

The Organisation for New Music and Sound

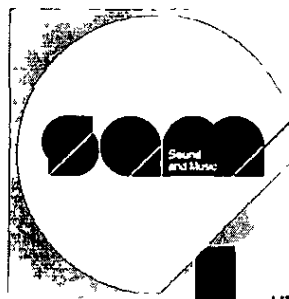
"Sound and Music"

Registered charity
Company limited by guarantee

Annual Report and Financial Statements

Year Ended 31 March 2012

Charity number 1124609
Company number 06581022



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**The Organisation for New Music and Sound
Annual Report and Financial Statements
For the Year Ended 31 March 2012**

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**The Organisation for New Music and Sound
Annual Report and Financial Statements
For the Year Ended 31 March 2012**

Reference and Administrative Information

Governing document	Memorandum and Articles of Association
Other name by which the charity makes itself known	Sound and Music
Charity number	1124609
Company number	06581022
Trustees	David Aspinall Simon Emmerson Cliff Fluet Christopher Fox Debra King Michelle Wnght – Chair
Managing Director	Guy Morley
Registered Office	Somerset House Strand London WC2R 1LA
Auditors	Clarty Chartered Accountants 2 Lancaster Close Stevenage Hertfordshire SG1 4RX
Investment managers.	Seven Investment Management Limited 125 Old Broad Street London EC2N 1AR
Principal bankers	CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ
Solicitors:	Bates, Wells & Braithwaite London LLP 2-6 Cannon Street London EC4M 6YH

The Organisation for New Music and Sound

Report of the Trustees

For the Year Ended 31 March 2012

The trustees of The Organisation for New Music and Sound, operating as "Sound and Music", are pleased to present their report together with the audited financial statements for the year ended 31 March 2012

The reference and administrative information set out on page 1 forms part of this report

The financial statements comply with current statutory requirements and the Statement of Recommended Practice – "Accounting and Reporting by Charities" (revised 2005)

1 STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Sound and Music is a registered charity and a company limited by guarantee. Sound and Music was incorporated on 30 April 2008 and registered as a charity on 20 June 2008. On 30 September 2008, the charity took over the activities previously undertaken by the Society for the Promotion of New Music (SPNM), Sonic Arts Network (SAN), the British Music Information Centre (BMIC), and Contemporary Music Network (CMN), the latter being an operating unit of Arts Council England. Sound and Music is governed by its Memorandum and Articles of Association.

Sound and Music is constituted as a company limited by guarantee and has no share capital. The liability of the members in the event of the company being wound up is limited to a sum not exceeding £1.

The Board and its role

The governing body for Sound and Music is the Board, whose members are non-executive and unpaid. They are directors of the company under the Companies Act and trustees under charity law. The Board gives strategic and policy direction for the organisation.

In 2011/12 the Sound and Music Board

- Appointed Guy Morley as Interim Managing Director to lead the organisation through a transitional process,
- Appointed DCA consultants to carry out an organisational and operational review of the organisation,
- Continued meetings of the Board sub-committee for Finance,
- Established a working group to develop a new strategic direction,
- Produced a 'Business case for change' document.

The Board met five times in the period, preceded four times by the Finance Committee. Meetings of the Sound and Music Board were attended by the Interim Managing Director, Finance Director and Finance and Administration Manager (until September 2011) and Board Administrator (from December 2011).

There shall be at least 3 but no more than 12 trustees. At each annual retirement meeting one quarter of the trustees, being those longest in office, shall retire from office and offer themselves for re-election.

Guy Morley resigned from the Board in June 2011, Sonita Alleyne and Sally Groves resigned in September 2011 and Michelle Wright became Chair in September 2011.

Simon Emmerson was elected for a consecutive third term by unanimous decision of the Board. It was noted that this would be his final term. Debra King was re-elected.

Board appointments procedure

Board members can be co-opted by the existing Board from outside of its membership. Once a year the Board will review its membership against a set of competencies and knowledge to ensure that the organisation has access to a broad range of reference in its governance.

Risk management

The Board reviews and assesses the risks – strategic, operational and compliance – to which the organisation is exposed at alternate Board meetings, with the finance sub-committee considering risk at each meeting. It holds this information as a Risk Assessment and agrees actions to limit and mitigate risks identified.

The Organisation for New Music and Sound

Report of the Trustees

For the Year Ended 31 March 2012

Finance Committee

The Finance Committee's remit is to focus in detail on the financial planning and management of Sound and Music, the audit process and the identification and control of risk. It meets four to five times a year and reports at each subsequent Board meeting to the full Board on its business. David Aspinall, Trustee, chairs the Committee which includes two other Trustees, Debra King and Michelle Wright.

The Committee's financial purpose is to support the effective financial management of Sound and Music, advise and shape Sound and Music's approach to financial planning and monitoring, ensure high standards are achieved in this area of Sound and Music's work, seek to maximise Sound and Music's income and control expenditure and maximise the use of Sound and Music's financial assets, ensure a stable and realistic approach to managing Sound and Music's finances to allow the organisation to undertake its charitable objects in the short, medium and long term.

The Committee's audit purpose is to make recommendations to the Board about the appointment of auditors, their contract and remuneration, to review material to be submitted to the auditor and to work in detail with the Finance Director, Interim Managing Director and auditors through the process, updating the Board as the process proceeds.

The Committee's risk purpose is to make regular reviews of the risks to which the organisation is susceptible, report on this to the full Board and to monitor actions in place to control these risks.

