 and £1,083,199 in 2019). In 2018, Kent Music was awarded a grant from Arts Council England for the period April 2018 – March 2020 in order to fulfil its role as the lead partner for the music education hub for Kent. Since the conditions of the grant fall within the charity's control, under section 5 of the Statement of Recommended Practice (SORP), the two-year grant had to be recognised in full in the 2018 accounts. Consequently, none of the grant has been recognised in these 2019 accounts, which should be read with this in mind.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Charity is registered as a charitable company limited by guarantee, incorporated on 26 May 2005 and registered as a charity on 29 July 2005. The charity took over the assets and liabilities of Kent Music School on 1 September 2005. Kent Music School was registered as a charity on 20 November 1969.

The Charity was created under a memorandum of association which established the objects and powers of the charity and is governed under its articles of association.

### **Method of appointment or election of trustees**

The management of the Charity is the responsibility of the trustees who are elected and co-opted under the terms of the articles of association.

Kent Music is keen to ensure that its board of trustees includes a broad base of skills and representations. The method adopted for the recruitment and appointment of new trustees is that vacancies are advertised and applications are invited. Shortlisted candidates are interviewed by the chair and another trustee.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Trustees**

The Trustees that served during the year are as follows:

Geoff Miles, Chairman  
Tim Leates  
Nicholas McKay (resigned 29 March 2019)  
Sarah Hohler (appointed by Kent County Council)  
Liz Moran (resigned 29 March 2019)  
Francesca Christmas  
James Williams  
Paul Danielsen  
Joanne Winkler  
Robin Hammerton  
Elizabeth Topiwala  
Geoffrey Lymer (appointed by Kent County Council)

**Organisational structure and decision making**

The board of trustees of up to 14 members meets 4 times a year to administer the Charity. A chief executive is appointed by the trustees to manage the day to day operations of the charity. There is an executive committee of trustees, which also acts as the audit committee which meets to support the chief executive and leadership team on matters concerning the day-to-day running of the organisation.

Induction training for new trustees is provided and they are also offered the opportunity to attend other relevant training courses.

**Charity Governance Code**

The Board has taken note of the new Charity Governance Code and is still in the process of considering its impact and how it will be implemented. The Board has undertaken a piece of work to identify its responsibilities and areas of delegation and clarifying items that need to be brought to the Board for discussion and decision. The memorandum and articles will be reviewed during the next 12 months.

**RISK MANAGEMENT**

The charity has done more work on risk management during the year and a new risk register will be presented to the Board in March 2020 along with a monitoring system which ensures that the risk register is updated and presented to each Board meeting. A piece of work has been commissioned from GRCI Law to check compliance with GDPR following the review that was carried out in 2018. They will be acting as the Data Protection Officer for the charity while this review is undertaken.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**OBJECTIVES AND ACTIVITIES**

**Policies and objectives**

The purposes of the charity (the objects) shall be the promotion of the performing arts in all its forms and in particular music and for this purpose to provide education, tuition and activities for the benefit of the public generally, principally within the County of Kent and the Unitary Authority of Medway.

**Mission Statment**

Kent Music is an education charity that develops musical opportunities to support the aspirations of children, young people, adults and teachers in Kent.

**Values**

- Anticipating, valuing and supporting diversity and difference.
- Maintaining high expectations for all learners and staff
- Understanding the needs of children and young people
- Reducing barriers to engagement
- Keeping creativity at the heart of our thinking

Kent Music is funded by Kent County Council to provide out of school music centres, county level ensembles and choirs and an annual summer school. The organisation is also funded by Arts Council England as the lead partner of the music education hub for Kent. In this role Kent Music works with partners to provide music education services to children aged 5 to 18.

The vision and values are lived through a business plan. In the business plan for 2018-20 there are eight core priorities:

1. Build tuition through a team of salaried music teachers.
2. Systematically build the out-of-school offer
3. Provide more opportunities for children with SEN/D and from disadvantaged backgrounds
4. Develop a coherent offer to schools
5. Introduce and implement a new Singing Strategy
6. Deliver sector leading continuing professional development and quality assurance
7. Provide opportunities for children and young people to hear high quality performers
8. Develop a long term, sustainable business model

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**ACHIEVEMENTS AND PERFORMANCE**

**Review of Activities**

In preparing a review of the activities for the year, the Trustees have asked the Chief Executive to refer to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

**Tuition**

Kent Music delivers teaching in two ways: through tuition that is directly registered with parents; through agency projects, which is where schools buy teacher time from Kent Music and organise the teaching themselves. In its role as the lead partner for the Music Education Hub Kent Music supports the delivery of the MusicPlus scheme which provides opportunities for children in primary schools to learn to play musical instruments in whole classes. Kent Music delivers some MusicPlus projects directly and funds schools to enable them to engage teachers to deliver the remainder.

Last year the trustees reported an increase in the number of students taught through directly registered tuition. They also reported that the approach to recruiting a new team of salaried teachers was contributing to the increase in the number of students.

