

Company Registration No: 06226749 (England and Wales)
Registered Charity No: 1119372

LONDON MUSIC MASTERS
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

**LONDON MUSIC MASTERS
(A COMPANY LIMITED BY GUARANTEE)**

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

The trustees are also the statutory directors of the company for the purposes of company law. The trustees who served during the period were:

Simon Freakley - Chairman
V S H Robey OBE – Founder Director
Prof I Rashkovsky – Founder Director & Artistic Director (resigned 1.09.18)
J Antoniazzi – Treasurer (resigned 24.05.19)
T Walker AM
S Bailey (resigned 24.09.19)
A Carrington (resigned 31.7.18, re-appointed 01.01.19)
J Nickson
V Ellis (resigned 7.12.18)
P Keller
T Hull
P Thomas
E Vaizey
S Bunting (appointed 27.06.19)

Key management

Robert Adediran - Executive Director
Roz De Vile – LMM Learning Director
Will Harriss – Development Director (appointed 01.12.19)
Linda Webber – Finance Director (left 07.05.19)
Anne Fleming – Finance Director (appointed 21.05.19)

Charity number

1119372

Company number

06226749

Registered office

125 Kennington Road
London SE11 6SF

Auditor

Wilkins Kennedy Audit Services
Greytown House
221-227 High Street
Orpington
Kent, BR6 0NZ

Bankers

CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4

**LONDON MUSIC MASTERS
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**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

2018-19 was the first year of our strategic plan 'Excellence for Everyone' an ambitious statement of intent to follow our 10-year anniversary celebrations in 2018. Excellence for Everyone brings together a decade of experience in music education gained in inner-city London schools working directly with children, young people, families and schools. It challenges us to take lessons learned in London to schools, teachers and communities around the country, using our influence, our partnerships and our imagination to effect real change in the music education landscape. Central to that change, in 2019, we launched the UK's first PGCEi in group instrument learning in a new partnership with Birmingham City University. We believe this programme, which for the first time offers musicians teaching groups of children post graduate level professional development, has the potential to transform the music education experience of thousands of children across the country.

Important new work with our creative partners Young Classical Artists Trust (YCAT) saw us increase our commitment to supporting emerging artists. Together we have appointed the first Robey Artist, Randall Goosby - an ambassador for music education and inclusion and a young artist at the beginning of a promising international career. Next year we will be working with the full roster of YCAT artists to build their skills as music leaders, increasing their confidence in engaging with audiences outside of the concert hall.

As we continue to make progress on this journey towards greater excellence and inclusion in music and music education in the UK I offer my thanks again to our trustees, notably Sir Vernon Ellis and John Antoniazzi who retired this year, to our Founder Director and serving trustee Victoria Robey OBE, and the staff team, volunteers and our family of generous supporters who facilitate the excellent work.



Simon Freakley
Chairman
London Music Masters

**LONDON MUSIC MASTERS
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The trustees, who are also the directors for the purposes of company law, present their report and the audited financial statements for the year ended 31 August 2019. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and 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 published on 16 July 2014.

Objectives and activities

Our objectives

To advance education for the public benefit through the promotion, support and encouragement of the art of music in all its forms and in particular the promotion, encouragement and appreciation of the violin. Secondly, to promote any other charitable object for the public benefit.

In planning the activities of the charity the trustees have given due regard to the Charity Commission's guidance on public benefit and, in particular, the specific guidance for fee charging charities. As mentioned above, the trustees believe that the activities of the charity in the year confirm its ability to provide current and on-going benefit to the public.

Our activities

LMM Learning

London Music Masters' schools programme, LMM Learning, aims to transform musical instrument teaching in UK primary schools. For 11 years we have provided world-class learning opportunities for children in inner-city primary schools and we are dedicated to training an ambitious and talented team of young musicians to enable this vital work to continue. We believe that music belongs to everyone in society and that high quality music making should be at the heart of our local communities.