2. OBJECTIVES AND ACTIVITIES

Purposes and Aims

The charity's purposes as set out in the objects contained in the Memorandum and Articles of Association are to

"Promote and foster the understanding and appreciation of sonic art and music including (but not limited to) new British music"

The aims of the Charity are to

- Support the development and performance of the art form and its infrastructures (the 'art form' being sonic art and new music as defined in the object above),
- Share, assemble, create and distribute events, information and archives both nationally and internationally to enable access by the widest possible range of users, audiences and participants,
- Organise and assist in the provision of conferences, courses of instruction, exhibitions, lectures and other educational activities.

Public benefit

The Board has referred 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 its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set. Benefits to the public of Sound and Music activities include

- Access to a wide range of high quality performance events, from national tours of major venues and festivals featuring UK and international artists to local platforms generated by grass roots performers,
- Learning opportunities, from school-based projects utilising new technology to adult participation events in public spaces,
- On-line access to a range of resources, from national collections of music scores and recordings to web-toys, public forums and digital art commissions,
- Publications, in the form of newsletters, e-listings, e-magazines, books and DVD's,
- Access to the British Music Collection, 30,000 20th and 21st century music scores located in the Music Library, University of Huddersfield.

Sound and Music is a national organisation that aims to reach all those with an interest in new music and sound in the UK. Its audience ranges from urban sophisticates and enthusiasts engaging with challenging new sounds through our events programme to hard-to-reach, disadvantaged or displaced communities, participating in Sound and Music through our learning programme, or our touring work to smaller scale festivals and communities.

The Organisation for New Music and Sound

Report of the Trustees

For the Year Ended 31 March 2012

Ensuring our work delivers our aims

The Board reviews the aims, objectives and activities each year. This review looks at what the charity achieved and the outcomes of its work in the previous 12 months. The review looks at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. The review also helps the Board ensure that the charity's aims, objectives and activities remain focused on its stated purposes.

Sound and Music's Vision, Mission and Values

Our Vision

Our vision is to create a world where new music and sound prospers, transforming lives, challenging expectations and celebrating the work of its creators.

Our Mission

We champion innovation, learning and artistry through

- Exploring contemporary approaches to music and sound creation,
- Deepening engagement with a high quality programme,
- Optimising the impact of the sector by raising its profile, developing audiences and cultivating partnerships in the UK and internationally

This vision and mission informs the range of the charity's work, shaping the way we interact with the industry from creators, through venues, festivals, promoters, agents, publishers etc through to audiences.

Our Values

- **Leading** To become a beacon for the sector, audiences, industry and artists - a national activist with deep international ties
- **Programming** To instigate, broker and directly provide tangible opportunities across the sector that increase the sustainability and stability of contemporary music and sonic art
- **Engaging** To provide resources that enable talent and artistic excellence to thrive and engage successfully within the market place
- **Initiating** To develop a wide base of support for contemporary music and sonic arts that will encourage more people to discover the joy and rewards of listening

Organisational development

At the end of March 2011, Sound and Music's Arts Council England funding for 2012-15 was reduced and a conditional offer of funding was made for Arts Council England's National Portfolio Organisation (NPO) status. Sound and Music's main objective in 2011/12 therefore was to present a new direction to the Arts Council that would confirm Sound and Music as an NPO and secure core funding for 2012/15.

In August 2011, DCA consultants were commissioned to carry out an organisational review, and they produced two reports – an outline organisational plan and an outline operational plan.

To make way for operational organisational change, Sound and Music started on a process of Board review which resulted in Michelle Wright being elected to the position of interim Chair with a view to recruiting both new Trustees and Chair.

A new strategy document, 'A New Direction' submitted to Arts Council England in November 2011 included a new budget, fundraising strategies and programme overview and this secured the organisation NPO status and funding from Arts Council England until 2015.

A new 'Business Case for Change' was approved by the Board early in 2012, which introduced a new organisational model with reduced staffing. A restructure process took place between February and July and a recruitment process also began in February. A new Chief Executive, Susanna Eastburn was appointed in May 2012 and three subsequent appointments were made in July, two of which were senior management roles.

Through consolidation of its office management provision, Sound and Music reduced its space at Somerset House, and the associated rental costs.

The Organisation for New Music and Sound

Report of the Trustees

For the Year Ended 31 March 2012

Strategic Review and the future

As mentioned above, in 2011/12 Sound and Music produced a new strategy document, 'A New Direction', which outlined a re-visioned programme and aligned priorities under Sector Development, Artist Development and Audience Development. This was adopted by the Board of Trustees and approved by Arts Council England.

An interim Business Plan was approved by the Board in March 2012 for the transitional phase under interim leadership, as a first step to further operational change under a new senior management team.

3 ACHIEVEMENTS AND PERFORMANCE

Despite the changes outlined above, Sound and Music's artistic programme had in depth impact across a wide range of art forms and musical genre. It commissioned major work with major partners and had significant impact with Artist Development and Learning Programmes. It strengthened existing schemes and developed new strands of work that aligned with the new direction. The reach and scope of the programme has involved many people from the intensive, individual support given through our artists development programme to the 20,000 children who participated in Minute of Listening.

The programme was reorganised into three strands, focusing on the creation, distribution and market development for new work, i.e. Artist Development, Sector Development and Audience Development.

Programme highlights: April 2011 to March 2012

ARTIST DEVELOPMENT

The mainstay of Sound and Music's artist development programme (Embedded) has helped inform the wider programme. It has given opportunity to artists in the early stages of their careers. Future residencies will be developed for artists in mid career or those who seek to change their artistic profile (for example changing from musician to composer or sound artist). Both Orphy Robinson and Nick Franglen are musicians we have helped in the latter category. Other emphasis within the programme has concentrated on students.