This year the number of directly registered students has fallen slightly though the percentage of all tuition delivered by salaried teachers has increased from 33% to 40%. The trustees have also noted that there have been some inconsistencies in data from the trust's computer software and that the autumn 2019 figure is likely to be the most accurate.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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<b>Directly registered teaching</b>		
	<b>Number of students</b>	<b>% change</b>
Autumn 17	966	
Autumn 18	1189	23.08%
Autumn 19	1099	-0.75%

<b>Teaching Hours Delivered by Salaried Teachers</b>		
	<b>Number of teaching hours per week</b>	<b>Percentage of all teaching hours</b>
Autumn 2018	208.01	33%
Autumn 2019	233.27	40%

<b>Year</b>	<b>Number of schools delivering MusicPlus (Key Stage 2)</b>
2017	362
2018	367
2019	368
Number of primary schools with KS2 = 432	

Six new salaried teachers were appointed during the course of the year.

During the year Kent Music revised its tuition strategy and in future will be placing more emphasis on the teaching of orchestral instruments to complement teaching on other instruments that takes place elsewhere in the county.

#### **Out of School activities**

A central part of the strategy for developing music out of school is to build up a network of music centres across the county which focus primarily on children and young people from the ages of 0 – 18. During the year the Thanet Music Centre moved to St. George's Church of England Foundation School in Broadstairs and now has five groups running on a weekly basis. The West Kent Youth Orchestra has been relaunched in Tonbridge and a new conductor appointed. The Dartford Music Lab has been running for over a year and a new Music Lab has been established in Maidstone.

Attendance at county level courses has been encouraging this year with numbers remaining stable in most groups. A decision was made in the summer of 2019 to merge the senior county choirs into a single Kent Youth Choir.

Kent Music Summer School numbers fell during the year but this was partly because of reduced facilities on site

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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while a new music building including a concert hall is constructed.

During the course of the year a review of music provision for advanced young musicians and the summer school was initiated. A new vision was presented to the Board in December 2019 and progress will be reported in future trustees' reports.

<b>Attendance at County Group Courses</b>			
	<b>Summer 2017</b>	<b>Summer 2018</b>	<b>Summer 2019</b>
Kent County Junior Choirs	71	60	66
Kent County Senior Choirs	53	58	81
Kent Youth Wind Orchestra	42	48	54
Kent County Youth Orchestra	76	72	81
Orchestra ONE	44	54	46
Kent Music Summer School	377	384	322
<b>TOTAL</b>	<b>663</b>	<b>676</b>	<b>650</b>

**Financial Assistance**

Kent Music continues to offer bursaries to children & young people on low incomes. The fund was increased in 2017/18 and this was maintained in 2018/19.

	<b>Number of Bursaries</b>
Paid out in 2016/17	216
Paid out in 2017/18	410
Paid out in 2018/19	427

Last year the trust reported on a substantial legacy left to Kent Music to support primary aged children in the districts of Tonbridge & Malling, Tunbridge Wells and Sevenoaks with the costs of instrumental lessons. Kent Music is able spend the bank interest from the legacy to provide bursaries. In 2018/19 the legacy supported 10 children with financial support. In addition Kent Music has some funds raised from private individuals, trusts and gift aid to students attending music centres, ensembles, choirs and the annual summer school.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Area Structure**

During the course of the year six area managers started in their posts each working across two district council areas. The area managers produced profiles of their areas and are now into the first year of delivering their plans.

**Working with Schools**

In last year's report the trustees said that it will be reviewing its approach to working with schools in light of Ofsted's new inspection framework. The framework was published in May and "deep dives" into curriculum subjects across the range of subject areas were introduced into school inspections. Kent Music is responding by introducing training for schools on the "deep dive" process and in light of this will be considering the provision of curriculum support for schools as part of future plans.

Some new approaches to whole class instrumental teaching were piloted in schools and renewed focus on progression from MusicPlus to instrumental lessons will be part of future plans.

**Early years**

During the year the trust commissioned some research into music in early years with the aim of developing a methodology for delivering early years music in Kent. A pilot project is being developed for delivery in 2020/21.

**Supporting inclusive practice**

During the year the education manager (SEND) worked with 18 of the 24 SEND schools in Kent supporting them to deliver music activities for their students. He was also enrolled on the Certified Music Educator Course in Bristol which focusses on developing the skills of practitioners to work with children & young people from disadvantaged backgrounds. This training will enable Kent Music to train other practitioners within the county.

Staff in Kent Music have received equality & diversity training during the course of the year and an inclusion strategy has been developed with a toolkit to enable the team to develop plans that make activities across the organisation more inclusive.

Last year the trustees reported that two spaces were being created on the Board for trustees in the 18 – 25 age bracket. These spaces were created, and two appointments were made in the summer of 2019.

During the year the team continued to develop its approach to youth voice and many activities across the organisation are now influenced in their development by the ideas and views of young people.

