

NORTH MUSIC TRUST
(a charitable company limited by guarantee)
TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

Company Number 04044936

Charity Number 1087445

NORTH MUSIC TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017

REFERENCE AND ADMINISTRATIVE INFORMATION

The directors have pleasure in presenting their report and the financial statements of the charitable company for the year ended 31 March 2017.

Introduction

The Trust is registered under the Charities Act 2011 and incorporation under the Companies Act 2006. The financial statements comply with the Memorandum and Articles of Association and the requirements of Accounting and Reporting by Charities Statement of Recommended Practice, the Charities Act 2011 and the Companies Act 2006 applicable to charities preparing their accounts in accordance with the financial reporting standard applicable in the UK (FRS102).

The Directors of the charitable company (the Charity) are its Trustees for the purposes of charity law. The Directors serving during the year and since the year end were as follows:

The board of directors

Chair: Lord Falconer of Thoroton Charles Leslie Falconer
A M Anderson
J A Cuthbert OBE
F Cruickshank OBE (resigned 9/9/16)
Subashis Das (appointed 8/12/16)
L Douglas (resigned 8/12/16)
M Fay CBE
A Fearon (resigned 8/12/16)
Hilary Patricia Florek (appointed 8/12/16)
Councillor Martin Gannon (appointed 8/12/16)
Sir Nicholas R Kenyon CBE (resigned 8/12/16)
Young Herb Kim (appointed 8/12/16)
Roy James McEwan-Brown (appointed 8/12/16)
J A Miller (resigned 8/12/16)
A M Millman
Sir Martin James Narey (appointed 8/12/16)
S L Palmer OBE (resigned 8/12/16)
M D Robinson
Vidya Sarangapani (appointed 8/12/16)
Jacinta Mary Scannell (appointed 8/12/16)
Susan Lois Underwood (appointed 8/12/16)

The charity has made third party indemnity for the benefit of its directors during the year. The provisions remain in force at the reporting date.

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Secretary	E Squires ACA
Key management personnel	A Pogson – Managing Director L Tuck – Chief Operating Officer W Smith – Director of Learning & Participation T Dittes – Director of RNS & Classical Music T Austin – Director of Performance Programme D Parker – Director of External Relations (left 10/16) C Johnston – Finance Director E Flounders – Director Marketing & Communications (joined 3/17)
Registered Office and Principal place of business	The Sage Gateshead St Mary's Square Gateshead Tyne and Wear NE8 2JR
Bankers	Barclays Bank plc Percy Street Newcastle upon Tyne NE1 4QL
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF
Auditor	RSM UK Audit LLP Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD
Accountants	RSM UK Tax and Accounting Limited Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD
Charity name	North Music Trust
Charity registration number	1087445
Company registration number	04044936

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CHAIR'S STATEMENT

In 2015/16, we marked the start of a new era for Sage Gateshead; beginning the organisation's second decade with an ambition to make a step change in access to music across the north of England. If 2015/16 was the start of a new era, then 2016/17 was the year that change began to be seen and felt.

Following a year of critical review that encompassed all areas of the organisation's activity, this year our new processes, systems and staffing structure began to take effect. With a focus on efficiency, our goal was to create an operating environment in which creativity could thrive within a sustainable framework. Given the success of both our programme and commercial endeavours, in addition to a strong overall financial position, it would seem that our approach to balancing these factors has been successful.

Throughout the year we have been working hard as an organisation and with partners to cement our position as a regional resource. To this end, Royal Northern Sinfonia have continued to build their profile across the region with a host of excellent performances beyond the Sage footprint. Further afield our orchestra have enjoyed a successful and very well received tour in South America.

Folkworks have enjoyed renewed vigour thanks to a comprehensive touring programme, and towards the end of the year, we enjoyed the first Pass it On Festival, made possible by Heritage Lottery Funding. We will use the Pass it On legacy as a catalyst to further develop the presence of our folk programme.

Meanwhile, our Learning and Participation Programme continues to deliver a significant proportion of its work outside of our building in no less than 13 local authority areas across the north. A great deal of our work in this area involves engaging children and young people in music making; whether in response to a specific need or set of circumstances; or to support positive outcomes whilst encouraging a lifelong love of music. We are enormously proud of the impact of our work here, with a range of highly regarded projects including InHarmony and Co-Musica continuing to go from strength to strength.

Artistically, we have built on our critical framework for reviewing our artistic activity and have had the pleasure of welcoming a number of internationally renowned acts including The Divine Comedy, Bonobo and The St Petersburg Philharmonic to name but a few. Gateshead International Jazz Festival featured its most diverse programme yet, whilst our inaugural New Year New Artist Festival gave us the opportunity to introduce and support the development of a number of outstanding new artists. The diversity of our programme has allowed us to attract a range of audiences across the board; over 264,000 tickets were sold, more than 24,500 people came to an event for the first time and over 186,000 people took part in a course, class or workshop.

In amongst all of this activity, we remain committed to ensuring our financial sustainability, and in particular on maintaining our charitable mission at times when public income continues to be under such pressure. This year, our focus has been on raising £1.7 million for our ongoing programme of events and planning for Sage Gateshead's first capital project since we opened our doors in 2004.

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Sage Gateshead is for the North East and its communities. Our partners and the artists we work with are a vital part of our success. We are grateful to you for all that we do together and for the benefit it brings to the region. We owe thanks to Gateshead Metropolitan Borough Council and Arts Council England for their commitment to Sage Gateshead. And to the many corporate partners, individual donors and trusts and foundations which support our work. Sage Gateshead is a charity which is committed to ensuring as wide a range of people have access to music as listeners, learners, participants and artists. This requires investment to support a wide range of our initiatives from low price tickets to bursaries, and our work with young people in challenging circumstances and artist development programmes. We are enormously grateful to all who support this work which is at the core of our mission.

As we move forward, we are now surer than ever that music can contribute to the North East's success and distinction. Moreover, Sage Gateshead is in a stronger position than ever before to deliver, and I look forward to working with colleagues in reaching this goal.

Lord Falconer of Thoroton
Date

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STRATEGIC REPORT

Objectives & Activities 2016/17

The charity's objects are:

- i) To promote and develop the enjoyment, practice and understanding of music, and the education of the public in the understanding and appreciation of the arts;
- ii) The provision and maintenance of Sage Gateshead as a base for production, presentation, participation, enjoyment and understanding of music, as a fully accessible centre in which the public may explore, understand and enjoy them;
- iii) To foster awareness, knowledge, understanding, appreciation and participation in folk and traditional arts;
- iv) To bring together, maintain and promote musical ensembles including professional orchestras, paying particular regard to the repertoire for the chamber orchestra, and the traditional music of the North of England, the UK and beyond;
- v) To provide and promote educational courses, programmes and activities in a broad range of music for the benefit of the people of, but not exclusively, the Northern region;
- vi) To achieve excellence in its work locally, regionally, nationally and internationally with all forms of music.

Strategic Aims

As part of our three year business plan from 2015/16 – 2017/18, our strategic aims for the year were:

- To increase and develop our audiences (by which we mean everyone who engages with Sage Gateshead's activity), so that more people benefit from Sage Gateshead and more people develop a life-long relationship with Sage Gateshead.
- To develop our programme to support the above audience objectives and to maintain international quality music and practice across musical genres.
- To establish a business model which brings financial sustainability and puts the organisation in a more independent financial position by 2020.
- To support and develop our wide-range of people to be resilient and innovative so that they can deliver change (senior volunteers, musicians, administrators, technicians, front of house, building services).
- To embed new systems and keep our operations fit for purpose.
- To tell our story in a new way which focuses on impact.

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Our Mission: For audiences, for artists, for the north, for the long term.

Our Vision: Our Vision is to play an active part in contemporary culture, community and place through music. We achieve this with people of all ages and walks of life, as an international music organisation with deep northern roots.

Our Values:

- **Magical** – we are passionate about our audiences and customers, learners and participants, regularly creating experiences that exceed their expectations;
- **Understanding** – we respect each other, listening attentively to our partners and stakeholders, our audiences and learners, and our staff and musicians;
- **Strategic** - we are building a resilient, responsible and sustainable company;
- **Inclusive** – we seek to involve the broadest possible range of people in our work, encouraging people to engage in our work whatever their background, and working to overcome any barriers that could distance people from us or our work;
- **Creative** – we constantly seek to inspire and encourage creativity, innovation and musical discovery in all the artists and audiences, learners and participants with whom we work.

At a glance

North Music Trust runs:

- A Learning and Participation Programme
- A Performance Programme of events and festivals
- A conferences and events programme
- A chamber orchestra
- A folk development agency
- An iconic visitor attraction on the banks of the Tyne

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PERFORMANCE AND ACHIEVEMENTS

We measure our success against financial performance, numbers of people we reach, quality of engagement and social impact. We measure these through a series of metrics as quantitative KPIs reviewed monthly; audience, artist and partner feedback gathered through a range of different channels; and longer term impacts through dedicated research projects.