Embedded

Embedded placed 10 artists from a range of disciplines into real-world artistic contexts with leading national creative organisations - BBC Symphony Orchestra, Manchester Camerata, BCMG, Watershed, Nowhere and Apartment House. Over the year, 12 performances, 3 radio broadcasts and 3 presentations were held. In addition to each residency, Sound and Music is developing artist away days (3 per year) and a blog for artists to communicate with each other. Sound and Music also formed new partnerships with Pitt Rivers Museum, Forestry Commission, Music Hackspace and Red Note Ensemble. The organisation has worked to make the programme more artist facing and to provide opportunities and ways of working outside the scope of the residency which includes extended mentoring and other platforms. Priorities for the programme include a presence on the website, and networking support for artists after their residency has finished.

Platform

This scheme provides a key development opportunity for emerging composers to produce new work with and for some of the UK's leading ensembles. A 2-year plan is in place to deliver this scheme to 6-8 composers a year with workshops that lead to performance. Confirmed partners over the two years are Ensemble 1010, Manchester Camerata, Fire Collective, BBC Singers and Orchestra of the Age of Enlightenment.

PULSE

A vibrant, professional, performance and development event to showcase the creative work coming out of Higher Education Institutions in the UK. Once the partnerships have been confirmed, a steering committee will be appointed and nominations will be opened in the autumn of 2012.

Summer School for Young Composers 5-10 August

The Summer School is an annual programme for talented composers and musicians aged 14-18. Up to 75 students are mentored by professional composers and musicians to develop their compositional skills through an intensive residential week at the Purcell School of Music.

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SECTOR DEVELOPMENT

Partnership working and commissioning has been a useful key to facilitating sector development, alongside developing a leadership role for Sound and Music. As well as co-commissioning, touring has widened a common programme between venues and promoters. Action research such as Listen Imagine Compose has developed sector thinking and potential solutions to complex problems.

Triptych The Music of Eliane Radigue 12 - 16 June London

Celebrating Eliane Radigue's 80th year, Triptych was the largest retrospective of this artist's work to date. It involved two weeks of concerts, talks and exhibitions, and over 2000 people attended. The programme included 24 works in 13 events and interviews with Elaine were conducted by The Guardian, Freize and Resonance FM.

Floral Derangement 14 - 17 July, Kingsgate Bridge, Durham

This was a public sound installation created for BRASS 2011, presented on the award-winning ARUP designed Kingsgate footbridge. Over 500 people experienced the work and it was featured in peak time on BBC Radio 4's today programme.

Harold Budd and the Necks Time Being Tour 21 - 25 November

A nearly sold out UK wide tour featuring two pioneers of improvisational music were joined by improvising musician/composer Werner Däfeldecker. The tour covered Oxford, Liverpool, Exeter, Birmingham, Leeds.

Listen Imagine Compose 2011 - 2012

This project aims to bring about significant change in the way composition is taught in secondary schools. Six research projects investigated six key questions relating to teaching composition at Key Stages 3 and 4. The themes included evaluation, effective feedback, the role of listening in the creative process, introducing unfamiliar aesthetics, creative use of technology and how expert composers and performers can be most effectively used in the classroom. The project was delivered in partnership with BCMG and researchers from the Institute of Education, Cambridge, Birmingham City and Manchester Metropolitan Universities.

Off the Page 24 - 26 February 2012

Produced in partnership with The Wire, Off The Page is the UK's only literary festival devoted to music criticism and audio culture. The education strand of the festival was featured in a large print piece in the Guardian, by Alexis Petridis.

Ikue Mori and Maja S K Ratkje UK Tour 28 - 31 March 2012

This unmissable string of dates in London, Newcastle, Ulverston and Belfast brought together two truly iconic female figures of high-grade musical experimentation.

The City Rings

An international sound project, based on the Sonic Postcards model, working with schools and partners in Belgium, Finland, Portugal Spain and Denmark. Pupils recorded sounds from their environment and shared them with the participants from the other countries across a unique digital platform.

British Music Collection November 2011

A new, permanent home was found for the 20th and 21st century scores and recordings of the former BMIC Collection. Now called the British Music Collection, this unique resource with over 30,000 scores is located at the Music Library of the University of Huddersfield, where it is publicly accessible, housed within a specially-designed unit. Sound and Music is continuing conversations with the steering committee about a new acquisition policy for the collections.

AUDIENCE DEVELOPMENT

All of Sound and Music's Artist and Sector development work is audience development facing. However there have been specific projects whose aim has been to develop audiences, examples include 'Listen to This' and 'Why Listen To'. However Sound and Music's highest profile and most successful project was developed for schools -

Minute of Listening January - April 2012

A second pilot of Minute of Listening was delivered in 80 primary schools in Cornwall and Oxfordshire and the London boroughs of Enfield, Lambeth and Westminster. About 20,000 children aged 3 to 11 participated. An evaluation of the pilot was carried out on behalf of Sound and Music by Felicity Woolf and Norinne Betjemann.

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Report of the Trustees
For the Year Ended 31 March 2012**

5 FINANCIAL REVIEW

Overview

Sound and Music's total income for the year was £1,499,568 (2011 - £1,703,969), of which £1,198,806 (2011 - £1,287,654) was represented by the core grant from Arts Council England. Income from productions and fundraising was £246,369 (2011 - £230,970) with £23,984 (2011 - £28,794) from other core grants, donations and membership subscriptions and £30,409 (2011 - £39,351) from investment income and other activities. In the previous year, to 31st March 2011, total income received also included the final tranche of the Arts Council organisational development grant, in the sum of £117,200.