Our schools programme brings musicianship, violin and cello teaching of the highest quality into inner-London primary schools situated in areas of financial deprivation. Currently catering for 1,300 children across six schools, we work with every child in the school during their first three years at primary school, providing each one with their own instrument and up to three lessons a week in small groups and ensembles. As the children grow, our programme grows and changes with them responding to their potential. At the end of the 2018 financial year we agreed with one of our schools, Queens Park Primary, that they transition away from our programme; we felt the effects of that in terms of the numbers of students on our programme and the overall programme cost in 2018/19. We are exceptionally proud of our success at Queens Park Primary over five years and we worked hard with the school leaders to create a positive phased transition which included a new agreement for music provision between them and the local music hub.

2018/19 saw us establish an important new partnership with Birmingham City University School of Education and Social work. Together we have created the UK's first PGCE designed for musicians teaching groups: PGCEi for Group Instrument Learning. This unique course fills a specific gap in the training offer for early career teachers and we anticipate it playing an important role in raising both the profile and quality of group teaching in the UK.

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

LMM Artists

Great musicians transcend their context and captivate audiences everywhere. We are committed to enabling emerging artists to become great musicians. For us, that means helping them develop their artistry in a community context: working with our children and their families to find new expressions of their art which challenge, delight and stimulate audiences outside of the traditional concert hall environment. We are proud to have musical ambassadors in Nadine Benjamin, Benjamin Grosvenor, Sheku Kanneh-Mason, Anthony Marwood and Tai Murray and we work closely with the nine recipients of the LMM Award, given to outstanding artists in the early stages of their careers.

We were delighted to collaborate with our creative partners Young Classical Artists Trust (YCAT) on the appointment of the inaugural Robey Artist. Randall Goosbey, the first musician to hold this position, will receive the full benefits afforded to both YCAT artists and LMM Ambassadors and we look forward to working with him in the coming year.

Objectives for FY 2018-19

The main objectives of the charity are summarised in our Strategic Plan: Excellence for Everyone (2018-2022), they cascade from the following aims:

1. Establishing our network of Partner Schools as the leading example of excellent, sustainable, integrated music education for state maintained primary schools
2. Creating the UK's first national teacher training programme for group tuition in primary schools
3. Building a cohort of leading artists as both advocates for music education and mentors for student musicians
4. Advocating for practical, systemic change within the industry for Diversity & Inclusion and for music education
5. Establishing new, long term, predictable income streams for London Music Masters

Strategic Report

Achievements and Performance

Partner Schools

- Over 1,300 children participated in our weekly musical instrument tuition programmes supported by an annual programme of events and performances. We continue to have a significant musical impact with graduates winning music scholarships for further study at schools and conservatoires; and social impact with students reporting significant extra-musical benefits to their work with us.

National Teacher Training Programme

- We established a partnership with Birmingham City University which led to the creation of a level 7 Post Graduate Certificate in Education in group instrument learning: the PGCEi. The university validated the course, and LMM was approved as a delivery partner.

Artists as advocates and mentors

- We facilitated creative and challenging collaborations between a wide range of artists and LMM students giving every student the opportunity to work creatively with a professional musician.

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

Advocating for change

- Our senior team spoke at symposia, and consulted with education clients developing new approaches to issues around music education and diversity and inclusion

Funding

- We met our fundraising goals and completed an 18 month R&D project into establishing new sources of revenue.

Financial Review

The results for the year are set out on page 13 of the financial statements. The surplus for the year was £70,717 (2018: (£40,391)), as set out in the financial statements. Total incoming resources were £1,009,453 (2018: £920,278). In comparison total outgoing resources were £938,736 (2018: £960,669).

The surplus in the year was largely due to a successful fundraising programme which, despite significant turnover in the development team, resulted in an increase of c£60k in donation and legacy income when compared to the previous year.