People and audiences

- We had ticket sales of 264,026 (volume)
- 24,509 attendees were new bookers (38%)

Programme

- 451 performance events
- 10,609 classes and workshops
- 112 conferences and events
- 23 premieres and commissions
- 6 broadcasts

Finance

£3 raised or earned for every £1 of core statutory funding

Ten year review

On December 17th 2014 our iconic Sage Gateshead building had been open for exactly 10 years. We commissioned a review of our impact in our first ten years.

- 6 million visitors
- 1.5million participants
- 1000 conferences
- Hosted over 4000 performances
- Brought £283 million in economic value to the region

Review of activity

This is a summary of our activity by areas of our programme, followed by an assessment of our delivery against our strategic objectives. In broad terms we have delivered our objectives for the year.

Learning & Participation Programme

In numbers

- Workshops and classes: 10,609
- Attendances at workshops or classes: 186,396
- Performances: 681
- Participants: 14,758
- 74% CYP, 15% Adults, 11% Silvers
- Leaders & teachers: 214
- Involved participants aged 0 to 89

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Highlights

- Within the 2016/17 financial year, all of our courses classes and workshops came back in to our Music Education Centre after four years in Gateshead Old Town Hall. This contributed to an increase in footfall and a greater sense of animation during the daytime. To keep momentum in this respect, we appointed a Public Programme Producer to lead and develop this area of our activity, with a particular focus on activity in our public spaces and digital engagement content. Our work in this regard will continue to be a key focus, allowing us to add value to customer interactions whilst supporting ancillary trading revenue.
- 2016/17 was very successful for our Young Musicians Programme (YMP). In October we held a YMP activity day which saw Buxtehude Youth Orchestra visit Young Sinfonia and our Centre for Advanced Training students for workshops and a side by side rehearsal. As part of our Christmas festival, around 200 young people from the YMP performed over 2 days in 9 concerts to an audience of 850 young people.
- ABRSM results in December saw a 100% pass rate for our theory exams, and all students passed their practical exams with 21% receiving distinction; another great success for this area of the organisation.
- Our intake of degree students was very high for our BMus (Hons) Jazz, Popular & Contemporary Music degree, but lower for our BA (Hons) Community Music degree. However, together they made a good sized year-group and there is overlap in curriculum and teaching, so this worked effectively. Our degree students presented work to the public on the concourse at the end of their first week of study and again during our Christmas Festival, both to high praise. Future recruitment for these courses looks unlikely to meet targets to make for a viable student experience and post year-end the NMT board have agreed not to recruit further years. The commitment to the two years of students who will remain in the system from September 17 will be honoured and a provision has been made in these accounts for the net loss that will be incurred while these courses are phased out.
- Youth Participation focused on the following projects: open access training, Open Up Orchestra, The Billy Saga project and the production of music on Bandcamp. Music Spark had a new intake, and Ferndene, Great North Children's Hospital and Bridges School began hospital choir pilots for young people. We also partnered with the North East Autism Society to support young people in early phases of diagnosis, an area of work we look forward to building on.
- Over 800 young performers took part in the Regional Music for Youth Festival in March performing in Sage One over 3 concerts and on the concourse. Our youth ensembles Folkestra and Jambone performed with a number of other regional and national bands, groups and ensembles, whilst our Young Musicians Programme had their busiest day yet, with over 150 students working with 12 international visiting artists, resulting in around 45 different performances. It was a huge success, culminating in around 60 string players from across the programme all playing a specially composed work together on the Concourse.

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The day was jointly organised by Durham Music Services, MFY and Sage Gateshead's Young Musicians Programme.

- Integrating Children Celebration Event took place in NRFH on Saturday 11th February.
- We provided a day of carousel activities for 30 young people with SEND and disabilities from Integrating Children, followed by an evening performance featuring Integrating Children participants as well as participants from other Sage Gateshead SEND groups including Community Music Spark and Sounds Good to Me. Young people performed to an audience of 110 people.
- The Arches Academy End of Year Celebration took place on 25th March, around 40 young people attended and 15 performed.

Royal Northern Sinfonia

The wholly owned subsidiary was incorporated on 1 April 2016 and began trading in the year. The management of orchestra performances which are mainly carried out at Sage Gateshead is now included within this company.

In numbers:

- Performances in Sage Gateshead: 53
- Performances beyond: 58
- Premieres and commissions: 6
- Live audience across Sage Gateshead & external audiences: 42,940
- Broadcasts: 2
- Learning & Participation projects: 8

Highlights

- The opening of our second season with Lars Vogt as Music Director and the start of a recording project putting Beethoven's Piano Concertos to disc with classical recording label, Ondine was a particular success.
- We launched Classics4Kids, a new strand aimed at introducing 7-12 year olds to repertoire presented from the stage, with chances to meet the orchestra ahead of the event. We had a first audience of 800 in October and delivered two more successful concerts throughout the season as part of this pilot year.
- In the run up to Christmas, Royal Northern Sinfonia embarked upon a 10 venue baroque tour of churches in the region which reached 2700 customers of whom 47% were new audiences. This is an area we plan to build on in the future and forms an essential part of our audience development plans.
- Three of this seasons RNS At Home concerts were broadcast live on Radio 3: Julian Rachlin's Beethoven, Lark Ascending and the Beethoven Double.

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- The orchestra concluded its first Gateshead tour in which members of Royal Northern Sinfonia performed two concerts at Emma Hall, Crawcrook. This was followed by a very well received meet and greet, where the audience and musicians mingled over coffee and cake.
- Visiting international classical artists included Yuri Temirkanov conducting St Petersburg Philharmonic, Karina Canellakis conducting Royal Northern Sinfonia and Katrien Baerts.
- Visiting conductors, alongside Lars Vogt and Julian Rachlin, were Alexandre Bloch and Reinhard Goebel.

Performance Programme

In numbers:

- Performances: 355
- Live audiences: 147,291
- Festivals: 3
- Broadcasts: 4
- Premieres and commissions: 17

Highlights

- A particular highpoint was Martin Green's (Lau) 'Flit', a multi-media performance on the theme of migration, co-commissioned with Edinburgh International Festival, Barbican Centre and Perth International Arts Festival.
- Acclaimed Americana act, Lake Street Dive, made their UK debut outside London at Sage Gateshead; a real coup for the region and an excellent artist development opportunity.
- US pianist and singer Regina Spektor played an emotional and rare show the night after the US election results, perfectly capturing the feeling of the moment.
- Sunderland singer songwriter Martin Longstaff aka The Lake Poets collaborated with 12 members of our Youth Ensembles and Centre for Advanced Training.
- The Shires, a young band we have supported since their first twenty minute performance on the concourse free stage at SummerTyne in 2013, returned to play a sold out show in Sage One in December. Their commercial and artistic success continues to grow.
- Visiting international classical artists Christian & Tanya Tetzlaff playing Beethoven triple concerto with Lars Vogt and Vasily Petrenko with Liverpool Philharmonic Orchestra.
- We premiered 10 new pieces. In addition to Martin Green's 'Flit' and new arrangements by The Lake Poets, we welcomed Henn Ogledd and Fovea Hex with a new work for TUSK. The Young Artists Platform at North East Guitar Festival featured new works by Andre

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Caballero Gonzales, Giacomo Susani, Renate Arlotti, and Kevin Loh. David Almond's 'Song of the Tyne' featured at the Magnetic North East launch event, and we also heard several new brass compositions at the Brass In Concert Championship weekend.

- In the culmination of her four month artist and professional development residency, Sarah Fisher performed 'Twitch', showcasing new material whilst telling her story of living and working as a musician with a disability.
- A performance by Rizwan Muazzam Qawalli in partnership with Gem Arts and the Asian Music Circuit.
- A rework of Peter Bellamy's folk opera The Transports with a new cast of contemporary folk singers.
- We welcomed several big name Sage One concerts including Leanne Rimes and Bonobo.

Festivals

SummerTyne

Now firmly established in the summer calendar, SummerTyne Americana Festival is a three day celebration of American roots music that brings together some of the finest and most exciting performers from both sides of the Atlantic. 2016 highlights included Nashville's Striking Matches and Ward Thomas, regarded as rising stars of the country music scene.

TUSK Festival

A weekend of live international experimental music which was also streamed online. TUSK festival was held in Sage Gateshead for the first time.

New Year New Artists

The second New Year New Artists festival saw us build on its classical roots, resulting in a cross-genre weekend of new artists in Sage Two and NRC. This shift saw a sales increase of 31% over the 2016 festival, welcoming an audience of 1349. The festival profiled 31 emerging artists in jazz, folk, classical, rap and electronica, had a media partnership with NARC, established a more confident brand and a considerable amount of new work in the programmes.

Pass it On

In a weekend of folk activity celebrating local heritage through singing, music and dance, we saw storytelling passed down from one generation to the next. Featuring performances from a collection of top regional and national folk performers, the weekend included a return to the stage for legendary folk artist Shirley Collins, after 40 years of absence on the back of her widely acclaimed Lodestar album.

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BBC Radio 3 Free Thinking

A partnership festival of ideas, this year on the theme of *The speed of Life*. The total audience for the festival was over 5000 and it generated over 60 hours of broadcast content which will be used through the remainder of the year on BBC Radio 3. This included a live broadcast of RNS Beethoven Double conducted by Lars Vogt. In the week in the lead up to the festival Radio 3 and Sage Gateshead collaborated over a project with local schools in which students made their own radio programme, a selection of which was edited into a programme for broadcast.