A key part of our fundraising strategy is to diversify income and ease reliance on funding from Arts Council England. We made good progress in securing support from Trusts and Foundations in 2011/12, particularly around education projects such as the Summer School for Young Composers and artist development opportunities such as the Embedded residency scheme. We are instigating new initiatives to develop individual giving and corporate support. We would have wished for better achievement in diversifying our income, but this has not been easy during a time of growth after the merger of the founding organisations. We are confident that Sound and Music's ongoing programme will enable us to build a wide, robust and sustainable fundraising portfolio.

The organisation expended £1,518,886 (2011 - £1,600,977)

General funds

The deficit for the year on general funds was £61,026 before transfers.

Following a transfer of £105,107 from designated funds, the general funds surplus after transfers was £44,081.

Designation of funds

Many of the projects which Sound and Music engages in can encompass a considerable time span, from inception to delivery, and can straddle accounting periods. Accounting standards require that costs are recognised in the accounting year in which they are incurred, whereas Sound and Music views each project as being funded from a particular year's income. A project may have been budgeted in a particular year, but as a result of timing or other issues, recognition of its costs may fall into the following accounting year.

The directors have taken the view that in these circumstances it is prudent to designate the expected funds which are required to complete the projects originally budgeted for the current year.

At 31st March 2011 a sum of £142,750 was transferred to a Project Completion Reserve in respect of projects which were originally budgeted for 2010-11 but in respect of which the expenditure was to continue into 2011-12. This reserve was used in 2011-12 to complete those projects.

At 31st March 2012 an amount of £37,643 has been transferred to the Project Completion Reserve in respect of projects which were originally budgeted for 2011-12 but in respect of which the expenditure is to continue into 2012-13.

Accordingly, the net transfer from the Project Completion Reserve in the year is £105,107.

Balance on general funds

The retained surplus for the year of £44,081 has been added to accumulated funds. Accordingly, retained general funds carried forward at 31st March 2012 amount to £382,488, compared with £338,404 at 31st March 2011.

Restricted funds

At 31 March 2012 there were unexpended Organisational Development Funds of £103,972 and restricted funds relating to projects of £152,064.

Endowment funds

The endowment fund is discussed below under "Investment policy and mandate".

The Organisation for New Music and Sound

Report of the Trustees

For the Year Ended 31 March 2012

Reserves policy

Sound and Music's reserves policy is that the organisation shall seek to maintain general fund reserves equal to six months operating expenditure. This relatively high level of reserves is deemed appropriate in the light of the risks that the organisation faces in its early years, as it develops its strategic plan and its financial and operating systems.

At 31st March 2012, the balance held on general funds (excluding the designated funds) equated to 7.7 months of core expenditure budgeted for 2012-13.

Financial risk assessment and management

The charity monitors and manages risk on an ongoing basis and has a formal annual risk assessment. The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks. The trustees ensure that the management of risk is ongoing and embedded in management and operational procedures. Risk assessment and management is undertaken under the following areas:

- Governance,
- Operational,
- External factors,
- Compliance with laws and regulations,
- Human resources,
- Environmental,
- Technology, and
- Financial

Grant making

Sound and Music is not fundamentally a grant making body, however, from time to time grants are made by the organisation. Grants are usually made where it is the request of the donor that the monies concerned be expended in this way or in situations where it is appropriate for Sound and Music's involvement in projects to be funded by means of a grant.

Investment policy and mandate

During the year the Finance Committee reviewed the investment policies of the funds with a view to better managing risk in the current volatile market conditions. As a result of this, the decision was taken to transfer the management of the investment funds to Seven Investment Management.

During the year the Trustees allocated £30,000 of the fund's income to the charity's Embedded programme.

Investment Policy Statement

- 1 The Board of trustees of Sound and Music is bound to promote the best long-term interests of the charity and to make adequate provision for both the present and future funding needs of the organisation. The overall investment policy is to obtain the best financial return from the fund's assets, consistent with an acceptable degree of risk. In order to achieve this, the given powers of investment will be exercised with the objective of yielding the best long-term return by way of income and capital appreciation, judged in relation to the risks of investment (see 2 below).
- 2 To fulfil the requirements of a favourable return consistent with caution and security, the portfolio will be diversified between fixed interest securities, equities, cash and other asset classes (which, for example, may include commercial property, private equity and commodities). It will also be invested across a wide range of different holdings in order to diversify risk.
- 3 Any purchases of an individual stock (other than an investment grade bond) may not bring the total value of the holding in that stock to more than 5% of the fund's value. After allowing for capital appreciation of individual stocks, all holdings in excess of 5% must not together exceed 40%, and no single holding should be worth more than 10% of the fund's value. Collective investments are excluded from this restriction.

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For the Year Ended 31 March 2012**

- 4 The portfolio mix will fall within the following asset allocation bands
 - Equities 30-60%
 - Fixed interest 30-60%
 - Cash 0-20%
 - Other asset classes (including, for example, commercial property, private equity and commodities) 5 – 15%
- 5 The portfolio is reviewed regularly by the Finance Sub-Committee of the Board and at least annually at a meeting with the Investment Manager or at the Investment Manager's request
- 6 No range or class of investments will be excluded or avoided on ethical grounds
- 7 Investment performance will be compared on a quarterly basis with the APCIMS Income Index and with other suitable indices as agreed from time to time
- 8 The charity requires the Investment Managers to
 - exercise their discretionary powers in accordance with their expertise and with due professionalism, care and attention,
 - only invest in investments quoted on the major recognised exchanges, and not invest outside the agreed terms of reference laid down by the charity and as may be amended from time to time,
 - have regard to the need for diversification of investments taking into account the circumstances of the charity and to the suitability of the proposed investment,
 - produce a quarterly performance report,
 - not participate in underwriting,
 - not invest in highly geared instruments,
 - not invest in the shares of any company not having a record of at least three years in which profits have been made and dividends paidCollective investments are excluded from this restriction

6. FUTURE PLANS FOR SOUND AND MUSIC

2011/12 was a year of change for Sound and Music. From April 2012-2015 the organisation will have Arts Council England National Portfolio Organisation (NPO) status. Sound and Music's future strategy, 'A New Direction 2012-2015', sets out an approach to unifying the programme in a way that will deliver consistency, coherency and define the organisational goals and philosophy. This is a first step in the development of an organisation more fit for purpose claiming its indispensable position as an NPO.