**Professional Development**

The trust continued to support the professional development of Kent Music teachers as well classroom teachers. During the year the trust ran 20 professional development sessions, including two teacher conferences, achieving a total of 541 attendances. A pilot project was delivered in partnership with the Valley Invicta Multi-Academies Trust to help primary school teachers lead singing in their schools. Other sessions supported the delivery of the MusicPlus programme, helped teachers who teach students with SEND and supported music at key stage 1.

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**TRUSTEES' REPORT (continued)**  
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**Future Activities**

Over the course of the next year Kent Music will be focussing on the following:

- Implementing a new tuition strategy.
- Producing a revised singing strategy for Kent.

**Partnerships**

As the lead partner of the music education hub for Kent, Kent Music has worked with a large number of organisations during the year to support music education for children and young people aged 5 to 18. Examples of partnerships include: working with the Mick Jagger Centre in Dartford to provide an ensemble for young people in the area; working with Kidenza to support the professional performance of orchestral music to children throughout the county; working with Ideas Test, which is an Arts Council funded programme, to provide music sessions for young people in Sittingbourne; sitting on the cultural education partnerships on the Isle of Sheppey and in East Kent to support the provision of cultural activities for young people; working with Music@Malling on an education programme in primary schools in the area.

**Going concern**

During the preparation of these accounts the Covid-19 crisis hit the UK causing disruption to the service that the charity is able to offer.

The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. They have been made aware of the difficulties of operating during the Covid-19 crisis and have taken the following steps:

- A one-year plan and budget has been put in place for the financial year 2020/21 which makes assumptions about lower than usual income projections with the information that is currently available.
- As a result, the budget projects a significant shortfall because of the effects of Covid-19 on income from activities, particularly tuition.
- Measures are being put in place to cover the shortfall through a combination of measures including reducing project budgets and using some funds from reserves while the charity recovers its earned income.
- Further measures are being identified should income levels turn out to be lower than budgeted.
- In addition to this the charity has reserves that can be apportioned if necessary while finances recover.

The charity's main source of income is Arts Council England funding. This funding runs for twelve months from March 2020. The annual funding is normally confirmed for the following twelve months in the first three months of the calendar year. At the date of approval of these accounts the Trustees have not received confirmation of continued funding from Arts Council England past March 2021, whilst this is consistent with previous year's and the Trustees have no reason to believe that funding will not be available, this represents a material uncertainty on the ability of the charity to continue as a going concern.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**FINANCIAL REVIEW**

**Reserves policy**

In recent years the Board has been able to build up a reserve of £2,299,516 which includes an endowment fund of £333,694 and restricted funds of £2,113,100. Also included in the overall reserves figure is a Pensions reserve liability of £764,859.

Below is a breakdown of the current level of reserves and the free reserves available to the charity:

	<b>August 2019</b>	<b>August 2018</b>
Total reserves	2,299,516	4,606,658
Less: restricted reserves	(2,113,100)	(4,391,170)
Less: endowment funds	(333,694)	(333,694)
Less: designated instruments	(169,048)	(140,254)
Add: long term pension liabilities	764,859	639,853
Free reserves	<b>448,533</b>	<b>381,393</b>

The target level of free reserves is 3 months worth of unrestricted expenditure, which would accommodate for any unforeseen changes in income streams. Currently the level of free reserves represents 5.7 months (2018 - 4.2 months) of unrestricted expenditure so the target has been achieved in the current financial year.

In March 2018 Kent Music received a 2 year grant from Arts Council England, which was a change from the one year grants received previously. This grant income was recognised in full in the prior financial year whilst the expenditure of these grants will be recognised as it is incurred over the 2 year grant period. This is as required by the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). This caused the prior year restricted reserve position to increase significantly and decreases in the current year as expenditure continued to be recognised.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**PLANS FOR THE FUTURE**

During the year the trust reviewed the software that it uses to register its teaching and ensembles and decided to change providers from Paritor to SpeedAdmin. The new system will be introduced in Spring 2020.

A new business plan is in preparation for the period from April 2020 to August 2023. The trustees considered the aims of the plan in December 2019 and agreed that it should focus on:

- A step change in the numbers and attainment levels of students having instrumental and vocal lessons through Kent Music.
- An ambitious expansion of out of school provision
- Improve curriculum planning and delivery in schools across Kent
- Improve the quality of instrumental, vocal and classroom teaching through a programme of professional development and quality assurance
- Improve the quality of advocacy and marketing for music education and Kent Music activities
- Create an effective and well-run organisation

The new plan was submitted to Arts Council England to secure funding for the year April 2020 – March 2021.

**PAY POLICY FOR SENIOR STAFF**

The board of Trustees review the pay and benefits for all staff once per year.

The pay policy for senior staff is based on industry benchmarks.

**GUARANTEES**

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 August 2019 was 10 (2018:12). The trustees have no beneficial interest in the charitable company.

**INFORMATION ON FUNDRAISING ACTIVITIES**

Kent Music complies with sector best practice. No complaints were received with regards to fundraising throughout the course of the year and no professional fundraisers or commercial partners conducted fundraising as charity representatives. The board of trustees monitors and manages its fundraising regulation and compliance which are discussed at board meetings.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of Kent Music for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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 charitable company's auditor is 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 charitable company's auditor is aware of that information.