Additionally, outgoing resources were c£22k less than the previous year reflecting the changes in activities in the year. These were mainly the reduction in the number of partner schools outlined elsewhere in this report and significant reduction in the costs of the I'M IN diversity and inclusion project; these reductions in costs were somewhat offset by the costs associated with the set up and launch of our new PGCEi programme.

Reserves

LMM's reserves policy is as follows:

- The policy of the trustees is to maintain a level of reserves that will provide a stable base from which to fund the charity's future activity whilst ensuring that excessive funds are not accumulated.
- Specifically, the trustees have set a target range for general reserves of £180,000 - £210,000 (2018: £180,000-£210,000), which the trustees estimate is sufficient to meet the charity's legal commitments should it be required to shut down due to lack of available funds. The range is also reviewed in the context of the following year's running costs. As social investments comprise mostly low value musical instruments which are not readily convertible into cash or cash equivalents, their value has been excluded in calculating this general reserve. The charity's legal commitments include notice periods for staff, office costs and legal costs.
- The reserves target is reviewed and updated on an annual basis.
- General reserves at 31 August 2019 totalled: £326,325 (2018: £286,139). The value after excluding social investments is £210,000 (2018: £180,000).

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

Designated Funds

Amount	Purpose	Estimated period of expenditure
Learning continuity		
£110,641	The effectiveness of London Music Masters' activities in schools is dependent on uninterrupted music tuition. The charity considers it best practice to maintain a designated reserve to mitigate the risk of funding fluctuation and aims to provide at least one term's funding within this reserve.	Sept 2019 –August 2020

Plans for Future Periods

In the second year of its strategic plan Excellence for Everyone London Music Masters intends to make progress against the objectives cascading from the following aims:

- To establish our network of Partner Schools as the leading example of excellent, sustainable, integrated music education for state maintained primary schools
- To establish the UK's first national teacher training programme for group tuition in primary schools
- To build a cohort of leading artists as both advocates for music education and mentors for student musicians
- To advocate for practical, systemic change within the industry for diversity and for music education
- To establish a new, long term, predictable income streams for London Music Masters

Funds held as Custodian Trustee on behalf of others

There are no such funds held (2018: nil).

Permanent endowment invested on a total return basis

There are no such investments (2018: nil).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

London Music Masters is a company limited by guarantee not having a share capital which is governed by its Memorandum and Articles of Association. It is a registered company number 6226749 and is also a registered charity in England and Wales, number 1119372.

The charity was incorporated on 25 April 2007 as The London International Violin Competition. The Members resolved by special resolution dated 15 January 2008 to change the name of the charity to London Music Masters and this was effected on 21 January 2008. The Memorandum and Articles of Association were further amended by special resolution on 21 May 2012, primarily in order to bring them up-to-date with current legislation and to raise the maximum number of trustees.

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

Governance

The work of the organisation is overseen by the trustees who meet at regular intervals to provide strategic direction and to monitor and review the work of London Music Masters. Potential trustees are considered by the Chairman and proposed to the other trustees before being elected by a simple majority of all the directors entitled to attend and vote at any meeting of the trustees. New trustees are given an induction by way of a one-to-one meeting with the Executive Director accompanied by a pack of information, including the most recent set of accounts, trustee meeting notes, development committee notes and other relevant supplementary documents describing the charity's recent activities.

Fundraising

London Music Masters generates income from fundraising to support its work. It broadly focuses on three areas:

- Individual giving: this includes giving schemes that comply with Gift Aid and VAT regulations set out by HMRC.
- Trusts and Foundations: London Music Masters makes a range of applications to trusts and foundations in the UK and abroad, for both core (unrestricted) and project (restricted) funding.
- Corporate sponsorship: London Music Masters engages with a number of corporate partners, whose funding supports a range of initiatives across the organisation.

The Trustees review fundraising activity at each Board meeting. London Music Masters is registered with the Fundraising Regulator, and is bound by the Code of Fundraising Practice. The Code sets out the key principles of behaviour expected of all charitable fundraising organisations in the UK. More information about the regulator, and their role in monitoring fundraising standards, can be found on their website: www.fundraisingregulator.org.uk.