Key parts of the programme moving forward are likely to include the annual Summer School, Listen Imagine Compose, Pulse, Platform, Embedded, and Minute of Listening. The programme will also develop further including touring and other sector development work. Sound and Music also has in place a programme that was established under the interim leadership of Guy Morley that includes the tour of Supersilent with John Paul Jones, Extreme Rituals and the Be Open Sound Portal.

After interim measures the organisation will change senior management and leadership, including governance. The new executive management is planning to implement a process of consultation across the sector to refine the organisation's purpose and to inform the programme it delivers. The programme developed over 2011/12 will help facilitate sector consultation as many more partnerships have been introduced and recognised as a valuable tool to developing projects.

The Board of Trustees is very grateful to Guy Morley for his stewardship of the organisation during the process of transition, to approval of National Portfolio Organisation status, and overseeing a major restructure of the organisation. The Board is also grateful to outgoing Board members for their commitment to the organisation in its formative years.

**The Organisation for New Music and Sound
Report of the Trustees
For the Year Ended 31 March 2012**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company law requires the trustee directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the trustees should follow best practice and are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue on that basis

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

In addition, the trustee directors confirm that

- so far as each director is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information

AUDITORS

A resolution re-appointing Clanty as auditors to the charitable company will be proposed at the Annual General Meeting

By order of the Board of Trustees



Michelle Wright
Chair

Approved by the Board of Directors on 11 October 2012

Independent Auditors' Report to the Trustees of The Organisation for New Music and Sound Year Ended 31 March 2012

We have audited the financial statements of The Organisation for New Music and Sound for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustee's responsibilities (set out on page 10), the trustees (who are also the directors of the charitable company for the purposes of the company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

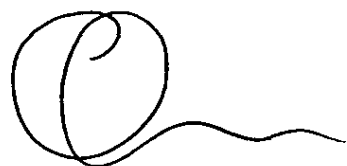
In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements, or
- the charitable company has not kept adequate accounting records, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.



Clarity
Statutory Auditor
Chartered Accountants

Stevenage, Hertfordshire

11 October 2012

Clarity is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Organisation for New Music and Sound
Statement of Financial Activities (Incorporating an Income and Expenditure Account)
For the Year Ended 31 March 2012

	Note	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total funds 2012 £	Total funds 2011 £
Incoming resources							
Incoming resources from generated funds							
Voluntary income	2	1,222,790	-	-	-	1,222,790	1,313,948
Activities for generating funds		-	-	-	-	-	2,500
Investment income and interest	3	973	-	-	29,436	30,409	39,351
Incoming resources from charitable activities							
Promotion of new music and sound	4	53,441	-	192,928	-	246,369	230,870
Organisational development	5	-	-	-	-	-	117,200
Total incoming resources		<u>1,277,204</u>	<u>-</u>	<u>192,928</u>	<u>29,436</u>	<u>1,499,568</u>	<u>1,703,969</u>
Resources expended							
Costs of generating funds	6	85,090	-	-	4,913	90,003	95,647
Charitable activities							
Promotion of new music and sound	6	1,203,529	-	175,743	-	1,379,272	1,372,165
Organisational Development	6	-	-	-	-	-	86,206
Governance costs	6	49,611	-	-	-	49,611	46,959
Total resources expended		<u>1,338,230</u>	<u>-</u>	<u>175,743</u>	<u>4,913</u>	<u>1,518,886</u>	<u>1,600,977</u>
Net incoming / (outgoing) resources before transfers		(61,026)	-	17,185	24,523	(19,318)	102,992
Gross transfers between funds	15	105,107	(105,107)	30,000	(30,000)	-	-
Net incoming / (outgoing) resources before other recognised gains and losses		<u>44,081</u>	<u>(105,107)</u>	<u>47,185</u>	<u>(5,477)</u>	<u>(19,318)</u>	<u>102,992</u>
Gains / losses on investment assets							
Realised gains	12	-	-	-	(38,468)	(38,468)	3,324
Unrealised gains / (losses)	12	-	-	-	21,065	21,065	44,376
Net movement in funds		<u>44,081</u>	<u>(105,107)</u>	<u>47,185</u>	<u>(22,880)</u>	<u>(36,721)</u>	<u>150,692</u>
Reconciliation of funds							
Total funds brought forward	15	338,407	142,750	208,851	968,478	1,658,486	1,507,794
Total funds carried forward	15	<u>382,488</u>	<u>37,643</u>	<u>256,036</u>	<u>945,598</u>	<u>1,621,765</u>	<u>1,658,486</u>

The statement of financial activities includes all gains and losses recognised in the period
All incoming resources and resources expended derive from continuing operations
The deficit for the year for Companies Act purposes was £57,786 (2011: Surplus £106,318)

The accompanying notes are an integral part of this statement of financial activities