This report was approved by the Trustees on 30/1/20 and signed on their behalf by:

  
.....  
Mr Geoff Miles, Chair

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT MUSIC**

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**OPINION**

We have audited the financial statements of Kent Music (the 'charitable company') for the year ended 31 August 2019 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the cash flow statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 charitable company's affairs as at 31 August 2019 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 Companies Act 2006.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to note 1.2 in the financial statements, which indicates that whilst the Trustees have implemented actions to address the impact of the pandemic, the charity has not received confirmation from Arts Council England regarding the continuation of funding beyond March 2021, which represents the majority of funding the charity receives. As stated in note 1.2 these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT MUSIC**

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We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

**RESPONSIBILITIES OF TRUSTEES**

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

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

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**KENT MUSIC**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT MUSIC**

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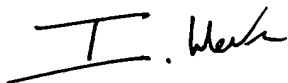
**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**USE OF OUR REPORT**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Weekes (Senior statutory auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Riverside House  
40 - 46 High Street  
Maidstone  
Kent

ME14 1JH

Date: 10<sup>th</sup> August 2020

**KENT MUSIC**  
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and legacies	2	3,272	5,125	-	8,397	8,566
Charitable activities	4	1,062,572	17,355	-	1,079,927	6,332,853
Investments	3	-	4,719	-	4,719	4,290
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>1,065,844</b>	<b>27,199</b>	<b>-</b>	<b>1,093,043</b>	<b>6,345,709</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		933,897	2,336,288	-	3,270,185	3,293,787
<b>TOTAL EXPENDITURE</b>		<b>933,897</b>	<b>2,336,288</b>	<b>-</b>	<b>3,270,185</b>	<b>3,293,787</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	131,947 (31,022)	(2,309,089) 31,022	- -	(2,177,142) -	3,051,922 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		100,925	(2,278,067)	-	(2,177,142)	3,051,922
Actuarial gains on defined benefit pension schemes	21	(130,000)	-	-	(130,000)	213,000
<b>NET MOVEMENT IN FUNDS</b>		<b>(29,075)</b>	<b>(2,278,067)</b>	<b>-</b>	<b>(2,307,142)</b>	<b>3,264,922</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		(118,203)	4,391,167	333,694	4,606,658	1,341,736
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>(147,278)</b>	<b>2,113,100</b>	<b>333,694</b>	<b>2,299,516</b>	<b>4,606,658</b>

The notes on pages 21 to 40 form part of these financial statements.

**KENT MUSIC**  
(A company limited by guarantee)  
REGISTERED NUMBER: 05464855

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	£	2019 £	£	2018 £
<b>FIXED ASSETS</b>					
Intangible assets	10		16		11,008
Tangible assets	11		169,032		206,506
			<u>169,048</u>		<u>217,514</u>
<b>CURRENT ASSETS</b>					
Stocks	12	13,581		7,369	
Debtors	13	1,333,984		3,381,466	
Investments	14	333,694		333,694	
Cash at bank and in hand		1,609,617		1,616,426	
		<u>3,290,876</u>		<u>5,338,955</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(395,549)		(296,933)	
<b>NET CURRENT ASSETS</b>			<u>2,895,327</u>		<u>5,042,022</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,064,375</u>		<u>5,259,536</u>
<b>CREDITORS:</b> amounts falling due after more than one year	16		(78,859)		(92,878)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>2,985,516</u>		<u>5,166,658</u>
Defined benefit pension scheme liability	21		(686,000)		(560,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>2,299,516</u>		<u>4,606,658</u>
<b>CHARITY FUNDS</b>					
Endowment funds	17		333,694		333,694
Restricted funds	17		2,113,100		4,391,167
Unrestricted funds:					
Unrestricted funds excluding pension liability		617,581		521,650	
Pension reserve		(764,859)		(639,853)	
Total unrestricted funds			<u>(147,278)</u>		<u>(118,203)</u>
<b>TOTAL FUNDS</b>			<u>2,299,516</u>		<u>4,606,658</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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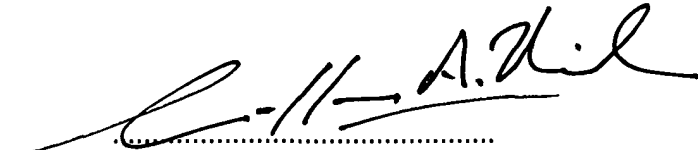
**KENT MUSIC**  
(A company limited by guarantee)

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**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2019**

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The financial statements were approved and authorised for issue by the Trustees on <sup>t</sup>30 July 2020 and signed on their behalf, by:

  
.....  
Mr Geoff Miles, Chair

The notes on pages 21 to 40 form part of these financial statements.