The charity did not receive any fundraising complaints in the year.

Fundraising complaints should, in the first instance, be directed to the Executive Director of London Music Masters, Rob Adediran, either by letter (London Music Masters, 125 Kennington Road, London SE11 6SF) or by email (contact@londonmusicmasters.org). All complaints will be acknowledged within five working days, with a full reply within 21 days.

If this does not resolve the issue, then the complaint can be escalated to the Fundraising Regulator for further action. London Music Masters is committed to ensuring that its fundraising activities protect the public, including any vulnerable people it works with, from unreasonably intrusive fundraising approaches. It will never apply undue pressure to donate. Where an individual has requested not to receive fundraising communications, this will be honoured, in line with the spirit of all relevant data protection legislation.

London Music Masters will also comply with any requests from the Fundraising Preference Service for the removal of data subjects from its database. In 2017-18 London Music Masters completed a rigorous review around GDPR compliance. The Trustees signed-off our GDPR compliance measures and regularly monitor public interactions from marketing and fundraising.

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

Management

The day-to-day management of the charity is delegated to the Executive Director who is supported by senior leaders on the staff team.

The trustees are responsible for making strategic decisions relating to the scope and aims of the charity's work. They are also responsible for agreeing the annual budget, which is then overseen by the Executive Director with quarterly management accounts being presented to the Trustees. Any material overspends must be authorised by the trustees.

The charity also has a Development Committee, which does not have governance power but meets in an advisory capacity to discuss and refine the charity's fundraising strategy and progress.

In 2018/19 an Advisory Council was established with the aim of further strengthening the charity's network and providing additional perspectives to the management team.

Pay policy for senior staff

Senior staff comprises the Executive Director, LMM Learning Director, Development Director and the Finance Director.

The pay of senior staff is reviewed annually and normally increased in accordance with inflation and average earnings for the sector.

No trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in note 16 to the accounts. Trustee A Carrington stepped down from the board temporarily to provide executive support as Interim Development Director in August 2018 and was re-appointed on 1 January 2019 following the appointment of Will Harriss as Development Director.

Risk Management

The trustees recognise their responsibility for the management of the risks faced by the charity. A risk register is updated quarterly and risk reports presented to the board and discussed each time the trustees meet in order to ensure that the trustees are made aware of any major risks the charity faces and to review the adequacy of controls. Together with the executive the trustees consider risk in the following areas: finance, human resource, reputation, legal, safeguarding, disaster planning and strategically significant projects. Trustees provide a critical challenge to the Executive Director on all these areas of risk, advising on mitigation strategies as appropriate.

This process has identified that a significant risk to the charity remains anticipated changes to the way in which schools are funded. The charity mitigates this risk by staying abreast of, and seeking to influence current education policy, diversifying income streams, building strategic partnerships and working closely with schools to keep school contributions to the programme's costs at a manageable level.

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of London Music Masters for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charity for that period. In preparing those financial statements, the trustees are required to:

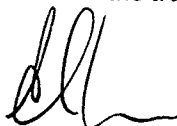
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charitable company and 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 irregularities.

Statement as to Disclosure of Information to Auditors

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and each trustee has taken all the steps that he or she ought to have taken as a trustee to make himself or herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

By order of the trustees



Simon Freakley
Chairman

Date 4 December 2019

**LONDON MUSIC MASTERS
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2019**

Opinion

We have audited the financial statements of London Music Masters (the 'charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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, 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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,

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

based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within 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 the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within 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.