The Organisation for New Music and Sound
Balance Sheet
As at 31 March 2012

	Note	£	2012	£	£	2011	£
Fixed assets							
Tangible assets	11			14,881			31,333
Investments	12			870,595			870,218
				<u>885,476</u>			<u>901,551</u>
Current assets							
Debtors	13	195,290			172,594		
Cash at bank and in hand		710,269			673,458		
		<u>905,559</u>			<u>846,052</u>		
Creditors amounts falling due within one year	14	(169,270)			(89,117)		
Net current assets				736,289			756,935
Net assets				<u>1,621,765</u>			<u>1,658,486</u>
Funds and reserves							
Unrestricted funds							
General funds	15			382,488			338,407
Designated funds	15			37,643			142,750
Restricted funds	15			256,036			208,851
Endowment funds	15			945,598			968,478
Total funds				<u>1,621,765</u>			<u>1,658,486</u>

The directors have elected for the accounts to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006

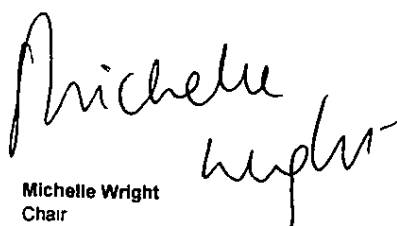
For the year ending 31 March 2012 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

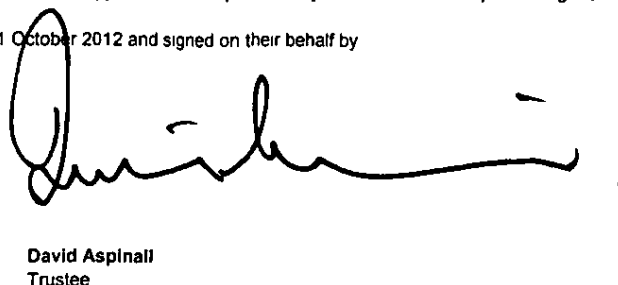
Directors responsibilities

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements were approved by the trustees on 11 October 2012 and signed on their behalf by


Michelle Wright
Chair


David Aspinall
Trustee

Registered Company Number 6581022

The accompanying notes are an integral part of this balance sheet

The Organisation for New Music and Sound
Notes Forming Part of the Financial Statements
For the Year Ended 31 March 2012

1 Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently in dealing with items considered material in relation to the financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, in accordance with the Companies Act 2006 and applicable accounting standards, and follow the recommendations in the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), published in March 2005.

The financial statements incorporate the results of the A A Paul Memorial Fund, a trust fund administered and managed under the terms of a declaration of trust by trustees who are the trustees of Sound and Music. The trust fund is presented as an expendable endowment in the financial statements and its results are incorporated on a line by line basis.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the trustees in furtherance of the charitable objectives of the charity.

Designated funds comprise unrestricted funds set aside by the trustees for specific future purposes or projects.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to conditions imposed by the donor or through the terms of an appeal.

Endowment funds comprise expendable endowment capital, over which the trustees have a power of discretion to convert into income. The investment income therefrom is credited directly to the endowment fund.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income, it is certain that the income will be received 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 core grants, donations and membership subscriptions and is included in full in the Statement of Financial Activities.

Incoming resources from charitable activities are received principally by way of grants and are included in full in the Statement of Financial Activities. 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 income.

Investment income and bank interest receivable is fully accrued at the balance sheet date.

Resources expended

Resources expended are recognised on an accruals basis when a liability is incurred, as soon as there is a legal or constructive obligation committing the charity to the expenditure. Expenditure includes any VAT which cannot be recovered and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and programmes. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

The Organisation for New Music and Sound
Notes Forming Part of the Financial Statements
For the Year Ended 31 March 2012

1 Accounting policies (continued)

Resources expended (continued)

Governance costs include those costs primarily associated with meeting the constitutional and statutory requirements of the charity and include the auditors' remuneration and legal fees and costs linked to the charity's compliance with regulation and good practice

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. Costs relating to a particular activity are allocated directly, others are apportioned on the basis of estimates of the proportion of time spent by staff on those activities

Pension costs

Members of staff are eligible to join a stakeholder pension scheme to which the charity contributes. Contributions are charged to the Statement of Financial Activities for the year in which they relate

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation

Tangible fixed assets are depreciated at rates calculated to write off the cost of each asset over its estimated useful life as follows

Office furniture	20%	Straight line basis
Equipment & computers	33%	Straight line basis

As explained in note 13, heritage assets have not been capitalised or depreciated in the financial statements

Fixed asset investments

Investments are included on the balance sheet at mid market value at the balance sheet date. Realised and unrealised gains and losses on investments are included in the Statement of Financial Activities in the year in which they arise

Cash flow

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash Flow Statements'

The Organisation for New Music and Sound
Notes Forming Part of the Financial Statements
For the Year Ended 31 March 2012

	2012 £	2011 £
2 Voluntary income		
Grants receivable for core funding		
Arts Council England	1,198,806	1,287,654
PRS Foundation	20,000	20,000
Donations and legacies	3,984	3,180
Membership subscriptions	-	3,114
	<u>1,222,790</u>	<u>1,313,948</u>
3 Investment income and interest		
Investment income	25,936	35,967
Bank interest	4,473	3,384
	<u>30,409</u>	<u>39,351</u>
4 Promotion of new music and sound		
Grants receivable		
Artist development		
Esmée Fairbairn Foundation	50,000	50,000
Monument Trust	40,000	40,000
Foyle Foundation	20,000	-
British Council	10,000	10,000
Garfield Weston Foundation	10,000	-
Sackler Trust	10,000	-
Leverhulme Trust	6,600	6,750
PRS Foundation	5,000	6,000
D'Oyly Carte Charitable Trust	3,000	3,000
Sector development		
Esmée Fairbairn Foundation	18,828	40,000
PRS Foundation	12,500	25,000
British Council	8,000	-
Scottish Arts Council / Creative Scotland	5,000	1,626
Other grants		
Musicians Benevolent Fund	-	4,000
Michael Tippett Foundation	-	2,000
Idlewild Trust	-	1,500
Seary Charitable Trust	-	500
Project income	39,468	33,037
Promotion and marketing	7,973	6,590
Sundry income	-	967
	<u>246,369</u>	<u>230,970</u>

