

Charity Registration No. 1159622

Company Registration No. 09268124 (England and Wales)

CORNWALL MUSIC SERVICE TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

CHARITY COMMISSION
FIRST CONTACT

24 JAN 2017

ACCOUNTS
RECEIVED

CORNWALL MUSIC SERVICE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr D Fryer Ms R Thomas Mr W R Pierce Mr A Retallack Mr A Gordon-Brown Mr P Kneebone Ms J Bailey Mr W Walker Mr J Sargeant	(Appointed 16 November 2015)
Charity number	1159622	
Company number	09268124	
Registered office	Truro School Trennick Lane TRURO Cornwall TR1 1TH	
Auditor	Robinson Reed Layton Peat House Newham Road TRURO Cornwall TR1 2DP	
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP	
Solicitors	Foot Anstey High Water House Malpas Road TRURO Cornwall TR1 1QH	

CORNWALL MUSIC SERVICE TRUST

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CORNWALL MUSIC SERVICE TRUST

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their report and financial statements for the year ended 31 August 2016.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Companies Act 2006 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 (FRS 102) (effective 1 January 2015)"

Objectives and activities

Charitable Objectives

- to advance education within the framework of the arts for the benefit of the public of Cornwall and elsewhere
- to advance the arts and culture for the benefit of the public, particularly but not exclusively by promoting and facilitating access to and performance of music and other art forms
- to provide for the recreation of children, young people and adults for the benefit of the public by providing facilities and services to them in the interests of social welfare with the object of improving their conditions of life.

Aims and Intended Impact

The aims of Cornwall Music Service Trust are set out in its mission statement. These are:

To provide high quality music education that supports the aspirations of all children and young people in Cornwall. Cornwall Music Service Trust believes in equity of access, allowing the pursuit of excellence through sustained innovation, development and progress. We aim to provide structured learning through participation, a wide range of musical experiences and opportunities, all of which offers every student the benefit and satisfaction of individual and personal achievement.

Objectives and Strategies for the Year

This year, the principal objectives have been:

- Ensure music provision is available to all children and young people throughout the county, regardless of financial means
- Support local organisations and communities in celebrating Cornwall's rich, cultural heritage
- Support schools and colleges in recognising the valuable role of music in pupil development across the curriculum and preparing students for life beyond education
- Remain at the cutting edge of research and development in music education
- Maintain and develop further the excellent reputation of music provision in Cornwall
- Create partnerships to maximise musical opportunities for children and young people
- Continue to ensure that children and young people with SEN and socially excluded can benefit from specialist music tuition
- Give thousands of children and young people the opportunity to perform live on stage through concerts and events each year
- Identify and nurture exceptional talent

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Activities

Cornwall Music Service Trust provides music education for in excess of 10,000 pupils across all key stages and including further and higher education.

Cornwall Music Service Trust devotes significant time and resources to engagement with the local community, further details of which are given in the Public Benefit section below.

CORNWALL MUSIC SERVICE TRUST

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2016

The charity's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the charity continues and that the appropriate training is arranged. It is the policy of the charity that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Bursary and Grant Making Policy

Access to music education we offer should not be restricted to those who can afford our fees. As a registered provider for the Cornwall Music Education Hub, an arm of Cornwall Council, Cornwall Music Service Trust can offer subsidised activities to those children currently eligible for means tested free school meals, children currently in care, children with one or more parents serving in the British Armed Forces, children or a parent in receipt of Disability Living Allowance and children with a Statement of Special Educational Needs. In addition Cornwall Music Service Trust offers, on an application on an audition basis, an award scheme to those children who, at all levels, show exceptional talent. A successful candidate will be entitled to a subsidised one to one lesson funded internally by Cornwall Music Service Trust.

Volunteers

Two working groups of volunteers have been established by the Board of Trustees these being: Funding Working Group - established to look at all aspects of fundraising including potential funding opportunities from external bodies and working within the Terms & Conditions set by the Board of Trustees. Advisory Panel - a panel of educators, musicians etc. that can be called upon for external advice to support and aid the Board of Trustees and Head of Service.

Strategic report

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the Trustees to present a strategic report.