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

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

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. 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wilkins Kennedy Audit Services

Michelle Wilkes (Senior Statutory Auditor)
For and on behalf of Wilkins Kennedy Audit Services
Statutory Auditor
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Date: 17/12/19

LONDON MUSIC MASTERS
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Income and endowments from:					
Donations and legacies	2	463,861	313,615	777,476	717,747
Charitable activities	3	230,764	-	230,764	201,923
Investments		1,213	-	1,213	608
Total income and endowments		695,838	313,615	1,009,453	920,278
Expenditure on:					
Raising funds		158,543	4,826	163,369	149,848
Charitable activities		457,279	318,088	775,367	810,821
Total expenditure	4	615,822	322,914	938,736	960,669
Net movement in funds		80,016	(9,299)	70,717	(40,391)
Total funds brought forward 1 September 2018		356,950	23,438	380,388	420,779
Total funds carried forward 31 August 2019	12, 13	436,966	14,139	451,105	380,388

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

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STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

Comparative Information for the Statement of Financial Activities for the year ended 31 August 2018

	Unrestricted funds £	Restricted funds £	Total 2018 £
Income and endowments from:			
Donations and legacies	341,570	376,177	717,747
Charitable activities	201,923	-	201,923
Investments	608	-	608
Total income and endowments	544,101	376,177	920,278
Expenditure on:			
Raising funds	145,848	4,000	149,848
Charitable activities	427,854	382,967	810,821
Total expenditure	573,702	386,967	960,669
Net movement in funds	(29,601)	(10,790)	(40,391)
Total funds brought forward 1 September 2017	386,551	34,228	420,779
Total funds carried forward 31 August 2018	356,950	23,438	380,388

LONDON MUSIC MASTERS
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BALANCE SHEET
AS AT 31 AUGUST 2019

	Notes	2019 £	2018 £
Fixed assets			
Social investments	6	116,325	106,139
Tangible assets	7	1,583	2,735
Intangible assets	8	4,222	10,939
		<u>122,130</u>	<u>119,813</u>
Current assets			
Debtors	9	48,034	21,563
Cash at bank and in hand		558,866	487,204
		<u>606,900</u>	<u>508,767</u>
Creditors:			
Amounts falling due within one year	10	277,925	248,192
		<u></u>	<u></u>
Net current assets		<u>328,975</u>	<u>260,575</u>
Total assets		<u><u>451,105</u></u>	<u><u>380,388</u></u>
Income funds			
General unrestricted funds	12	326,325	286,139
Designated funds	12	110,641	70,811
Restricted funds	13	14,139	23,438
	14	<u>451,105</u>	<u>380,388</u>

The notes on pages 17 to 28 form part of these financial statements.

The financial statements were approved by the trustees on 4 December 2019 and signed on their behalf



Simon Freakley
Chairman

Company number 6226749 (England and Wales)

LONDON MUSIC MASTERS
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flow from operating activities	17	84,752	125,058
Cash flow from investing activities			
Payments to acquire intangible fixed assets		-	(8,334)
Payments to acquire tangible fixed assets		(1,620)	(527)
Payments to acquire social investments		(12,683)	(33,660)
Interest received		1,213	608
Net cash flow from investing activities		(13,090)	(41,913)
Net increase in cash and cash equivalents		71,662	83,145
Cash and cash equivalents at 1 September		487,204	404,059
Cash and cash equivalents at 31 August		558,866	487,204
Cash and cash equivalents consist of:			
Cash at bank and in hand		251,411	315,810
Short term deposits		307,455	171,394
Cash and cash equivalents at 31 August		558,866	487,204

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

1 Accounting policies

1.1 Basis of preparation

London Music Masters is a company limited by guarantee in the United Kingdom. In the event of the charitable company being wound up, the liability in respect to the guarantee is limited to £1 per member of the charitable company. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charitable company's operations and principal activities are set out on page 3.

The charity constitutes a public benefit as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their account in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Funds accounting

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds – these represent the balance of funds donated for specific purposes which remain unspent at the balance sheet date.

Designated funds – these are unrestricted funds which have been set aside by the Trustees for future purposes.

1.3 Income recognition

All income is included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Voluntary income including donations and gifts is included in full in the SOFA when receivable.