Conference & Events

In numbers:

- 112 conferences and events
- 26 weddings and private parties
- 20,710 attendees
- Attending delegates bringing £6.7million of economic impact to the region

The Conference and Events team delivered a varied programme of commercial activity in 2016/17, working with clients from across the UK and around the world. We welcomed over 20,000 delegates and participants to the building and played host to some fantastic events. A particularly strong area for the Conference and Events continued in the medical association market. In April we welcomed the Society of British Neurologists, whilst in December we played host to The Royal College of Obstetricians and Gynaecologists. The commercial market remained strong, also, with Signature Estates hosting their Signature Ball with us in December, and Heineken taking over the whole building for their national sales conference in January.

Performance against strategic aims

Our strategic aims for 2016/17 were to:

- *To increase and develop our audiences (by which we mean everyone who engages with Sage Gateshead's activity), so that more people benefit from Sage Gateshead and more people develop a life-long relationship with Sage Gateshead.*

Footfall, audience numbers (proportionate the number of performances), first time attendees and participation sessions increased in the year. We still have major plans to develop our audience and deepen our relationship with them, and we will focus on this throughout the remaining year of our business plan with a new audience development strategy.

- *To develop our programme to support the above audience objectives and to maintain international quality music and practice across musical genres.*

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We delivered a high quality and diverse programme, which received good levels of critical, audience and peer appraisal. We maintained a strong element of international exchange and international quality, and enhanced our approach to artist development, as evidenced by an increase in premieres and commissions. The roll out of our critical framework for reviewing our artistic activity continued with good outcomes, allowing us to further build our approach in this respect.

- *To establish a business model which brings financial sustainability and puts the organisation in a more independent financial position by 2020.*

The Service Review that was undertaken in the previous financial year began to feed through, resulting in higher levels of efficiency and reduced overhead costs. Within this, we worked to embed a culture of ownership and personal responsibility, with a specific focus on value for money. This latter point, in addition to a range of other measures, has supported a strong financial position.

- *To support and develop our wide-range of people to be resilient and innovative so that they can deliver change (senior volunteers, musicians, administrators, technicians, front of house, building services)*

We implemented the changes recommended by our Service and Governance reviews, which looked at how we operate as an organisation and the development needs of our people. This has already supported a step change in culture and working practices which will be further supported throughout 18/19 with the roll out of a cultural development programme.

- *To embed new systems and keep our operations fit for purpose*

Following a root and branch review of our systems and operations through our Service Review in 2016/17, work continues to develop new and existing systems and processes to support efficiency and the needs of the organisation. Work will continue on a number of key systems including Tessitura, Artifax and e-procure wizard as part of planned approach for the life of the business plan.

- *To tell our story in a new way which focuses on impact*

Our approach to stakeholder relations improved greatly throughout 2016/17, with an increased focus on communicating the outcomes of our work. Following the appointment of a new Marketing and Communications Director late in the financial year, we have plans to communicate internally and outwardly in a new way in 2017/18.

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Audiences & Participants

Our audiences are a very wide range of people, engaging with Sage Gateshead in a wide range of ways.

Participants

- 95% from North East postcodes
- The ages of our participants range from 0 to 89 year olds
- 15% adults
- 74% young people
- 11% silvers

Audiences for performances

- 40% first time attendees
- 14% from Gateshead postcodes
- 73% from other North East postcodes
- 13% from national and international postcodes

Conference and events audiences

- 20,710 attendees
- 33% came from outside of the region

Partners

- The Sage Group Plc
- Newcastle Airport
- Greggs Plc
- Heineken UK
- Kilfrost
- Rathbone Investment Management
- Green Energy Consulting
- Akzo Nobel
- Northumbrian Water
- Muckle LLP
- Nexus
- Isis Property Services
- Reece Group Limited
- Axis Group
- Cintra
- RSM UK
- Solution Group
- O'Brien Waste Recycling Solutions
- Sanderson Weatherall
- Switch Gas and Electric
- Northern Elevator
- ZeroLight

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Artists and leaders

In the year we worked with the following artists and leaders:

10cc, 4orte, 9Bach, Adam Ant, Adrian Partington, Alan Cumming, Alan Fearon, Albert Hammond, Alex Hawkins and John Surman, Alexander O'Neal, Alexandre Bloch, Alexis Taylor, ALIVE! - Masala Fest, Altan, Aly Bain and Phil Cunningham, Amber Arcades, Amelia White, Amythyst Kiah, Anastacia, Anderson East, Ange Hardy, Anna Meredith, Anton & Erin, Arun Ghosh Band, Ashley Hutchings - Psychedelia to Sonnets, Asya Fateyeva, Bella Hardy, Ben Folds, Benjamin Appl, Benjamin Hulett, Beth Orton, Beverley Knight, Big Girls Don't Cry, Bill Laurance Quartet, Billy Saga, Birdy, Black Dyke Band, Blair Dunlop, Blazin Fiddles, Bonnie Raitt, Bonobo, Bonzo Dog Doo Dah Band, Bossy Love, Brass in Concert, Brendan Cole, Brennan Leigh, Brian Wilson, Brit Floyd, Cafe Society Swing, Callaghan, Callum Thorpe, Caro Emerald, Celtic Fiddle Festival, Chalte-Chalte, Charles Bradley, Chris Barber, Chris Sharkey, Chris Wood, Christian Tetzlaff, Christopher George, Christopher Lowrey, Claire Martin OBE, Classic Rock, Claudio Cruz, Colin Holt Band, Concourse: tbc, Smalltown Jones, tbc, SummerTyne Choir, Danielle Howle, east pointers, Miss Mary, Courtney Pine+Zoe Rahman, Danae Dorken, Dancin in the Streets, Daniel O'Donnell, David Gray, Dean Owens, Dean Owens & Chester & Fog, Deborah York, Deepa Nair Rasiya, Elio Pace-Billy Joel Songbook, Ditte Elly, Eliza Carthy, Elliot Galvin, Eric Bibb, Evan Parker, Explosions in the Sky, Fairport Convention, Father John Misty, Fay Hield, Field Music, Fotheringay, Frances, Furrow Collective, Future Traditions, Gabriel Schwabe, Gary Griffiths, Gem, George Benson, George Egg, Giant Sand & Jason Lytle, Gill Landry, Gill Landry & Miss Mary & The Mr Rights, Gillian Keith, Glenn Miller Orchestra, Glenn Tilbrook, Gordie MacKeeman & His Rhythm Boys, Greg Foot, Gregory Porter, Gretchen Peters, Gretchen Peters, Handsome Family, Hannah James, Harriet, Hawkwind, Heaven 17, Hillbenders, Howe Gelb and Gemma Ray, Hugh Brunt, Hymn for Her, Ian Shaw, Ibrahim Maloouf, I'm Sorry I Haven't a Clue, Imelda May, Jake Houltsby, James Burton, James Lancelot, James Vincent McMorrow, Janusz Piotrowicz, Jasdeep, Jennifer Johnston, Jess & Bandits, Jex Lowe's Snowed In, Joanne Shaw Taylor, Jodi Picoult Tour, John & Katie Howson, John Cooper Clarke, John Law's New Congregation, John Wilson, Jon Ronson, Judie Tzuke, Julia Fordham, Julia Holter, Julian Rachlin, Just a Vibration- Shri, Justin Haywood, Karen Matheson, Karina Canellakis, Kate Rusby at Christmas, KCT, Kelly Willis & Bruce Robison, Kenny G, Kentucky Headhunters, Kerem Hasan, King Creosote, King King, Kris Bowers, Lake Poets, Lars Vogt, Laura Mvula, Leann Rimes, Lera Lynn, Level 42, Liane Carroll, Lilliput, Lindisfarne, Lord Of The Dance, Loreena McKennet, Loudon Wainwright, Low, Lucky Peterson, Luke Daniels, Luther Dickinson, Madeleine Peyroux, Magic of Motown, Making Tracks Gig 2 - Double Bill: Derek Gripper and Paulo Angeli, Making Tracks Series 7 - Sklanberg and The Shepherds, Malcolm Middleton, Malin Christensson, Mark Lanegan, Martha Wainwright, Marti Pellow, Martin Green, Martin Harley & Daniel Kimbro, Martin Stephenson, Martin Yates, Martyn Brabbins, Mary Chapin Carpenter, Matt Roberts, Mbongwana Star, Megson, Michael England, Michel Reis, Mike + Ruthy Band, Mike And The Mechanics, Mnozil Brass, Monster Ceilidh Band, Monstersaurus, Mudibu, Nancy Kerr and the Sweet Visitor Band, Neal Davies, Nearly Dan, NEGF - Chris Woods Groove Orchestra, NEGF - Manuel Valencia, NEGF - Maria Camahort and Laura Ruhl-Vidal, NEGF - Marissa Anderson, NEGF - YAP - Andrea Cabellero Gonzales & Giacomo Susani, NEGF - YAP - Renata Arlotti & Kevin Loh, Nerina Pallot, Nicholas Chalmers, Nicholas Mulroy, Noah Stewart, Northumbrian Minstrelsy Concert, Olli Mustonen, Paco Pena, Paul Carrack, Paul James Band, Peter Hook, Peter Seymour, Phil Meadows and Engines Orchestra, Pink Martini, RAF in Concert, Rakesh Chauasi, Ramin Karimloo, Rangda, Ray Mears, Rebecca Evans, Rebecca Miller, Red Hot Chili Pipers, Reinhard Goebel, Rev Peyton's Big Damn Band, Rizwan Muazzam Qawalli, RJ Thompson, Robb Johnson, Robert Glasper, Robert Levin, Roberto Fonseca Trio, Robin Trower, Ron Block, Roy