**KENT MUSIC**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	19	57,404	(28,998)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		4,719	4,290
Purchase of tangible fixed assets		(68,932)	(3,656)
<b>Net cash (used in)/provided by investing activities</b>		(64,213)	634
<b>Change in cash and cash equivalents in the year</b>		(6,809)	(28,364)
Cash and cash equivalents brought forward		1,616,426	1,644,790
<b>Cash and cash equivalents carried forward</b>	20	1,609,617	1,616,426

The notes on pages 21 to 40 form part of these financial statements.

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**KENT MUSIC**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES**

**1.1 Charity information**

The principal activity of the entity during the year was the provision of music education.

The charity is a charitable company limited by guarantee which is incorporated and registered in England and Wales (05464855).

The address of the registered office is:

24 Turkey Court  
Turkey Mill  
Ashford Road  
Maidstone  
Kent  
ME14 5PP

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**KENT MUSIC**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.2 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

During the preparation of these accounts the Covid-19 crisis hit the UK causing disruption to the service that the charity is able to offer.

The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. They have been made aware of the difficulties of operating during the Covid-19 crisis and have taken the following steps:

- A one-year plan and budget has been put in place for the financial year 2020/21 which makes assumptions about lower than usual income projections with the information that is currently available.
- As a result, the budget projects a significant shortfall because of the effects of Covid-19 on income from activities, particularly tuition.
- Measures are being put in place to cover the shortfall through a combination of measures including reducing project budgets and using some funds from reserves while the charity recovers its earned income.
- Further measures are being identified should income levels turn out to be lower than budgeted.
- In addition to this the charity has reserves that can be apportioned if necessary while finances recover.

The charity's main source of income is Arts Council England funding. This funding runs for twelve months from March 2020. The annual funding is normally confirmed for the following twelve months in the first three months of the calendar year. At the date of approval of these accounts the Trustees have not received confirmation of continued funding from Arts Council England past March 2021, whilst this is consistent with previous year's and the Trustees have no reason to believe that funding will not be available, this represents a material uncertainty on the ability of the charity to continue as a going concern.

Kent Music 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.

Kent Music constitutes a public benefit entity as defined by FRS 102.

**1.3 Company status**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.



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**KENT MUSIC**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 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 company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company 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.

**1.5 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.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

**1.6 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.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

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**KENT MUSIC**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Intangible fixed assets and amortisation**

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Computer software	-	25% straight line
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**1.8 Tangible fixed assets and depreciation**

All assets costing more than £700 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Term Leasehold Property	-	Over the term of the 10 year lease
Fixtures & fittings	-	12-50% reducing Balance
Instruments	-	4-33% straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

**1.9 Operating leases**

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

**1.10 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.11 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

**1.12 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.

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**KENT MUSIC**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 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.

**1.14 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 company 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 within interest payable and similar charges.

**1.15 Financial instruments**

The company 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.

**1.16 Pensions**

The charity operates a defined contribution scheme and the pension charge in the accounts represents the amount contributed by the charity to the fund in respect of the year.

The charity previously operated a defined benefits pension scheme and the pension scheme liability movement is based on a full actuarial valuation dated 31 March 2016 and updated to 31 August 2019.

The charity has a number of unfunded pension liabilities and in accordance with FRS 102, these liabilities are recorded in the financial statements at the present value of the commitments using a discount rate of 1.75% (2018 - 2.55%).

**KENT MUSIC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**1. ACCOUNTING POLICIES (continued)**

**1.17 Critical accounting estimates and areas of judgment**

Estimates and judgments 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 company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The 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 are discussed below.

1.) The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2017 has been used by the actuary in valuing the pensions liability at 31 August 2019.

Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2.) The charity has a number of unfunded pension liabilities and in accordance with FRS 102, these liabilities are recorded in the financial statements at the present value of the commitments using a discount rate of 1.75% (2018 - 2.55%).

The liability has also been calculated using mortality rates used by the UK government.

**2. INCOME FROM DONATIONS AND LEGACIES**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	3,272	5,125	-	8,397	2,340
Grant	-	-	-	-	6,226
Total donations and legacies	3,272	5,125	-	8,397	8,566
Total 2018	-	8,566	-	8,566	

**KENT MUSIC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**3. INVESTMENT INCOME**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	-	4,719	-	4,719	4,290
<i>Total 2018</i>	-	4,290	-	4,290	

**4. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Tuition fees	764,672	-	-	764,672	771,588
Kent County Council	219,225	-	-	219,225	243,283
Instrument hire fees	45,189	-	-	45,189	44,054
Concert fees and admission charges	14,917	-	-	14,917	7,093
Other income	4,315	-	-	4,315	8,356
Grants	14,254	17,355	-	31,609	5,258,479
	<u>1,062,572</u>	<u>17,355</u>	<u>-</u>	<u>1,079,927</u>	<u>6,332,853</u>
<i>Total 2018</i>	<u>1,074,374</u>	<u>5,258,479</u>	<u>-</u>	<u>6,332,853</u>	

In 2018 the grant from Arts Council England was changed from a 1 year grant period to a 2 year grant period. Under SORP section 5 the 2 year grant was recognised in 2018 as the conditions of the grant are within the Charity's control.