Income from charitable activities is matched to the timing of the activities.

Investment income is recognised using the effective interest method.

1.4 Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds are those costs incurred in attracting voluntary income.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs allocated directly to such activities and those costs of an indirect nature necessary to support them.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

1.5 Programme related investments

Programme related investments are social investments made directly in pursuit of the charity's charitable purposes. Musical instruments held as part of LMM Learning and loaned to pupils are held at the lower of replacement cost or the charity's own valuation. Their condition is assessed annually and full provision is made for any repairs or maintenance required.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. The cost of minor additions below £500 is not capitalised. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	-	33% straight line
Fixtures, fittings & equipment	-	25% straight line

1.7 Intangible fixed assets

Intangible fixed assets, which represent preparatory costs for the development of learning and development databases, are stated at cost. Once the databases are complete, amortisation will be provided at rates calculated to write off the cost less estimated residual value over their expected useful lives, as follows:

Databases	-	20% straight line
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1.8 Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

1.9 Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is therefore considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax services.

1.10 Accumulated funds

Unrestricted funds are donations and other incoming resources receivable for the objects of the charity without further specific use and are available as general funds.

Restricted funds are subject to specific conditions by donors as to how they may be used. Expenditure which meets these criteria is charged to the relevant fund.

1.11 Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

1.12 Judgements and key sources of estimation uncertainty

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

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Bad debt provision – bad debts are provided for specific debts when required, there is no estimation in use.

Social investments – social investments are included at the lower of replacement cost or valuation.

There are no other key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Donations and legacies	433,832	313,615	747,447	681,688
Gift aid recoverable	30,029	-	30,029	36,059
	463,861	313,615	777,476	717,747

3 Income from Charitable activities

LMM Learning	230,764	-	230,764	201,923
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

4 Expenditure

	Direct Costs £	Support Costs £	Total 2019 £	Total 2018 £
Charitable expenditure				
Raising funds	163,369	-	163,369	149,848
Business development	14,560	-	14,560	20,616
Charitable activities	595,573	165,234	760,807	790,205
	<u>773,502</u>	<u>165,234</u>	<u>938,736</u>	<u>960,669</u>
Advertising & marketing			12,233	21,254
Event expenses			14,165	8,470
Fundraising expenses			4,389	1,613
Fundraising expenses – staff costs			132,582	118,511
			<u>163,369</u>	<u>149,848</u>
Business Development				
Development of additional income streams			8,685	20,616
Staff costs			5,875	-
			<u>14,560</u>	<u>20,616</u>
Direct costs – charitable activities				
Project costs			452,602	461,669
Staff costs			142,971	177,709
			<u>595,573</u>	<u>639,378</u>
Support costs				
Staff costs			102,695	88,611
Rent and rates			22,222	17,402
Recruitment			907	2,032
Training			2,624	10,033
Office costs			11,602	14,309
Insurance			1,673	971
IT support			2,009	4,620
Equipment maintenance			1,709	188
Accountancy and payroll services			1,391	415
Travel expenses			1,415	443
Bank charges			139	546
Depreciation			2,772	2,239
Amortisation			1,267	845
Loss on disposal of intangible assets			5,450	-
Loss on sale of social investments			219	1,785
Legal fees			1,368	198
Governance costs – Auditors' fee			5,772	6,190
			<u>165,234</u>	<u>150,827</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

5 Employees

Number of employees

The average monthly head count of employees (excluding trustees) during the year was 9.6 (2018: 10.3) and the average monthly number of full-time equivalent employees (including part-time staff) during the year were as follows:

	2019	2018
	Number	Number
LMM Learning	4	4
Development	3	3
Governance and administration	3	3
	10	10
	Total	Total
	2019	2018
	£	£
Staff costs		
Wages and salaries	303,169	346,738
Tax and social security costs	28,265	29,617
Pension contributions	11,563	7,075
	342,997	383,430
Other staff costs	41,127	13,466
Total staff costs	384,124	396,896

No employees were paid more than £60,000 in the year (2018: none).