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Ayers, Ruby Hughes, Rumours of Fleetwood Mac, Ryan McGarvey Band, Sangam, Sarah Fisher – Twitch, Sarah Jarosz, Seth Lakeman, Shirley Collins, Shona Mooney, Shonen Knife, Shuhbendra Rao and Saskia Rao, Sierra Hull, Simon Callow, Simon Fidler, Simon Spillett, Sixties Gold, Smoove and Turrell, Solid Silver 60's, Sons of Pitches, Sophie Ellis Bexter, Stars of the Lid, Stephen Bell, Stornoway, Striking Matches, Sturgill Simpson, Talisk, Tanja Tetzlaff, Tashi Lhunpo Monks and Ngawang Lodup, Tcha Limberger, Teddy Thompson, Terence Blanchard e-collective, The Divine Comedy, The Four Tops and Temptations, The Hollies, The Lock In Xmas Carol, The Manfreds, The Monks of Majuli - Sattriya Dance, The Overtones, The Pitmen Poets, The Real Thing, The Shires, The Three Degrees, The Transports, The Tubes, The Undertones, The Wedding Present, The Wilson Family - Passing It On, Thomas Stronen, Tim Garland Quartet, Timothy Henty, Tindersticks, Tom Paxton, Tom Russell, Tommy Emmanuel, Tommy Fleming, Tony Joe White, Transatlantic sessions, Treacherous Orchestra, UOGB, Vintage Trouble, Walter Trout, Ward Thomas, Whitney Queen of the Night, Wildflowers, Windborne, World Service Project, Worry Dolls, Ya Fei Chuang, Yola Carter.

Fundraising

Our income spreads across a broad range of sources, testimony to the range of partnerships which we have and the breadth of our programme.

For our ongoing programme, excluding the fundraising for the endowment, 7.7% of our income was raised from companies, trusts and individuals (2015-16: 8.4%), with 26.8% from public funding (2015-16: 27.7%) [45.5% from earned income (2015-16: 47.5%) and 20.0% from traded income (2015-16: 16.4%).

We recognise the strain on public funding and the subsequent effect on support from Trusts and Foundations. As such, we have been actively looking at ways to generate a greater awareness of our charitable status whilst diversifying the range of different philanthropic supporters we have. We will continue to build on this during 2017/18 with the input of our new Directors of Fundraising and Marketing and Communications. Alongside this, we are building streams of earned income, but consider philanthropy to be an important part of our model.

Our two statutory funders, Arts Council England and Gateshead Council maintained their grants to us despite strains on their own budgets.

NORTH MUSIC TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Public benefit

North Music Trust is a company limited by guarantee and a registered charity which operates under the name North Music Trust. It was founded in 2004 to expand musical horizons of audience, artists, students and staff through musical discovery; seeking to make connections between performance, education and participation. It has a particular objective of serving the North East in which it is based. This objective is set out in its memorandum and articles of association and forms the basis upon which the charity's vision, mission and aims are formulated (as noted on pages 6 and 7).

The directors have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission and are satisfied that the charity's activities are faithful to the charity's objectives and are to public benefit.

The charity's performance programme and Learning and Participation programme are planned to serve a broad cross-section of the North East communities. The programme embraces a wide range of artists and the locations of events and projects are varied to serve different age groups and sections of the community.

The performance programme brings world class artists into the region and nurtures local talent. The Learning and Participation programme offers a range of opportunities in music: from a first encounter to long-term and high level training.

Particular attention is paid to ticket pricing and to schemes which enable first time attenders to come to events or participate in projects for free. Pricing of all activities takes into account affordability and we aim to offer a range of different prices for ticketed events that is particularly a factor within Learning & Participation in which bursaries are offered for some projects. Additional ticket offers for performances are extended through our Learning & Participation programme to participants.

The charity has a strong commitment to physical access with almost all venues being accessible. Many of its events are recorded and broadcast on Classic FM and BBC Radio 3 bringing them to an audience beyond the Sage Gateshead building.

Environmental Impact

Sage Gateshead is committed to being a leader in environmental sustainability and in 16/17 we have made progress in this area outlined below. In order to strengthen our commitment we are investing as a priority in capital expenditure and capital development planning.

Gateshead Council District Energy Scheme

Sage Gateshead has now been online with the Gateshead District Energy Scheme since October (electricity supply from the energy centre) with hot water expected online in June. The organisation has already seen a small saving in the energy cost over the last six months and will look to make a greater saving as the domestic hot water system comes online later in the year.

NORTH MUSIC TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Sage Gateshead Green Team

Sage Gateshead is focusing on smaller scale projects, in particular catering now operates as an 'in-house' function which allows positive action on local suppliers and produce. We are introducing a more seasonal based menu reducing the need for excessive produce delivery miles. Food waste and recycling remain a key focus for the organisation and will be expanded further with our waste management contractor and partner O'Brien Waste.

Sage Gateshead is working alongside Newcastle Gateshead Cultural Venue partners on developing a 'Green Week' which will consist of five themed days between venues focusing on sustainability and our green agenda. The themed days will allow venues to demonstrate the techniques and methods they use individually to engage with staff, public and clients – this presents an excellent platform on which to share best practice. This venture will strengthen the impact NGCV can make as a collective in the Arts sector and will hopefully lead to a model from which others can develop.

We only invest in equipment which is of a standard that meets our strict energy usage guidelines. We are undergoing a review of lighting across the venue to see where potential investment can be made in LED lighting as opposed to traditional fluorescent. We will be removing the old fluorescent light fittings in the car park stairwell and replacing those with more energy efficient and maintenance free LED alternative during July

Consumption Mapping

Sage Gateshead continues to move forward in the events industry by identifying ways of reducing waste with either promoters/clients and their activity within the building. We have successfully reduced our waste to landfill and increased our recycled waste through excellent waste management skills and creating solutions which work for the clients.

Plans for future periods

We continued to work on our capital development plans to reconfigure the Sage One seating and develop the way we are able to communicate with our audiences both existing and potential. These plans are key to the long-term resilience of Sage Gateshead, initial applications for the match funding of £800k have been warmly received.

Our priority for 2017/18 is to run the third year of our business plan with the following strategic priorities:

- To increase and develop our audiences (by which we mean everyone who engages with Sage Gateshead's activity), so that more people benefit from Sage Gateshead and more people develop a life-long relationship with Sage Gateshead.
- To develop our programme to support the above audience objectives and to maintain international quality music and practice across musical genres.
- To establish a business model which brings financial sustainability and puts the organisation in a more independent financial position by 2020.

NORTH MUSIC TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017

- To support and develop our wide-range of people to be resilient and innovative so that they can deliver change (senior volunteers, musicians, administrators, technicians, front of house, building services)
- To embed new systems and keep our operations fit for purpose
- To tell our story in a new way which focuses on impact

The key strategic risks for this period are:

- As the final year of our 'change' business plan – 15/16 – 17/18 – we don't complete the programme of change properly.
- We lack the capacity to deliver the 17/18 budget and business plan.
- The changing national political and economic environment (Brexit, devolution, continued reductions in public funding) leads to decreasing levels of funding, reduced import/export capacity and/or slow down in sales.
- The changing leadership and continued reduction in funding to GMBC leads to culture being downgraded as a strategic priority for the borough and lack of engagement with Sage Gateshead over major projects such as Quays development.
- We are unable to deliver the changes to our artistic programme which we have planned.
- We don't secure the necessary funds for either ongoing repair or one-off capital projects needed for a building to support plans for audience development and business resilience.
- In building financial resilience, we reduce levels of inclusion and narrow the profile of our audiences.

The board and executive have put in place mitigation plans around each of these risks and will continue to monitor through the coming year.

FINANCIAL REVIEW

Sage Gateshead is the trading name of North Music Trust. The trust has a wholly owned subsidiary company, Music North Limited, from which the trust benefits from an annual distribution of profits.

The results for the year are shown on pages 29-64.

The financial year 2016/17 resulted in an overall movement in funds of £1.3m (2015/16: £2.3m) on income of £14.5m (2015/16: £16.8m).

North Music Trust

Income

During the financial year to 31st March 2017 the group generated income of £14.5m (2015/16: £16.8m) which comes from a range of different sources:

- Earned income through ticket sales
- Fundraised income, including endowment income
- Contracts and commissions
- Public grants

NORTH MUSIC TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017

This spread of income is an important part of the trust's ongoing sustainability and public benefit. For every £1 of public subsidy a further £3 was traded, earned or fundraised.