CORNWALL MUSIC SERVICE TRUST

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2016

Achievements and performance

The pupils of Cornwall Music Service Trust and its Teachers regularly achieve high standards of performance, examination levels and self development. In addition to these "easy to monitor" achievements the enhancement and enrichment of pupil and staff well being through their respective music making has been apparent through high morale levels.

In the year to August 2016, the major achievements were as follows:

- i) Development and expansion of Cornwall Music Service Trust and the secure employment for approximately 100 staff (80 staff in previous period)
- ii) Anniversary concert held at Truro Cathedral giving the opportunity to over 200 young performers to perform to a sell out audience of over 650 people
- iii) 4 ensembles progressing to the Music For Youth National Final at Symphony Hall, Birmingham
- iv) Cornwall Music Service Trust pupils being the main population of area and County ensembles and some progressing further to National level ensembles
- v) Collaborating with external organisation such as the Philharmonia Orchestra, the Dante Quartet, Bournemouth Symphony Orchestra and Falmouth University on delivering projects to schools and the wider community
- vi) The inception of new self sustaining ensembles that are not dependant on external funding
- vii) Investment in high quality continuing professional development for members of Cornwall Music Service Trust
- viii) Implementation of new software system 'Paritor' for ease of access for parents
- ix) Commissioning of Musicians Union funded document on 'How to Form a Music Service Trust' for national publication
- x) Arts Council funded school projects via collaboration with local composers
- xi) Healthy Workplace Bronze Award
- xii) Taking over administration and management of Area Ensembles from Cornwall Council
- xiii) Organisation of Masterclasses
- xiv) Developed and internal assessment and examination scheme
- xv) Teaching, delivering and marking Music Medal Assessments
- xvi) Provided an exam accompaniment service
- xvii) Provided a now annual Primary Music Conference

Fundraising and Development

The work towards increasing the development and fundraising activity within Cornwall Music Service Trust enables the fulfilment of its charitable objectives.

Cornwall Music Service Trust, through the course of its delivery, friends scheme and performances, welcomes voluntary donations from the public. Cornwall Music Service Trust does not employ a professional fundraiser nor has any volunteers that proactively fundraise in a manner that would be intrusive, persistent or put pressure on the general public, and in particular vulnerable people, to donate money.

Financial review

The Company's principal source of income is music tuition fees. All of Cornwall Music Trust's expenditure was spent in advancement of its charitable objectives.

The net incoming resources for the year were £91k.

CORNWALL MUSIC SERVICE TRUST

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2016

Reserves Policy

The reserves policy of Cornwall Music Service Trust has been reviewed by the Board of Trustees during the year. Free reserves are regarded as those unrestricted funds that have not been designated for any specific purpose. At 31 August 2016 the Company had free reserves of £196k.

The Board of Trustees have carefully considered the level of reserves appropriate to be held by Cornwall Music Service Trust necessary for contingencies and movements in working capital. Having regard to the likelihood of financial risks and mitigating factors including its group structure, it considers the maximum level of free reserves required to be the equivalent of 2 months of gross salary costs, approximately 17% of turnover.

The Board of Trustees have passed this proposal and Cornwall Music Service Trust is working towards accumulating the free reserves aforementioned.

The Trustees has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Principal risks and uncertainties

Cornwall Music Service Trust through its Business Plan Development has undertaken a SWOT and PEST analysis. The 'threat' element which will be relevant to principal risks and uncertainties, has identified the following:

Political

- The general election in 2015 did not see change of national government, however change of policy (including funding to the Department of Education) may have a detrimental effect
- "The Importance of Music Education: A National Plan for Music Education" is a long term vision until 2020, but funding has only been allocated until 2016
- Possible perception amongst other CMEH providers of bias towards CMST
- Lack of tangible support from Cornwall Council

Economic

- Cornwall is a deprived area according to the European Union definition
- Cornwall has a high reliance on self-employment, leading to non-entitlement to benefits and financial hardship
- Delayed or non-payment by parents/carers and/or schools
- Delayed or non-payment by Cornwall Music Education Hub
- Failure to win business from schools, CMEH or parents
- Removal of national funding for Music Education Hub programme
- Central government cuts to budgets may require schools/other establishments to stop goodwill use of facilities
- Cherry-picking of business by other providers

Social

- Loss of goodwill due to incident or accident
- The peripherality and geography of Cornwall (distance to conservatoires etc)