None of the trustees (or any persons connected with them) received any remuneration or expenses during the year (2018: none). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2018: none).

The total remuneration paid to key management, including employers' national insurance and pension contributions was £190,012 (2018: £183,464). The charity considers its key management personnel to comprise those individuals listed on page 1. These costs include maternity cover during the year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

6 Social Investments

The charity loans instruments to pupils as part of LMM Learning's activities.

	Total 2019	Total 2018
	£	£
Value brought forward at 1 September 2018	106,139	74,939
Additions in the year at cost	12,683	33,660
Disposals in the year at cost	(2,497)	(1,541)
Impairment	-	(919)
Value carried forward at 31 August 2019	116,325	106,139

7 Tangible Fixed Assets

	Fixtures, Fittings & Equipment	Computer Equipment	Total
	£	£	£
Cost			
As at 1 September 2018	3,188	9,464	12,652
Additions	-	1,620	1,620
At 31 August 2019	3,188	11,084	14,272
Depreciation			
As at 1 September 2018	1,813	8,104	9,917
Charge for year	1,052	1,720	2,772
At 31 August 2019	2,865	9,824	12,689
Net book value			
At 31 August 2019	323	1,260	1,583
At 31 August 2018	1,375	1,360	2,735

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

8 Intangible Fixed Assets

	Learning and development databases
	£
Cost	
As at 1 September 2018	11,784
Additions	-
Disposals	(5,450)
At 31 August 2019	6,334
Amortisation	
As at 1 September 2018	845
Charge for year	1,267
At 31 August 2019	2,112
Net book value	
At 31 August 2019	4,222
At 31 August 2018	10,939

9 Debtors

	2019	2018
	£	£
Trade debtors	38,249	8,606
Prepayments	7,985	5,289
Accrued income	1,800	5,000
Other debtors	-	2,668
	48,034	21,563

10 Creditors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade creditors	18,848	9,562
Other creditors	10,563	9,868
Accruals	18,514	15,562
Deferred income (note 11)	230,000	213,200
	277,925	248,192

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

11 Deferred Income

	2019 £	2018 £
Deferred income at 1 September	213,200	76,000
Released from previous years	(213,200)	(76,000)
Amounts deferred in the year	<u>230,000</u>	<u>213,200</u>
	<u>230,000</u>	<u>213,200</u>

12 Unrestricted Funds

	At 1 September 2018 £	Income £	Expenditure £	Transfers £	At 31 August 2019 £
General Fund	286,139	695,838	615,822	(39,830)	326,325
Designated funds:					
-learning continuity	70,811	-	-	39,830	110,641
	<u>356,950</u>	<u>695,838</u>	<u>615,822</u>	<u>-</u>	<u>436,966</u>

The designated funds are described in further detail on page 6.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

13 Restricted Funds

		At 1 September 2018	Income	Expenditure	Transfers	At 31 August 2019
		£	£	£		£
Fund:						
LMM Learning	A	19,386	213,615	221,828	(4,826)	6,347
PGCEi	B	-	100,000	92,208	-	7,792
Core costs	C	4,052	-	8,878	4,826	-
		23,438	313,615	322,914	-	14,139

A LMM Learning

This comprises restrictions to teaching activities in our partner schools; learning performances; tutor training; evaluation and feasibility work on the development of new income streams from expanding our existing activities. Incoming resources to the fund came from the following donors:

Big Give 2018, Buffini Chao Foundation, D'Oyly Carte Charitable Trust; Emerton Christie Charity; Fresh Leaf Charitable Foundation; Hyde Park Estates Charity; Lucille Graham Trust; The Mercers' Company; Samuel Gardner Trust; Radcliffe Trust; Segelman Trust; Strand Parishes Trust; John Thaw Foundation, Hélène and Pierre Vareille; Wellington Management UK Foundation; Westminster Amalgamated Trust and Youth Music