Included within the total income generated in the prior year is an amount of £3,014,266 (£1,006,925 of which was matched funding from Arts Council England), which the trust raised towards a new £6m endowment.

Expenditure

Total resources expended in the year amounted to £14.0m (2015/16: £14.4m), of which £4.6m (2015/16: £5.1m) was incurred on operating overheads and £9.4m (2015/16: £9.3m) was spent on the trust's programming, trading and fundraising activities across:

- Learning and Participation
- Artistic programmes
- Conferencing and Events
- Other earned income

Out-turn

During the year a surplus of £1.3m (2015/16: £2.3m) was generated, including a positive movement of £506k (2015/16: negative movement of £491k) on unrestricted reserves.

Music North Limited

During the financial year to 31st March 2017 the trading subsidiary earned income of £2.4m (2015/16: £2.0m excluding sponsorship income of £1.1m) which comes from a range of different sources:

- Conferences and events
- Retail sales
- Room hires
- Catering commission
- Car parking

A profit before taxation of £957k (2015/16: £1.0m) was made in the year.

Royal Northern Sinfonia Limited

During the financial year to 31st March 2017 the trading subsidiary earned income of £3,502k from performances of the Orchestra.

A profit before taxation of £78k was made in the year.

Fixed Assets

The group invested £214k (2015/16: £265k) in fixed assets and improvements to the building during the year.

NORTH MUSIC TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Funds

Unrestricted

Consolidated unrestricted reserves increased during the year up to a surplus of £17k (2015/16: deficit of £488k).

Restricted

Consolidated restricted reserves reduced during the year to £662k (2015/16: £676k). The restricted reserves have arisen in relation to a variety of activities, mostly in regards to the organisations learning and participation activities and investment in the infrastructure of the building and its core systems.

Endowment

The charity has two sources of endowment income:

A fund of £13.0m (2015/16: £11.5m) which is held off balance sheet on behalf of North Music Trust by the Community Foundation. An annual grant is drawn down from the Community Foundation proportional to the trust's interest in the fund and this income is included within the trust's voluntary income for the year.

North Music Trust also now has its own endowment fund held on its balance sheet at a value of £6.8m (2015/16: £6.0m). The fund is created from £4m in donations to Sage Gateshead and £2m in matched funding from Arts Council England via its Catalyst fund. An annual contribution from the investment income will be applied to each year's results in perpetuity.

Investment management

North Music Trust's own endowment fund is managed by Rathbone Investment Management Limited. The investment objective is to find a balance between income and capital growth and the approach to risk is a medium risk profile that aims over time to achieve returns above the rate of inflation.

Going concern

The charity is a going concern and reviews risk through a strategic risk register and operational risk register. It does not currently have any risks which are outside the terms of these registers, although the charity recognises that it is operating in an extremely challenging and fast changing external environment. Whilst the charity has net current liabilities of £0.6m as at the year end (2015-16: £1.89m) within this is an amount of deferred income of £2.5m (2015-16: £2.0m) which would only be repayable if events or activities were cancelled. In addition to this the charity has endowment reserves of £6.8m which can be accessible if required. On this basis, the Trustees believe that adequate reserves are held to ensure funds are available and that the charity is well placed to manage its risks successfully and thus have adopted the going concern basis of accounting.

NORTH MUSIC TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Risk management

Directors monitor progress against the strategic objectives set out in the agreed business plan and a comprehensive review of the plan is carried out annually. As part of this process, the directors have developed a risk management strategy that comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks; and
- The implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise.

The principal risks and uncertainties facing Sage Gateshead are outlined in the Plans for Future Periods section.

Reserves policy

The Directors have agreed that the level of free reserves (that is funds not tied up in fixed assets or designated and restricted funds) required to sustain the Trust's operations will be in the region of £1,000,000, which represents staff salaries and other operating expenses for 3 months. After taking into account the group's unrestricted funds not tied up in fixed assets, free reserves as at 31 March 2017 are negative £1,485k.

Therefore, whilst free reserves and unrestricted reserves are not currently at the level agreed by trustees, consolidated unrestricted reserves increased during the year by £506k up to a surplus of £17k and the trustees have plans in hand to address this situation and increase the level of unrestricted reserves so that they are in line with our reserves policy by the end of the financial year ending 31st March 2021.

Structure, governance and management

Governance

North Music Trust is a charitable company limited by guarantee and does not have share capital. The charity is governed by its memorandum and articles of association last amended on 21/01/2009.

The trustee's agree to contribute £1 in the event of the charity winding up.

During the year the trustees have continued a formal governance review with a brief delegated to a board working group. This group has established: a new board and committees structure, cycles of business, terms of reference, skills audit, trustee handbook, trustee induction process and board review procedure. The board now operates within a wider annual planning cycle for the organisation.

In September to December 2016 6 board members stepped down and we appointed 9 new board members, following a period of recruitment and selection undertaken by a board working group in the summer.

Organisation

Three subcommittees of the Board, represented by Board members, have been established to facilitate more regular and detailed involvement of non-executives and independent

NORTH MUSIC TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017

representatives in three core areas of operation (Finance, People, Programme & Development) than would be feasible at meetings of the full Board. Two supporting committees advise the board (Audit & Risk and Remunerations & Nominations) meeting three times a year.

Since NMT was formally constituted in 2000 the Board and its subcommittees have been actively involved in the formulation, approval and implementation of aims, policies, strategies and procedures across the whole range of activities in which NMT is engaged. The Board is involved in any significant decision that falls outside that approved framework.

The Board selects and appoints the Managing Director as its Chief Executive and other key members of the Senior Management Team to carry out the business of the Trust within aims, policies, strategies and procedures approved by the Board. The performance of the General Managing Director is reviewed against agreed targets once a year by the Chair, in line with an organisation-wide performance review framework.

The Chair of the Board, Chairs of Committees and individual Board members are frequently consulted by members of the Senior Management Team on policy development or on specific problems or opportunities. The Chair of the Board, the Vice Chair, Board and sub-committee members and other members between them receive copies of agendas, papers and minutes of the regular meetings of the Senior Management Teams and Executive Directors and also meets the senior management periodically to discuss progress, plans and any significant items of current concern.

The Directors are confident that the governance and management structures that have been established are appropriate to the needs of a diverse, large, and growing organisation.

Related parties

The Trust has a close relationship with The Arts Council England, North East and Gateshead Metropolitan Borough Council, both of which provide funding to enable the charity to carry out its charitable objectives.

Pay policy for senior staff

Pay levels for all staff including senior staff are set in a banding system and are benchmarked against peer organisations as part of the Newcastle Gateshead Cultural Venues group.

Disabled Persons

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 company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

NORTH MUSIC TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Investment powers

Under the Memorandum and Articles of Association, the charity has the power to make any investment that the Directors see fit.

Auditors

In accordance with Companies Act 2006 a resolution proposing the appointment of RSM UK Audit LLP as auditor will be put to the members.

By order of the directors:



M Fay CBE
Director

NORTH MUSIC TRUST
STATEMENT OF TRUSTEE'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2017

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

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make 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 charitable company will continue in business.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

By order of the Board



M Fay CBE
Director
Date:

NORTH MUSIC TRUST
Company Number 04044936

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NORTH MUSIC TRUST**

YEAR ENDED 31 MARCH 2017

Opinion on financial statements

We have audited the financial statements of North Music Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Trustees' Report and the incorporated Strategic Report have 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 group and the parent charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees' Report and the incorporated Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 26 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.

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

NORTH MUSIC TRUST
Company Number 04044936

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NORTH MUSIC TRUST**

YEAR ENDED 31 MARCH 2017

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.

L. Robson

LUCY ROBSON, (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Date 14/12/17

NORTH MUSIC TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure account)
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2017 £	Total Funds 2016 £
INCOME FROM:						
Donations and Legacies	3	4,540,054	351,748	-	4,891,802	7,990,562
Charitable activities	4	5,805,680	677,759	-	6,483,439	6,562,027
Investments	5	5,794	-	215,398	221,192	111,337
Trading activities	6	2,361,663	-	-	2,361,663	2,038,906
Other		523,420	-	-	523,420	119,500
TOTAL INCOME		13,236,611	1,029,507	215,398	14,481,516	16,822,332
EXPENDITURE ON:						
Raising funds	7	3,311,615	14,070	37,641	3,363,326	3,159,825
Charitable activities	8	9,634,663	1,029,737	-	10,664,400	11,235,989
TOTAL EXPENDITURE		12,946,278	1,043,807	37,641	14,027,726	14,395,814
NET INCOME / (EXPENDITURE)		290,333	(14,300)	177,757	453,790	2,426,518
Transfers	22	215,398	-	(215,398)	-	-
Gains and losses on investment assets	13	-	-	799,100	799,100	(128,783)
Net movement in funds		505,731	(14,300)	761,459	1,252,890	2,297,735
Total funds brought forward		(488,702)	676,090	5,731,324	5,918,712	3,620,977
Total funds carried forward	22	17,029	661,790	6,492,783	7,171,602	5,918,712

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

All income and expenditure derive from continuing activities.