**KENT MUSIC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**5. DIRECT COSTS**

	Unrestricted £	Restricted £	Total 2019 £	Total 2018 £
Interest on pension scheme obligation (Note 21)	13,000	-	13,000	18,000
Travel costs	16,466	45,970	62,436	63,079
Instrument costs	-	55,579	55,579	56,895
Staff training and recruitment	37,331	-	37,331	41,438
Operating lease rentals	5,787	125,148	130,935	182,021
Accommodation, computer and office costs	165,635	144,921	310,556	305,776
Other expenses	31,066	-	31,066	38,058
Other teaching and administration costs	6,989	47,552	54,541	72,352
Bursaries	-	95,305	95,305	88,197
(Profit)/Loss on disposal of fixed assets	(6,141)	-	(6,141)	6
Trustees' Indemnity insurance	679	-	679	822
Professional fees	56,169	13,493	69,662	57,952
School funding	-	569,442	569,442	565,762
Projects and workshop expenditure	-	1,947	1,947	1,620
Life insurance	8,991	-	8,991	7,787
Wages and salaries	493,990	1,145,971	1,639,961	1,591,204
National insurance	36,023	72,730	108,753	108,055
Pension cost	9,029	18,230	27,259	39,347
Depreciation	58,883	-	58,883	55,416
	<u>933,897</u>	<u>2,336,288</u>	<u>3,270,185</u>	<u>3,293,787</u>
<i>Total 2018</i>	<u>1,086,016</u>	<u>2,207,771</u>	<u>3,293,787</u>	

**6. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the charity	47,891	44,424
(Profit)/Loss on disposal of fixed asset	<u>(6,141)</u>	<u>6</u>

*During the year, no Trustees received any remuneration (2018 - £NIL).*

*During the year, no Trustees received any benefits in kind (2018 - £NIL).*

**7. AUDITORS' REMUNERATION**

The Auditor's remuneration amounts to an Audit fee of £10,000 (2018 - £9,750), and accounts preparation of £2,500 (2018 - £2,350).

**KENT MUSIC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**8. STAFF COSTS**

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	1,639,961	1,591,204
Social security costs	108,753	108,055
Other pension costs (Note 21)	27,259	39,347
	<u>1,775,973</u>	<u>1,738,606</u>

The average number of persons (full time equivalents) employed by the company during the year was as follows:

	2019 No.	2018 No.
Teachers	30	29
Administration	34	31
	<u>64</u>	<u>60</u>

The number of higher paid employees was:

	2019 No.	2018 No.
In the band £80,001 - £90,000	0	1
In the band £100,001 - £200,000	1	0

The senior management team comprised the Chief Executive, Head of Education, Head of Finance and Operations, Head of Communication, Head of Music Programmes and Head of Partnerships and Development. The total remuneration of key management personnel in the year was £271,995 (2018 - £271,398).

**9. OTHER FINANCE INCOME/ (COSTS)**

	2019 £	2018 £
Interest on pension scheme liabilities	<u>(13,000)</u>	<u>(18,000)</u>

**KENT MUSIC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**10. INTANGIBLE FIXED ASSETS**

	Computer software £
<b>Cost</b>	
At 1 September 2018 and 31 August 2019	43,968
<b>Amortisation</b>	
At 1 September 2018	32,960
Charge for the year	10,992
At 31 August 2019	43,952
<b>Carrying amount</b>	
At 31 August 2019	16
At 31 August 2018	11,008

**11. TANGIBLE FIXED ASSETS**

	Long Term Leasehold Property £	Fixtures & Equipment £	Instruments £	Total £
<b>Cost</b>				
At 1 September 2018	70,218	108,077	691,572	869,867
Additions	-	4,974	63,958	68,932
Disposals	-	(548)	(83,000)	(83,548)
At 31 August 2019	70,218	112,503	672,530	855,251
<b>Depreciation</b>				
At 1 September 2018	46,760	65,283	551,318	663,361
Charge for the year	9,813	11,848	26,230	47,891
On disposals	-	(546)	(24,487)	(25,033)
At 31 August 2019	56,573	76,585	553,061	686,219
<b>Net book value</b>				
At 31 August 2019	13,645	35,918	119,469	169,032
At 31 August 2018	23,458	42,794	140,254	206,506



**KENT MUSIC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**12. STOCKS**

	2019 £	2018 £
Instrument consumables	13,581	7,369

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**13. DEBTORS**

	2019 £	2018 £
Trade debtors	132,884	113,239
Other debtors	2,121	2,803
Prepayments and accrued income	1,198,979	3,265,424
	<u>1,333,984</u>	<u>3,381,466</u>

**14. CURRENT ASSET INVESTMENTS**

	2019 £	2018 £
Long term deposit account	333,694	333,694

The long term deposit account represents the investment of the endowment funds in the prior year into a 12 month fixed interest rate account.