The Organisation for New Music and Sound
Notes Forming Part of the Financial Statements
For the Year Ended 31 March 2012

	2012 £	2011 £
5 Organisation development		
Grants receivable		
Arts Council England	-	117,200

	Staff costs £	Direct costs £	Support costs £	Total 2012 £	Total 2011 £
6 Total resources expended					
Costs of generating funds	58,811	4,916	26,276	90,003	95,647
Promotion of new music and sound					
Artist development	25,084	178,769	11,207	215,060	-
Sector development	189,627	371,480	84,723	645,830	-
Audience development	130,658	213,214	58,376	402,248	-
Marketing and promotion	62,778	25,308	28,048	116,134	153,208
Event programme	-	-	-	-	779,766
Learning and creative resources	-	-	-	-	321,050
Education programme	-	-	-	-	110,715
Grants payable	-	-	-	-	7,426
Organisational development	-	-	-	-	86,206
Governance costs	29,787	6,515	13,309	49,611	46,959
	<u>496,745</u>	<u>800,202</u>	<u>221,939</u>	<u>1,518,886</u>	<u>1,600,977</u>

	Premises costs £	Financial & legal £	Office & administration £	Total 2012 £	Total 2011 £
7 Support costs allocation					
Costs of generating funds	8,130	4,054	14,092	26,276	27,517
Promotion of new music and sound					
Artist development	3,468	1,729	6,010	11,207	-
Sector development	26,224	13,076	45,423	84,723	-
Audience development	18,059	9,005	31,312	58,376	-
Marketing and promotion	8,666	4,320	15,062	28,048	27,609
Event programme	-	-	-	-	116,433
Learning and creative resources	-	-	-	-	51,044
Education programme	-	-	-	-	11,966
Governance costs	4,120	2,054	7,135	13,309	14,087
	<u>68,667</u>	<u>34,238</u>	<u>119,034</u>	<u>221,939</u>	<u>248,656</u>

Basis of support costs allocation

Cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. Therefore the support costs shown above are a best estimate of the costs that have been so allocated.

The Organisation for New Music and Sound
Notes Forming Part of the Financial Statements
For the Year Ended 31 March 2012

	2012 £	2011 £
8 Net incoming resources for the year		
Net incoming resources for the year is stated after charging		
Auditors remuneration		
Audit fee	5,565	5,310
Depreciation	16,452	16,762

9 Directors' remuneration, reimbursement of expenses and related party transactions

No trustees received nor waived any emoluments during the period (2011 None)

No trustees received reimbursed out of pocket travel expenses during the period (2011 None)

10 Staff costs

Employees		
Salaries and wages	346,272	420,549
Social security costs	30,800	43,096
Pension costs & staff incentive scheme	19,249	31,572
	<u>396,321</u>	<u>495,217</u>
Consultants		
Consultancy fees	<u>100,424</u>	<u>85,022</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the period was Nil (2011 Nil)

The average number of employees calculated on a full-time equivalent basis, analysed by function was

	2012 Number	2011 Number
Charitable activities	9	12
Costs of generating funds	1	1
Governance of the charity	1	1
	<u>11</u>	<u>14</u>

**The Organisation for New Music and Sound
Notes Forming Part of the Financial Statements
For the Year Ended 31 March 2012**

11 Tangible fixed assets

	Office furniture £	Equipment & computers £	Total £
Cost			
At 1 April 2011	37,642	58,003	95,645
Additions	-	-	-
Disposals	-	-	-
At 31 March 2012	<u>37,642</u>	<u>58,003</u>	<u>95,645</u>
Depreciation			
At 1 April 2011	19,658	44,654	64,312
Charge for the year	5,583	10,869	16,452
Disposals	-	-	-
At 31 March 2012	<u>25,241</u>	<u>55,523</u>	<u>80,764</u>
Net book value			
At 31 March 2012	<u>12,401</u>	<u>2,480</u>	<u>14,881</u>
At 31 March 2011	<u>17,984</u>	<u>13,349</u>	<u>31,333</u>

In addition to the capitalised functional fixed assets, the charity also owns The Sound and Music Collection that comprises a music library of some 30,000 scores, 15,000 recordings and background information on British music written since 1900. It includes both published and commercially recorded and unpublished material. The written archives of the founder organisations also form part of the collection.

These assets have not been included in the balance sheet because, in the opinion of the trustees, the cost of professionally valuing them to include a value in the financial statements would outweigh the benefits to the users of the financial statements.

The Organisation for New Music and Sound
Notes Forming Part of the Financial Statements
For the Year Ended 31 March 2012