NORTH MUSIC TRUST
Registered number: 04044936

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2017

	Note	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	11	2,527		9,902	
Tangible assets	12	1,882,481		2,010,449	
Fixed asset investments	13	6,772,060		6,010,601	
		8,657,068		8,030,952	
Current assets					
Stock	14	101,604		54,093	
Debtors	15	1,576,580		1,126,802	
Cash at bank and in hand		2,361,303		950,594	
		4,039,487		2,131,489	
Creditors: amounts falling due within one year	16	(4,598,220)		(4,020,334)	
Net current liabilities		(558,733)		(1,888,845)	
Total assets less current liabilities		8,098,335		6,142,107	
Creditors: amounts falling due after more than one year	17	(655,952)		(223,395)	
Provisions for liabilities	18	(270,781)		-	
Net assets		7,171,602		5,918,712	
The funds of the charity					
Income funds					
Unrestricted funds	22	17,029		(488,702)	
Restricted funds	22	661,790		676,090	
Capital funds					
Endowment funds	23	6,492,783		5,731,324	
Total charity funds		7,171,602		5,918,712	

These financial statements were approved by the Board of Directors on 7/12/17 and signed on behalf of the Board of Directors by:



M Fay CBE
Director

NORTH MUSIC TRUST
Registered number: 04044936

COMPANY BALANCE SHEET

AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	2,527	9,902
Tangible assets	12	1,713,752	1,799,488
Fixed asset investments	13	6,772,062	6,010,602
		8,488,341	7,819,992
Current assets			
Debtors	15	1,322,760	1,001,465
Cash at bank and in hand		2,103,155	898,153
		3,425,915	1,899,618
Creditors: amounts falling due within one year	16	(4,054,742)	(3,749,410)
Net current liabilities		(628,827)	(1,849,792)
Total assets less current liabilities		7,859,514	5,970,200
Creditors: amounts falling due after more than one year	17	(605,424)	(162,226)
Provisions for liabilities	18	(270,781)	-
Total net assets		6,983,309	5,807,974
The funds of the charity			
Income funds			
Unrestricted funds		(171,264)	(599,440)
Restricted funds		661,790	676,090
Capital funds			
Endowment Fund		6,492,783	5,731,324
Total charity funds		6,983,309	5,807,974

As permitted by S408 of the Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepared group accounts. The company's net movement in funds was £1,175,328 (2016 - £2,297,735).

These financial statements were approved by the Board of Directors on 7/12/17 and signed on behalf of the Board of Directors by:

M Fay CBE
Director



The notes on pages 33 to 64 form part of these accounts

NORTH MUSIC TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Cash flows from operating activities	25	1,485,569	2,824,803
Cash flows from investing activities			
Purchase of property, plant and equipment		(213,678)	(264,568)
Purchase of Intangible assets		-	(129)
Purchase of investments		-	(3,215,981)
Proceeds from the sale of investments		-	108,374
Interest received		5,794	3,528
Dividends received		215,398	107,809
Net cash from/ (used in) investing activities		7,514	(3,260,967)
Cash flow from financing activities			
Proceeds from finance leases		-	59,538
Payment of obligations under finance leases		(82,374)	(70,007)
Net cash generated (used in) financing activities		(82,374)	(10,469)
Increase/(decrease) in cash and cash equivalents		1,410,709	(446,633)
Cash and cash equivalents at the beginning of the year		950,594	1,397,227
Cash and cash equivalents at the end of the year		2,361,303	950,594
Relating to:			
Cash at bank and in hand		2,361,303	950,594
Total cash and cash equivalents		2,361,303	950,594

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES

Company Information

North Music Trust is a charitable company limited by guarantee, incorporated in England and Wales. The registered office is The Sage Gateshead, St Mary's Square, Gateshead, Tyne and Wear, NE8 2JR.

Accounting Convention

North Music Trust meets the definition of a public benefit entity under FRS102. The financial statements are prepared under the historical cost convention and in accordance with the requirements of the 'Accounting and Reporting by Charities' Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102), the Financial Reporting Standard applicable in the UK (FRS102) and the Companies Act 2006.

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

The principal accounting policies adopted are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Trust and its wholly owned subsidiaries, Music North Limited and Royal Northern Sinfonia Limited, on a line by line basis.

Going Concern

FRS102 requires that, if appropriate, the charity's financial statements are prepared on the going concern basis, which means that the organisation is able to operate for the foreseeable future on the basis of known and projected resources. The charity is a going concern and reviews risk through a strategic risk register and operational risk register. It does not currently have any risks which are outside the terms of these registers, although the charity recognises that it is operating in an extremely challenging and fast changing external environment. Whilst the charity has net current liabilities as at the year end, within this is an amount of deferred income which would only be repayable if events or activities were cancelled. In addition to this the charity has endowment reserves and further endowment funds of £13m held off balance sheet. On this basis, the Trustees believe that adequate reserves are held to ensure funds are available and that the charity is well placed to manage its risks successfully and thus have adopted the going concern basis of accounting.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES (continued)

Fund accounting

Restricted funds

The Trust has a number of restricted income and capital funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose. The aim and use of each restricted fund is set out in the notes to the accounts.

Unrestricted funds

All other funds are unrestricted income funds, receivable or generated for the objects of the charity without further specified purpose.

Endowment Fund

The permanent endowment fund is treated by the directors as a long term fund.

Income

Incoming resources are recognised in the Statement of Financial Activities when the charity has entitlement to the funds; any conditions attached to the income have been met; it is probable that the income will be received and the amount can be measured reliably.

Income from donations and legacies

Income from donations and legacies includes sponsorships and donations and grants that provide core funding or are of a general nature. Income is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies that the grant or donation relates to future accounting periods.

Income from trading activities

Income generated from commercial trading is recognised as earned as the related goods and services are provided.

Income from charitable activities

Performance income includes box office sales, engagement income, hall hire and other performance related income.

It is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Tickets are sold through the box office for three different event categories in terms of income recognition; Self-Promotions, Co-Promotions and Hall Hires. Where the event is a Self-Promotion, ticket sales are recognised gross in full within revenue. Where the event is a Co-Promotion, a portion of the ticket income is recognised as revenue. For Hall Hires, the fee receivable for the renting of the hall is recognised within revenue; any income from ticket sales belongs to the promoter and thus does not form part of the revenue figure.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES *(continued)*

Education income includes education fees from music lessons and school visits and other education related income. It is recognised as earned (as the related services are provided). Grant income included in this category provides funding to support education activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Charitable activity income is deferred when box office sales or bookings are received or invoiced in advance of the performances or event to which they relate or when the donor specifies that the grant or donation relates to future accounting periods.

Income from investments

Interest receivable is included when receivable and the amount can be measured reliably by the Charity. This is normally upon notification of the interest by the bank.

Orchestra tax relief

Orchestra tax relief income is recognised based on a prudent estimate of the amount of qualifying expenditure and applying the repayment rates set out in current HMRC legislation.

Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt, or capitalised as a fixed asset if the goods are to be retained for future benefits.

North Music Trust leases the premises from which it operates from Gateshead Metropolitan Borough Council at a peppercorn rent. It is not considered possible to determine the market value of the donated facility and therefore neither income nor corresponding rental charge have been recognised in the Statement of Financial Activities.

Expenditure

Expenditure is recognised when there is a legal or constructive obligation to make a payment to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on raising funds are those costs incurred in attracting donations, and those incurred in trading activities that raise funds.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES (continued)

Expenditure on charitable activities includes costs associated with the staging of concerts, musical performances and educational programmes and includes both the direct costs and support costs relating to these activities.

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

Support costs cover central functions and have been allocated to activity cost categories and costs of generating funds in proportion to the attributable income. Irrecoverable VAT is identified and charged as a separate category of expenditure.

Intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation. Intangible assets are amortised at their expected useful economic lives on a straight line basis as follows:

Software and website development	3 years straight line
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On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised as income and expenditure.

Tangible fixed assets

Individual tangible fixed assets costing £5,000 or more are capitalised. Fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Furniture, fixtures and fittings	3-10 years straight line
Music	10 years straight line
Instruments	10 years straight line
Computer equipment	3 years straight line
Technical equipment	5 years straight line
Leasehold property improvements	10 years straight line
Forestage lift	50 years straight line
Kitchen and catering equipment	3 – 5 years straight line
Car park equipment	5 years straight line

Depreciation is not charged on stringed instruments as under normal circumstances the residual values are considered to be greater than cost. However, the carrying values of stringed instruments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Subsequent costs, including replacement parts, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts are then derecognised. All other costs of repairs and maintenance are charged to the Statement of Financial Activities.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES *(continued)*

Stocks

Stocks are valued on a first in first out basis and stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition. Stock held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

Fixed Asset Investments

The group's endowment fund investments are classified as financial instruments and accounted for in accordance with the accounting policy at fair value through the Statement of Financial Activities.

In the separate accounts of the charity, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses are recognised immediately in expenditure.