**15. CREDITORS: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	106,555	33,769
Other taxation and social security	43,354	37,010
Other creditors	12,252	8,550
Accruals and deferred income	233,388	217,604
	<u>395,549</u>	<u>296,933</u>

**16. CREDITORS: Amounts falling due after more than one year**

	2019 £	2018 £
Unfunded pension liability	78,859	92,878

**KENT MUSIC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**17. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Designated funds</b>						
Fixed asset fund	217,514	-	(58,883)	10,417	-	169,048
<b>General funds</b>						
General funds	304,136	1,065,844	(880,008)	(41,439)	-	448,533
Pension reserve	(639,853)	-	4,994	-	(130,000)	(764,859)
	(335,717)	1,065,844	(875,014)	(41,439)	(130,000)	(316,326)
Total unrestricted funds	(118,203)	1,065,844	(933,897)	(31,022)	(130,000)	(147,278)
<b>Endowment funds</b>						
Endowment funds	333,694	-	-	-	-	333,694
<b>Restricted funds</b>						
KYWO instrument fund	10,265	-	-	-	-	10,265
Bursary fund	36,944	8,397	(7,873)	-	-	37,468
Kent County Youth Orchestra (KCYO) donations	3,078	-	-	-	-	3,078
Kent Youth Wind Orchestra (KYWO) fundraising fund	1,600	-	-	-	-	1,600
Safer Kent	1,478	-	-	(1,478)	-	-
Orchestra ONE	315	2,362	(34,847)	32,500	-	330
Youth Music (Fund C)	-	7,650	(3,552)	-	-	4,098
Arts Council England	4,337,299	4,402	(2,287,064)	-	-	2,054,637
D A Baker Endowment	188	4,388	(2,952)	-	-	1,624
	4,391,167	27,199	(2,336,288)	31,022	-	2,113,100
Total of funds	4,606,658	1,093,043	(3,270,185)	-	(130,000)	2,299,516

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**KENT MUSIC**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**17. STATEMENT OF FUNDS (continued)**

**Purpose of restricted funds**

- (i) The Bursary fund relates to income received specifically to assist students with payments of tuition fees.
- (ii) The Kent Youth Wind Orchestra (KYWO) instrument fund relate to funds received for the benefit of the Kent Youth Wind Orchestras.
- (iii) The Kent Youth Choir (KYC) donation fund is monies received on the closure of Medway Opera and relates to the unspent balance of monies received.
- (iv) Orchestra ONE is a large scale ensemble for all abilities, particularly aimed at children and young people in challenging circumstances. Funding from the Music Education Hub has been allocated to enable it to continue for a further year.
- (v) Band without Boundaries is a West Kent jazz project aimed at people of all abilities, including those with learning difficulties and restricted physical ability.
- (vi) The Arts Council England fund relates to funding for the delivery of Music Education Hubs.
- (vii) Safer Kent is a project for young persons who are at risk of exclusion or have behavioural issues by providing music programmes.
- (viii) D A Baker endowment fund relates to the income and expenditure utilised from the endowment fund for tuition for children in the West Kent area.

**Purpose of designated funds**

- (i) The Fixed asset fund represents the value of funds invested in fixed assets which are not, by the nature of fixed assets, readily available for other purposes.

**Pension reserve**

The pension reserve included within the unrestricted reserve represents the defined benefit liability of £686,000 and the unfunded pension liability of £78,859 as shown in note 16.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 31 August 2018 £</i>
Fixed asset fund	269,280	-	(44,471)	224,809
<b>General funds</b>				
General funds	264,009	1,074,374	(1,041,545)	296,838
Pension reserve	(852,853)	-	-	(639,853)
	(588,844)	1,074,374	(1,041,545)	(343,015)
Endowment funds	333,694	-	-	333,694
<b>Restricted funds</b>				
KYWO instrument fund	10,265	-	-	10,265
Bursary fund	38,427	6,124	(7,607)	36,944
Kent County Youth Orchestra (KCYO) donations	3,078	-	-	3,078
Kent Youth Wind Orchestra (KYWO) fundraising fund	1,600	-	-	1,600
Safer Kent	-	2,000	(522)	1,478
Orchestra ONE	13,049	442	(49,179)	312
Band Without Boundaries	1,483	-	(3,809)	-
Arts Council England	1,259,704	5,258,479	(2,142,555)	4,337,302
D A Baker Endowment	-	4,290	(4,102)	188
	1,327,606	5,271,335	(2,207,774)	4,391,167
Total of funds	1,341,736	6,345,709	(3,293,790)	4,606,655