B PGCEi

This includes funding towards the cost of establishing, validating and launching the PGCEi qualification for teachers. Incoming resources to this fund came from the following donors:

Karlsson Játiva Charitable Foundation and The Linbury Trust

C Core costs

This comprises funding towards core staff costs within the learning and development teams.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

13.1 Restricted Funds comparative information

		At 1 September 2017	Income	Expenditure	At 31 August 2018
		£	£	£	£
Fund:					
LMM Learning	A	34,228	215,677	(230,519)	19,386
LMM Artists	B	-	1,500	(1,500)	-
'I'M IN' - diversity and inclusion project	C	-	50,000	(50,000)	-
Core costs	D	-	109,000	(104,948)	4,052
		34,228	376,177	(386,967)	23,438

A LMM Learning

This comprises restrictions to teaching activities in our partner schools, learning performances, tutor training and feasibility work on the development of new income streams from expanding our existing activities. Donations making up a significant portion of the fund came from the following donors:

Big Give
Hobson Charity
Karlsson Játiva Charitable Foundation
St. James's Place Charitable Foundation
Hélène and Pierre Vareille
Vernon Ellis Foundation
Wellington Management UK Foundation

B LMM Artists

This includes funding towards the commissioning and performance of new works.

C 'I'M IN' - diversity and inclusion project

This comprises funds donated by AlixPartners UK LLP to support the creation of 'I'M IN' the Inclusive Music Index, part of our advocacy strand of work.

D Core costs

This comprises funding towards core staff costs within the learning and development teams. It includes donations from:

Arts Council England
MariaMarina Foundation
Victoria Robey OBE

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

14 Analysis of net assets by funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £
Fund balances at 31 August 2019 are represented by:				
Social investments	116,325	-	-	116,325
Tangible fixed assets	1,583	-	-	1,583
Intangible fixed assets	4,222	-	-	4,222
Current assets	252,120	110,641	244,139	606,900
Creditors	(47,925)	-	(230,000)	(277,925)
	<u>326,325</u>	<u>110,641</u>	<u>14,139</u>	<u>451,105</u>

14.1 Analysis of net assets by funds – comparative information

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2018 £
Fund balances at 31 August 2018 are represented by:				
Social investments	106,139	-	-	106,139
Tangible fixed assets	2,735	-	-	2,735
Intangible fixed assets	10,939	-	-	10,939
Current assets	203,318	70,811	234,638	508,767
Creditors	(36,992)	-	(211,200)	(248,192)
	<u>286,139</u>	<u>70,811</u>	<u>23,438</u>	<u>380,388</u>

15 Operating leases

At 31 August 2019, the charity had annual commitments under non-cancellable leases as follows:

	2019 £	2018 £
Land and Buildings:		
Not later than one year	20,000	20,000
Later than 1 year and not later than five years	<u>61,666</u>	<u>8,333</u>
	<u>81,666</u>	<u>28,333</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

16 Related party transactions

During the year ended 31 August 2019 the charity received £249,000 (2018: £248,045) in donations and incurred £nil (2018: £846) in costs reimbursed to trustees or organisations controlled by trustees.

No trustee expenses were reimbursed during the year (2018: £75). No charity trustee received payments for professional or other services supplied to the charity (2018: nil).

17 Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the year	70,717	(40,391)
Interest receivable	(1,213)	(608)
Depreciation and impairment of tangible fixed assets	2,772	2,239
Amortisation and impairment of intangible fixed assets	1,267	845
Cost of intangible fixed assets disposed of in year	5,450	-
Impairments on investments	-	919
Cost of investments disposed of in year	2,497	1,541
(Increase)/decrease in debtors	(26,471)	22,697
Increase in creditors	29,733	137,816
Net cash flow from operating activities	<u>84,752</u>	<u>125,058</u>