Foreign Currencies

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

All translation differences are taken to the Statement of Financial Activities, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Financial Instruments

The Charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS102 in full to all of its financial instruments. All of the charities financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES *(continued)*

Cash at bank and in hand

Cash at bank and in hand includes cash held at the bank.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of all funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the charity substantially all of the risks and rewards incidental to ownership ('Finance Leases'). All other leases are operating leases.

Operating leases – the group as a lessor

Rental income from assets leased under operating leases is recognised on a straight line basis over the term of the lease.

Operating leases – the group as a lessee

The charity classifies the lease of properties and equipment as operating leases. Rental charges are charged to the Statement of Financial Activities on a straight line basis over the period of the lease. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and as an expense unless these costs are required to be capitalised as an intangible or intangible fixed asset.

Retirement benefits

The Charity operates a defined contribution scheme for employees. The amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES *(continued)*

Provisions for liabilities

Provisions are recognised when the charity has an obligation at the reporting date as a result of a past event which is probable will result in the transfer of economic benefits and that obligation can be measured reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation.

Provisions are made against onerous contracts where the unavoidable cost of meeting the contract obligations exceed the economic benefits received.

Reduced disclosures

In accordance with FRS 102, the Charity has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of an entity Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Critical accounting estimates and areas of judgement

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

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Critical areas of judgement:

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the charity as lessee, or the lessee, where the Charity or Group is a lessor.

Orchestra tax relief

The accrued income in respect of Orchestra Tax Relief depends on a number of factors that are determined by management. The main assumption in this area is the amount of 'qualifying expenditure'.

Provisions

Provisions are made against onerous contracts. Judgement is required into whether the contract is onerous, and on calculating the unavoidable cost of meeting the contract.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2 Net movement of funds in the parent company

As permitted by Section 230 of the Companies Act, the statement of financial activities of the parent company is not presented as part of these accounts. The parent company's total incoming resources for the financial year amounted to £12,657,181 (2016: £14,834,503) and the net movement in funds for the financial year amounted to £1,175,328 (2016: £2,297,735).

3 Income from donations and legacies

	Unrestricted £	Restricted £	Endowment £	Total 2017 £	Total 2016 £
Arts Council England North East – core grant	3,512,122	-	-	3,512,122	3,512,122
GMBC – core grant	286,534	-	-	286,534	311,450
Corporate donations and fundraising**	59,677	351,748	-	411,425	306,644
Legacies	12,282	-	-	12,282	175,709
TSG Endowment**	-	-	-	-	3,014,266
Community Foundation – Sage Gateshead Fund*	669,439	-	-	669,439	670,371
	<u>4,540,054</u>	<u>351,748</u>	<u>-</u>	<u>4,891,802</u>	<u>7,990,562</u>
Total 2016	<u>4,817,263</u>	<u>159,033</u>	<u>3,014,266</u>	<u>7,990,562</u>	

*North Music Trust is the sole beneficiary of Sage Gateshead Fund, which is a restricted fund at the Community Foundation serving Tyne & Wear and Northumberland (registered Charity Number 700510). This fund was created from donations and sponsorship monies given to support the work of Sage Gateshead, some of which resulted in naming privileges to parts of Sage Gateshead building and related facilities. From this fund, North Music Trust derived income totalling £669,439 (2016: £670,371) in the year.

**Supporters in the year are detailed in the Trustee's Report.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4 Income from charitable activities

	Unrestricted £	Restricted £	Total 2017 £	Total 2016 £
<i>Performance Programming</i>				
Box office income	2,956,621	-	2,956,621	3,095,561
Hall hire	529,601	-	529,601	372,218
Engagement income	434,535	-	434,535	244,646
Memberships	180,193	-	180,193	164,040
Other income	31,633	-	31,633	41,189
	<u>4,132,583</u>	<u>-</u>	<u>4,132,583</u>	<u>3,917,654</u>
<i>Learning and Participation</i>				
Higher Education and Research	333,467	-	333,467	314,748
Course Classes and Workshops	609,323	-	609,323	581,782
Learning	295,879	206,581	502,460	550,141
Participation	413,869	389,818	803,687	987,523
National Contracts and Strategic Development	559	81,360	81,919	12,989
Singing Cities	-	-	-	89,190
Gateshead GOTH Grant	20,000	-	20,000	108,000
	<u>1,673,097</u>	<u>677,759</u>	<u>2,350,856</u>	<u>2,644,373</u>
	<u>5,805,680</u>	<u>677,759</u>	<u>6,483,439</u>	<u>6,562,027</u>
Total 2016	<u>5,713,270</u>	<u>848,757</u>	<u>6,562,027</u>	

5 Income from investments

	Unrestricted £	Endowment £	Total 2017 £	Total 2016 £
Bank interest	5,794	-	5,794	3,528
Dividends	-	215,398	215,398	107,809
	<u>5,794</u>	<u>215,398</u>	<u>221,192</u>	<u>111,337</u>
Total 2016	<u>3,528</u>	<u>107,809</u>	<u>111,337</u>	

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

6 Income from trading activities

	Unrestricted £	Restricted £	Total 2017 £	Total 2016 £
Conference and events	1,018,065	-	1,018,065	1,059,019
Catering income	879,291	-	879,291	424,705
Car park income	226,825	-	226,825	219,802
Retail sales	237,482	-	237,482	284,303
Fundraising events	-	-	-	51,077
	<u>2,361,663</u>	<u>-</u>	<u>2,361,663</u>	<u>2,038,906</u>
Total 2016	<u>2,038,906</u>	<u>-</u>	<u>2,038,906</u>	

7 Expenditure on raising funds

	Unrestricted £	Restricted £	Endowment £	Total 2017 £	Total 2016 £
Conference and events	503,508	-	-	503,508	403,436
Catering expenses	593,452	-	-	593,452	189,887
Car park expenses	25,396	-	-	25,396	11,793
Retail expenses	170,530	-	-	170,530	232,835
Allocation of support costs (note 8)	2,018,729	14,070	-	2,032,799	2,261,496
Investment management costs	-	-	37,641	37,641	60,378
	<u>3,311,615</u>	<u>14,070</u>	<u>37,641</u>	<u>3,363,326</u>	<u>3,159,825</u>
Total 2016	<u>3,099,447</u>	<u>-</u>	<u>60,378</u>	<u>3,159,825</u>	

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

8 Expenditure on charitable activities

	Unrestricted £	Restricted £	Total 2017 £	Total 2016 £
<i>Performance Programming:</i>				
Staff costs	2,551,374	124,446	2,675,820	2,648,062
Artists costs	1,101,139	66,859	1,167,998	1,466,202
Orchestra and soloist costs	681,310	30,394	711,704	504,781
Technical costs	385,102	17,180	402,282	399,110
Travel and subsistence	134,965	8,135	143,100	63,677
Other costs	285,553	14,756	300,309	312,098
Allocation of support costs (see below)	1,152,025	5,000	1,157,025	1,284,942
	<u>6,291,468</u>	<u>266,770</u>	<u>6,558,238</u>	<u>6,678,872</u>
<i>Learning and Participation</i>				
Staff costs	1,264,570	641,099	1,905,669	2,219,121
Self-employed fees	161,206	58,879	220,085	262,337
Travel and subsistence	90,198	11,540	101,738	153,426
Resources	38,063	11,954	50,017	67,664
Training	3,656	906	4,562	6,289
Hire costs	12,921	2,295	15,216	15,799
Other costs	349,674	24,494	374,168	239,155
Application of support costs (see below)	1,422,907	11,800	1,434,707	1,593,326
	<u>3,343,195</u>	<u>762,967</u>	<u>4,106,162</u>	<u>4,557,117</u>
Total	<u>9,634,663</u>	<u>1,029,737</u>	<u>10,664,400</u>	<u>11,235,989</u>
Total 2016	<u>10,204,122</u>	<u>1,031,867</u>	<u>11,235,989</u>	

Governance costs are made up as follows:

	2017 £	2016 £
Audit	18,250	15,750
Accountancy fee	1,890	4,852
	<u>20,140</u>	<u>20,602</u>

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

8 Expenditure on charitable activities (continued)

Support costs are made up as follows:

	Costs of Raising Funds £	Performance and Programming £	Learning and Participation £	Total 2017 £	Total 2016 £
Direction and policy	124,684	70,843	87,845	283,372	297,311
Human Resources	41,822	23,762	29,465	95,049	135,891
Building services	670,805	381,139	472,613	1,524,557	1,471,977
Finance	104,317	59,271	73,497	237,085	298,538
IT	211,999	120,454	149,363	481,816	511,971
Accountancy and Audit	8,862	5,035	6,243	20,140	20,602
Marketing and Customer Experience	663,843	377,184	467,707	1,508,734	1,727,041
Irrecoverable VAT	101,166	57,481	71,276	229,923	190,352
NGCV Project expenditure	2,860	1,625	2,015	6,500	11,042
Other costs	55,403	31,476	39,027	125,906	115,225
Restructuring Costs	-	-	-	-	253,613
Music North Limited Admin costs	47,038	28,755	35,656	111,449	106,201
	<u>2,032,799</u>	<u>1,157,025</u>	<u>1,434,707</u>	<u>4,624,531</u>	<u>5,139,764</u>

Support costs have been allocated to activity cost categories and costs of generating funds in proportion to the attributable income (including income received in respect of endowment funds). Any support costs incurred in the governance of the charity and its assets has been allocated direct to governance costs.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

9 Staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2017	2016
	No	No
The average number of staff employed during the period:		
Performance Programming	51	54
Learning and Participation	133	160
Management and administration	98	111
Customer services team	167	141
	<u>449</u>	<u>466</u>

Employee emoluments:

	2017	2016
	£	£
Wages and salaries	6,451,594	6,963,344
Social security costs	450,222	604,020
Pension costs	256,638	227,954
	<u>7,158,454</u>	<u>7,795,318</u>

	2017	2016
	No	No
The number of employees whose emoluments for the period are above £60,000:		
£60,000 - £69,999	1	1
£70,000 - £79,999	1	-
£90,000 - £99,999	-	1
£100,000 - £109,000	1	-
	<u>1</u>	<u>-</u>

The above exclude employer pension contributions. Total employer pension contributions paid to the higher paid employees are £7,270 (2016: £601).