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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Intangible fixed assets	16	-	-	16
Tangible fixed assets	169,032	-	-	169,032
Current assets	844,081	2,113,100	333,694	3,290,875
Creditors due within one year	(395,548)	-	-	(395,548)
Creditors due in more than one year	(78,859)	-	-	(78,859)
Provisions for liabilities and charges	(686,000)	-	-	(686,000)
	<u>(147,278)</u>	<u>2,113,100</u>	<u>333,694</u>	<u>2,299,516</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £
Intangible fixed assets	11,008	-	-	11,008
Tangible fixed assets	206,506	-	-	206,506
Current assets	614,090	4,391,170	333,694	5,338,954
Creditors due within one year	(296,932)	-	-	(296,932)
Creditors due in more than one year	(92,878)	-	-	(92,878)
Provisions for liabilities and charges	(560,000)	-	-	(560,000)
	<u>(118,206)</u>	<u>4,391,170</u>	<u>333,694</u>	<u>4,606,658</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2019 £	2018 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(2,177,142)	3,051,922
<b>Adjustment for:</b>		
Depreciation charges	58,883	55,416
Dividends, interest and rents from investments	(4,719)	(4,290)
Loss on the sale of fixed assets	58,515	6
Increase in debtors	2,047,477	(3,185,127)
Increase in creditors	84,602	52,670
Decrease/(increase) in stocks	(6,212)	(595)
Pension scheme costs	(4,000)	1,000
<b>Net cash provided by/(used in) operating activities</b>	<b>57,404</b>	<b>(28,998)</b>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2019 £	2018 £
Cash in hand	1,609,617	1,616,426
<b>Total</b>	<b>1,609,617</b>	<b>1,616,426</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**21. PENSION COMMITMENTS**

The company operates Defined Contribution pension schemes. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions payable by the company to the fund amounted to £27,259 (2018 - £39,347). The contributions payable by the company to the fund amounting to £8,479 (2018, £4,455) were payable to the fund at the balance sheet date and are included within creditors.

The company operates a Defined Benefit pension scheme which is closed to new members..  
Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages) :

	<b>2019</b>	<b>2018</b>
Discount rate at 31 August	<b>1.75 %</b>	<b>2.55 %</b>
Future salary increases	<b>3.85 %</b>	<b>3.85 %</b>
Future pension increases	<b>2.35 %</b>	<b>2.35 %</b>
RPI increases	<b>3.35 %</b>	<b>3.35 %</b>
CPI increases	<b>2.35 %</b>	<b>2.35 %</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. PENSION COMMITMENTS (continued)**

The assets in the scheme and the expected rates of return were:

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	1,549,000	1,554,000
Gilts	16,000	17,000
Other bonds	205,000	202,000
Property	265,000	282,000
Cash	61,000	70,000
Absolute return fund	177,000	154,000
Total market value of assets	<u>2,273,000</u>	<u>2,279,000</u>

The actual return on scheme assets was £44,000 (2018 - £48,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2019 £	2018 £
Interest on obligation	<u>(13,000)</u>	<u>(18,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2019 £	2018 £
Opening defined benefit obligation	2,839,000	3,060,000
Interest cost	70,000	69,000
Change in financial and demographic assumptions	174,000	(165,000)
Unfunded pension payments	(7,000)	(7,000)
Benefits paid	<u>(117,000)</u>	<u>(118,000)</u>
Closing defined benefit obligation	<u>2,959,000</u>	<u>2,839,000</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. PENSION COMMITMENTS (continued)**

Changes in the fair value of scheme assets were as follows:

	2019 £	2018 £
Opening fair value of scheme assets	2,279,000	2,288,000
Expected return on assets	44,000	48,000
Contributions by employer including unfunded pension payments	18,000	18,000
Admin expenses	(1,000)	(1,000)
Interest on assets	57,000	51,000
Benefits paid	(124,000)	(125,000)
	<u>2,273,000</u>	<u>2,279,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement Of Financial Activity was £NIL (2018 - £NIL).

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2019	2018
Equities	68.00 %	68.00 %
Bonds	9.00 %	9.00 %
Cash	3.00 %	3.00 %
Gilts	1.00 %	1.00 %
Property	12.00 %	12.00 %
Target Return Portfolio	7.00 %	7.00 %

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. PENSION COMMITMENTS (continued)**

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2019 £	2018 £	2017 £	2016 £	2015 £
Defined benefit obligation	(2,959,000)	(2,839,000)	(3,060,000)	(3,421,000)	(2,731,000)
Scheme assets	2,273,000	2,279,000	2,288,000	2,075,000	1,917,000
Deficit	(686,000)	(560,000)	(772,000)	(1,346,000)	(814,000)
Experience adjustments on scheme liabilities	-	-	-	-	4,000
Expected return on assets	44,000	48,000	284,000	198,000	(22,000)

**Unfunded pension payments**

The charity has a number of unfunded pension liabilities and in accordance with FRS 102, these liabilities are recorded in the financial statements at the present value of the commitments using a discount rate of 4%.

The net present value of these commitments as at 31 August 2019 was £78,859 (2018 - £92,878) and has been included within other creditors.

**22. OPERATING LEASE COMMITMENTS**

At 31 August 2019 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
<b>Amounts payable:</b>		
Within 1 year	174,728	175,202
Between 1 and 5 years	-	174,728
Total	174,728	349,930

**23. RELATED PARTY TRANSACTIONS**

During the year, trustee indemnity insurance was purchased for £679 (2018 - £822). In addition to this, trustee expenses reimbursed in the year amounted to £nil (2018 - £nil).