Technological

- Technological failure (e.g. of the new client management system)
- Cost of equipment for digital music provision
- Cost of buying and maintaining instruments
- Lack of ownership of suitable instruments for specialist ensembles

CORNWALL MUSIC SERVICE TRUST

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2016

Plans for Future Periods

Cornwall Music Service Trusts "Potential Future Activities" (detailed in its Business Plan), as drawn up by the Senior Management Team, after consultation with the key stakeholders, and as approved by the Board of Trustees, provides the focus for the future development of Cornwall Music Service Trust. In particular, the future activities embrace the aspirations of Cornwall Music Service Trust for teaching developments, the growth of marketing, pupil numbers, enhanced staffing and the development of its delivery.

- Bespoke workshops and projects for schools and the wider community
- Weekend and evening workshops, etc – ie – Saturday morning theory classes
- Summer school and holiday courses
- Digital technology projects
- Performance opportunities at all levels; large scale and smaller settings - CMST cluster performances - bring groups of schools together for a massed performance
- CMST Schools Prom - An annual performance to all primary schools using CMST ensembles giving an educational experience and demonstration encouraging new young people to learn
- Advice on purchase of musical instruments and resources in school
- One off supply days music cover
- Write new performance and teaching material - this could be for individual instruments or for small ensembles. It could then be sold to pupils both in Cornwall and elsewhere as CMST Publications
- Twilight training sessions for teachers on a whole variety of musical techniques, skills and tasks. This might include setting up an ensemble, conducting skills, composition starting points, working towards a performance
- CPD presentations to Primary and Secondary Initial Teacher Training bodies - annual
- Secondary Head of Music Departments meetings and conferences
- Develop an Early Years strategy and programme of work
- Develop an online learning environment in collaboration with the Five Islands School on the Isles of Scilly
- Implement the Open Schools Orchestra project for Cornwall; an initiative to implement a young persons disabled orchestra
- Review Values, Vision and Mission Statements and consequent objectives to ensure an inclusive approach to Cornwall Music Service Trusts delivery
- Appoint a new team manager with responsibilities for children with special educational needs
- Longer term; to look for funding to purchase 'Music Centres' in the West and North & East of Cornwall along with collaborating with Truro School to find a central Music Centre
- After establishment of Music Centres appoint Area Managers to coordinate delivery in these areas
- Review business plan and 5 year financial forecast in line with the above future plans

CORNWALL MUSIC SERVICE TRUST

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2016

Structure, governance and management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on the 16 October 2014 and registered as a charity on 15 December 2014. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Governing Body

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Board of Trustees. Under the requirements of the Memorandum and Articles of Association the members of the Board of Trustees are elected to serve for a period of three years after which they must be re-elected at the next General Meeting. All members of the Board of Trustees give their time voluntarily and received no benefits from the charity. As Cornwall Music Service Trust has many roles to play in the educational sector the Trustees have been selected for the wide and diverse skill base they have to offer. In an effort to maintain this broad skill mix, members of the Board of Trustees are requested to provide a list of their skills (and update it each year) and in the event of particular skill being lost due to retirements, individuals are approached to offer themselves for election to the Board of Trustees.

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Mr D Fryer
Ms R Thomas
Mr W R Pierce
Mr A Retallack
Mr A Gordon-Brown
Mr P Kneebone
Ms J Bailey
Mr W Walker
Mr J Sargeant

(Appointed 16 November 2015)

Recruitment and Training of Trustees

Trustees are nominated and appointed by the Board of Trustees. Appointments are for a period of three years which is renewable. The induction of new Trustees is the responsibility of the Chair and the Head of Service. All trustees, due to the nature of the work of Cornwall Music Service Trust, have enhanced Disclosure & Barring Service checks and are routinely updated on Safeguarding for Children and Vulnerable Adults.