	2012 £	2011 £
12 Fixed asset investments		
Market value at 1 April	868,671	755,372
Additions at cost	711,501	268,822
Disposal proceeds	(815,528)	(203,223)
Realised gains / (losses) on disposals	(38,468)	3,324
Unrealised gains / (losses)	21,065	44,376
	<u>747,241</u>	<u>868,671</u>
Cash held by investment managers for re-investment	123,354	1,547
Market value at 31 March	<u>870,595</u>	<u>870,218</u>
Historical cost at 31 March	<u>838,906</u>	<u>858,604</u>
Listed investments are represented by		
UK mutual funds	594,836	-
UK equity shares	134,197	388,054
Overseas equity shares	17,541	157,724
UK fixed interest securities	667	227,878
Overseas fixed interest securities	-	95,015
	<u>747,241</u>	<u>868,671</u>
The following represent more than 5% of the total market value of listed investments		
Capita Financial Managers 7IM AAP Balanced A Acc	26.43%	
Capita Financial Managers CF 7IM AAP Balanced A Acc Nav	25.08%	
Capita Financial Managers 7IM AAP Moderately Cautious A Acc	8.69%	
Capita Financial Managers CF 7IM AAP Moderately Cautious A Acc Nav	8.12%	
	<u></u>	<u></u>
13 Debtors		
Trade debtors	8,764	5,218
Prepayments and accrued income	181,797	141,540
VAT recoverable	1,374	25,836
Other debtors	3,355	-
	<u>195,290</u>	<u>172,594</u>
14 Creditors: amounts falling due within one year		
Trade creditors	71,705	16,450
Deferred income	-	19,200
Accruals	74,837	23,769
Other tax and social security	3,876	11,594
Other creditors	18,852	18,104
	<u>169,270</u>	<u>89,117</u>

**The Organisation for New Music and Sound
Notes Forming Part of the Financial Statements
For the Year Ended 31 March 2012**

	Funds 1 April 2011 £	Incoming resources £	Resources expended £	Investment gains / (losses) £	Transfers between funds £	Funds 31 March 2012 £
15 Statement of funds						
Endowment funds						
Arthur A Paul expendable endowment fund	968,478	29,436	(4,913)	(17,403)	(30,000)	945,598
Restricted funds						
Adopt a Composer Curriculum	15,006	6,500	(11,069)	-	-	10,437
Development	39,804	18,828	(26,450)	-	-	32,182
Embedded	46,343	56,600	(39,147)	-	30,000	93,796
Organisational Development	103,972	-	-	-	-	103,972
Performance Abroad	3,726	10,000	(8,077)	-	-	5,649
Summer School	-	83,000	(73,000)	-	-	10,000
Other Projects	-	18,000	(18,000)	-	-	-
	<u>208,851</u>	<u>192,928</u>	<u>(175,743)</u>	<u>-</u>	<u>30,000</u>	<u>256,036</u>
Unrestricted funds						
General fund	338,407	1,277,204	(1,338,230)	-	105,107	382,488
Designated funds						
Project Completion Reserve	142,750	-	-	-	(105,107)	37,643
	<u>481,157</u>	<u>1,277,204</u>	<u>(1,338,230)</u>	<u>-</u>	<u>-</u>	<u>420,131</u>
Total funds	<u><u>1,658,486</u></u>	<u><u>1,499,568</u></u>	<u><u>(1,518,886)</u></u>	<u><u>(17,403)</u></u>	<u><u>-</u></u>	<u><u>1,621,765</u></u>

The Arthur A Paul expendable endowment fund represents a trust fund administered and managed under a declaration of trust by the trustees of Sound and Music. The fund may be applied to advance the knowledge and appreciation of new music by promoting the presentation of original work by emerging composers, musicians and artists.

Adopt a Composers fund In partnership with Making Music and funded by the PRS Foundation, Sound and Music is partnering emerging composers with amateur ensembles in the UK so that a collaborative piece is composed and premiered, recorded by BBC Radio 3.

Curriculum Development fund This fund supports a series of national symposia and associated research projects to explore and develop creative solutions for delivering composition in schools funded by The Esmée Fairbairn Foundation.

Embedded fund A programme offering artists and composers professional development opportunities through bespoke residencies with ensembles and other cultural organisations funded by The Esmée Fairbairn Foundation and The Leverhulme Trust.

The Organisation for New Music and Sound
Notes Forming Part of the Financial Statements
For the Year Ended 31 March 2012

15 Statement of funds (continued)

The Organisational Development restricted fund represents funding received from Arts Council England Grants for the Arts - Thrive 1. This is an organisation grant made with the aim of facilitating the merger of the four founder organisations into SaM, and its ongoing organisational development

Performance Abroad fund This represents funding from the British Council for Sound and Music to distribute small grants to enable UK based composers and artists to travel to see their work being performed abroad

Summer School fund Talented youngsters aged 14 to 18 are mentored by professional composers and musicians during a residential week at the Purcell School of Music. This is funded by Monument Trust, Garfield Western Foundation, D'Oyly Carte Charitable Trust, Foyle Foundation and Sackler Trust

Project Completion Reserve It is in the nature of the charity's activities that projects are budgeted in one particular year, but may only complete in the following year, with expenditure partly falling into the following year. The Project Completion Reserve has been established to ensure that funds are available to meet such expenditure

The transfer to the restricted Embedded Fund of £30,000 represents support for the charity's Artist Development Programme by income from the Arthur A Paul expendable endowment fund

16 Analysis of net assets

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
Fund balances at 31 March 2012 are represented by	General fund £	Designated funds £	£	£	£
Tangible fixed assets	14,881	-	-	-	14,881
Fixed asset investments	-	-	-	870,595	870,595
Cash at bank and in hand	342,547	37,643	256,036	74,043	710,269
Other net current assets	25,060	-	-	960	26,020
	<u>382,488</u>	<u>37,643</u>	<u>256,036</u>	<u>945,598</u>	<u>1,621,765</u>

17 Obligations under operating leases

	Land & Buildings	
At 31 March 2012 the charity had annual commitments under operating leases as follows	2012 £	2011 £
Expiry date - more than 5 years	<u>41,225</u>	<u>54,000</u>

18 Taxation

SaM is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities

19 Liability of members

SaM is constituted as a company limited by guarantee and has no share capital. The liability of the members in the event of the company being wound up is limited to a sum not exceeding £1 each.