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

CORNWALL MUSIC SERVICE TRUST

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2016

Organisational Structure

The Board of Trustees for Cornwall Music Service Trust, which meets at least three times a year, are responsible for the general policy of Cornwall Music Service Trust. In addition the Board of Trustees are legally responsible for the overall management and control of Cornwall Music Service Trust. The work of implementing most of their policies and day to day management is delegated to the Head of Service, supported by his Senior Team Managers. At present there are 9 Trustees from a variety of professional backgrounds relevant to the work of Cornwall Music Service Trust who form the Board of Trustees. A Clerk to the Board of Trustees, who is not a Trustee, is responsible for ensuring timely agendas and accurate minutes for all Trustee meetings under the guidance of the Chair of Trustees and Head of Service.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Related Parties

CMST will partner with a number of local organisations. These include the following:

Cornwall Music Education Hub for curriculum leadership, ensemble leadership, ensemble coordination, ensemble staffing, first access management and liaison, first access provision and minority instrument scheme delivery. Cornwall Council Local Authority for SEN delivery and inclusion delivery (disadvantaged families remissions funded). Cornwall's Schools for ensemble support, classroom support and curriculum delivery. Further Education Colleges & Higher Education Institutions for strategic links for service development and training of music teachers

Employee involvement

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the charity continues and that the appropriate training is arranged. It is the policy of the charity that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Disabled persons

The charity's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

CORNWALL MUSIC SERVICE TRUST

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2016

Statement of Trustees responsibilities

The Trustees, who are also the directors of Cornwall Music Service Trust for the purpose of company law, are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

In accordance with the company's articles, a resolution proposing that Robinson Reed Layton be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees report, including the strategic report, was approved by the Board of Trustees.

Mr D Fryer

Trustee

Dated: 5 December 2016

CORNWALL MUSIC SERVICE TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CORNWALL MUSIC SERVICE TRUST

We have audited the financial statements of Cornwall Music Service Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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), including Financial Reporting Standard 102.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the statement of Trustees responsibilities, the Trustees, who are also the directors of Cornwall Music Service Trust 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.

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 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 Trustees Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 August 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CORNWALL MUSIC SERVICE TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CORNWALL MUSIC SERVICE TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Simon Reed (Senior Statutory Auditor)
for and on behalf of Robinson Reed Layton

5 December 2016

Chartered Accountants
Statutory Auditor

Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

CORNWALL MUSIC SERVICE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	2015 £
<u>Income from:</u>			
Donations and legacies	3	12,035	33,132
Charitable activities	4	1,306,223	795,931
Total income		1,318,258	829,063
<u>Expenditure on:</u>			
Raising funds	5	1,837	1,090
Charitable activities	6	1,224,896	725,691
Total resources expended		1,226,733	726,781
Net income for the year/ Net movement in funds		91,525	102,282
Fund balances at 1 September 2015		102,282	-
Fund balances at 31 August 2016		193,807	102,282

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CORNWALL MUSIC SERVICE TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	11		978		-
Current assets					
Debtors	13	139,108		155,557	
Cash at bank and in hand		84,308		19,566	
		<u>223,416</u>		<u>175,123</u>	
Creditors: amounts falling due within one year	14	<u>(30,587)</u>		<u>(72,841)</u>	
Net current assets			192,829		102,282
Total assets less current liabilities			<u>193,807</u>		<u>102,282</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	17	100,000		-	
General unrestricted funds		<u>93,807</u>		<u>102,282</u>	
			193,807		102,282
			<u>193,807</u>		<u>102,282</u>

The financial statements were approved by the Trustees on 5 December 2016

Mr D Fryer
Trustee

Company Registration No. 09268124

CORNWALL MUSIC SERVICE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	20		66,209		19,566
Investing activities					
Purchase of tangible fixed assets		(1,467)		-	
Net cash used in investing activities			(1,467)		-
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			64,742		19,566
Cash and cash equivalents at beginning of year			19,566		-
Cash and cash equivalents at end of year			84,308		19,566

CORNWALL MUSIC SERVICE TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Company information

The charitable company is incorporated in England and Wales and is limited by guarantee and does not have a share capital. In the event of the Company being wound up each member is liable to contribute a sum not exceeding £1. There were 9 members at 31 August 2016.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 August 2016 are the first financial statements of Cornwall Music Service Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 16 October 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

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

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

CORNWALL MUSIC SERVICE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

Resources expended are accounted for on an accruals basis, inclusive of irrecoverable VAT. Costs of generating funds are those costs incurred in attracting voluntary income. Charitable activities comprise expenditure associated with teaching and school activities and include both direct and support costs.

Governance costs are those incurred in the governance of the charity and its assets and are associated with constitutional and statutory requirements.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	33% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

CORNWALL MUSIC SERVICE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ (expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease).

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CORNWALL MUSIC SERVICE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Taxation

As the company is a registered charity, it is exempt from corporation tax.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	2016	2015
	£	£
Donations and gifts	12,035	33,132

CORNWALL MUSIC SERVICE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Charitable activities

	2016 £	2015 £
Music tuition fees	1,306,223	795,931

5 Raising funds

	2016 £	2015 £
<u>Fundraising and publicity</u>		
Other fundraising costs	1,837	1,090
	<u>1,837</u>	<u>1,090</u>

CORNWALL MUSIC SERVICE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Charitable activities

	2016 £	2015 £
Staff costs	1,139,785	689,422
Depreciation and impairment	489	-
Other teaching costs	13,404	2,564
Premises costs	19,674	16,395
Charitable publicity	225	1,914
Finance costs	1,458	301
Bad debts written off	25,725	-
	<u>1,200,760</u>	<u>710,596</u>
Share of support costs (see note 7)	21,136	6,401
Share of governance costs (see note 7)	3,000	8,694
	<u>1,224,896</u>	<u>725,691</u>
Analysis by fund		
Unrestricted funds	1,224,896	
	<u>1,224,896</u>	
For the year ended 31 August 2015		
Unrestricted funds		725,691
		<u>725,691</u>

7 Support costs

	Support costs £	Governance costs £	2016 £	2015 £	Basis of allocation
Support costs	21,136	-	21,136	6,401	
Audit fees	-	3,000	3,000	3,000	Governance
Other governance costs	-	-	-	5,694	Governance
	<u>21,136</u>	<u>3,000</u>	<u>24,136</u>	<u>15,095</u>	
Analysed between					
Charitable activities	21,136	3,000	24,136	15,095	

Governance costs includes payments to the auditors of £3,000 (2015- £3,000) for audit fees.

CORNWALL MUSIC SERVICE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the aw11 and associates:	2016	2015
	£	£
Audit of the annual accounts	3,000	3,000
Non-audit services		
All other non-audit services	6,612	3,769

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

10 Employees

Number of employees

The average monthly number employees during the year was:

	2016	2015
	Number	Number
Teaching	82	26
Administration	3	2
	85	28

Employment costs

	2016	2015
	£	£
Wages and salaries	841,337	517,706
Social security costs	236,142	135,421
Other pension costs	62,306	36,295
	1,139,785	689,422

There were no employees whose annual remuneration was £60,000 or more.

CORNWALL MUSIC SERVICE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

	Computer equipment £
Cost	
Additions	1,467
At 31 August 2016	1,467
Depreciation and impairment	
Depreciation charged in the year	489
At 31 August 2016	489
Carrying amount	
At 31 August 2016	978

12 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	139,108	155,557
Carrying amount of financial liabilities		
Measured at amortised cost	10,043	48,232

13 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	139,108	155,557

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Other taxation and social security	20,544	24,609
Other creditors	10,043	48,232
	30,587	72,841

CORNWALL MUSIC SERVICE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Retirement benefit schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £62,306 (2015 - £36,295).

Included in creditors at the year end was £5,565 (2015: £4,972) in respect of the defined contribution pension scheme.

16 Analysis of net assets between funds

	Total £
Fund balances at 31 August 2016 are represented by:	
Tangible assets	978
Current assets/(liabilities)	192,829
	<u>193,807</u>

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds			
	Balance at 1 September 2015	Incoming resources	Resources expended	Transfers
	£	£	£	£
Deficit reserve	-	-	-	100,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>

The deficit reserve has been earmarked by the trustees to cover staff salaries for the period of a month should there be temporary drop in income.

18 Operating lease commitments

Payments in connection with operating leases during the year totalled £19,674 (2015: £16,395). At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	19,674	16,395

CORNWALL MUSIC SERVICE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Related party transactions

There were no disclosable related party transactions during the year (2015- none).

20 Cash generated from operations	2016 £	2015 £
Surplus for the year	91,525	102,282
Adjustments for:		
Depreciation and impairment of tangible fixed assets	489	-
Movements in working capital:		
Decrease/(increase) in debtors	16,449	(155,557)
(Decrease)/increase in creditors	(42,254)	72,841
Cash generated from operations	66,209	19,566