Redundancy costs of £29k (2016: £253k) were recognised in the year, in relation to the change programme.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

9 Staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)

Trustee emoluments

No Trustees received any remuneration during the financial year (2016: nil) and no Trustees accrued benefits under the company pension scheme during the financial year (2016: nil). During the year total expenses reimbursed to the Trustees of the charity amounted to £2,408 (2016: £3,068) in respect of travel expenses. The number of Trustees who claimed expenses in the year was 6 (2016: 6). The Charity has paid for a professional indemnity policy to protect it from loss arising from the neglect or defaults of its employees.

Key management personnel

The key management personnel of the charitable group comprise the Trustees and executive directors as listed on page 3. The employee benefits total £482,298 (2016: £497,592) for the year.

10 Net incoming resources

	2017	2016
	£	£
This is stated after charging:		
Depreciation	341,646	383,642
Amortisation	7,375	11,535
Auditors' remuneration		
Group audit fees	18,250	15,750
Other services	5,390	4,852
Exchange differences recognised	355	772
Operating lease costs	41,186	66,493

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

11 Intangible assets

Group and charity

	Software & Website Development £	Total £
Cost:		
At 1 April 2016	34,626	34,626
Additions	-	-
Disposals	-	-
At 31 March 2017	<u>34,626</u>	<u>34,626</u>
Amortisation:		
At 1 April 2016	24,724	24,724
Charge for the year	<u>7,375</u>	<u>7,375</u>
At 31 March 2017	<u>32,099</u>	<u>32,099</u>
Carrying value		
At 31 March 2017	<u>2,527</u>	<u>2,527</u>
At 31 March 2016	<u>9,902</u>	<u>9,902</u>

The amortisation charge for the year is recognised within support costs.

There are no contractual commitments to acquire intangible assets at 31 March 2017 (2016: £nil).

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

12 Tangible fixed assets

Group	Fixtures Fittings & Equip. £	Leasehold property improvements £	Instruments £	Total £
Cost:				
At 1 April 2016	2,941,614	1,540,659	498,283	4,980,556
Additions	210,678	-	3,000	213,678
Disposals	(526,766)	-	-	(526,766)
At 31 March 2017	<u>2,625,526</u>	<u>1,540,659</u>	<u>501,283</u>	<u>4,667,468</u>
Depreciation:				
At 1 April 2016	2,193,901	506,160	270,046	2,970,107
Charge for the year	239,634	87,586	14,426	341,646
Disposals	(526,766)	-	-	(526,766)
At 31 March 2017	<u>1,906,769</u>	<u>593,746</u>	<u>284,472</u>	<u>2,784,987</u>
Net Book Value				
At 31 March 2017	<u>718,757</u>	<u>946,913</u>	<u>216,811</u>	<u>1,882,481</u>
At 31 March 2016	<u>747,713</u>	<u>1,034,499</u>	<u>228,237</u>	<u>2,010,499</u>

Included within the net book value of £1,882,481 is £233,002 (2016: £310,736) relating to assets held under finance lease arrangements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £77,734 (2016: £80,678).

All tangible fixed assets are held for charitable purposes.

Management have reviewed the fixed asset register and identified assets with a cost of £527k, and net book value of £nil which have been disposed of. This has been reflected within the note above.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

12 Tangible fixed assets (continued)

Company	Fixtures Fittings & Equip. £	Leasehold property improvements £	Instruments £	Total £
Cost:				
At 1 April 2016	2,274,555	1,540,659	498,283	4,313,497
Additions	176,569	-	3,000	179,569
Disposals	(526,766)	-	-	(526,766)
At 31 March 2017	<u>1,924,358</u>	<u>1,540,659</u>	<u>501,283</u>	<u>3,966,300</u>
Depreciation:				
At 1 April 2016	1,737,803	506,160	270,046	2,514,009
Charge for the year	163,293	87,586	14,426	265,305
On disposals	(526,766)	-	-	(526,766)
At 31 March 2017	<u>1,374,330</u>	<u>593,746</u>	<u>284,472</u>	<u>2,252,548</u>
Net Book Value				
At 31 March 2017	<u>550,028</u>	<u>946,913</u>	<u>216,811</u>	<u>1,713,752</u>
At 31 March 2016	<u>536,752</u>	<u>1,034,499</u>	<u>228,237</u>	<u>1,799,488</u>

Included within the net book value of £1,713,752 is £184,240 (2016: £244,242) relating to assets held under finance lease arrangements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £60,002 (2016: £58,514).

All tangible fixed assets are held for charitable purposes.

Management have reviewed the fixed asset register and identified assets with a cost of £527k, and net book value of £nil which have been disposed of. This has been reflected within the note above.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

13 Fixed Asset Investments

Endowment fund investments – group and company

At valuation	Listed Investment £	Cash and other deposits £	Total £
At 1 April 2016	5,642,951	367,650	6,010,601
Additions in year	459,251	(459,251)	-
Disposals in year	(257,644)	257,644	-
Transfer out in the year	-	(215,398)	(215,398)
Dividend income	-	215,398	215,398
Investment manager fees	-	(37,641)	(37,641)
Unrealised gains in year	799,100	-	799,100
At 31 March 2017	<u>6,643,658</u>	<u>128,402</u>	<u>6,772,060</u>

Endowment funds are detailed as follows:

	2017 £	2016 £
UK fixed interest	598,866	463,047
UK equities	3,322,955	2,921,725
Property	134,398	135,084
Overseas fixed interest	324,486	289,924
Overseas equities	1,807,600	1,302,782
Other	<u>583,755</u>	<u>898,039</u>
	<u>6,772,060</u>	<u>6,010,601</u>

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

13 Fixed Asset Investments (continued)

**Investments held as fixed assets – Company
Subsidiary undertakings**

	2017	2016
	£	£
Cost of investment	<u>2</u>	<u>1</u>

The above relates to an investment of 100% of the ordinary share capital in the following unlisted companies, which are registered in England.

Company Name	Activity
Music North Limited (Company No. 04344453)	Commercial activities within Sage Gateshead
Royal Northern Sinfonia Limited (Company No. 10098218)	Performing arts

Subsidiary details

The wholly owned subsidiary Music North Limited, pays all of its profits to the charity by gift aid. Music North Limited manages the café and operates the shop, car park, conferencing and all commercial trading operations carried out at Sage Gateshead. The charity owns the entire share capital of the subsidiary. A summary of the trading results is shown below.

	2017	2016
	£	£
Turnover and other income	2,361,663	3,087,829
Cost of sales and administration costs	<u>(1,399,382)</u>	<u>(2,043,511)</u>
Operating profit	<u>962,281</u>	<u>1,044,318</u>

The assets and liabilities of the subsidiary were:

Total assets	1,083,003	731,440
Total liabilities	<u>(972,273)</u>	<u>(620,710)</u>
Total net assets	<u>110,730</u>	<u>110,730</u>
Aggregate share capital and reserves	<u>110,730</u>	<u>110,730</u>

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

13 Fixed Asset Investments (continued)

Subsidiary details (continued)

The wholly owned subsidiary Royal Northern Sinfonia Limited was incorporated on 1 April 2016 and began trading during the year. Royal Northern Sinfonia Limited manages orchestra performances which are mainly carried out at Sage Gateshead. The charity owns the entire share capital of the subsidiary. A summary of the trading results is shown below.

	2017 £
Turnover and other income	3,501,936
Cost of sales and administration costs	<u>(3,424,373)</u>
Operating loss	<u>77,563</u>

The assets and liabilities of the subsidiary were:

Total assets	420,000
Total liabilities	<u>(342,436)</u>
Total net assets	<u>77,564</u>
Aggregate share capital and reserves	<u>77,564</u>

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

14 Stock

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Goods for resale	101,604	54,093	-	-
	<u>101,604</u>	<u>54,093</u>	<u>-</u>	<u>-</u>

15 Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	737,875	749,707	312,723	476,404
Amounts owed by group undertakings	-	-	612,575	180,480
Other debtors	552,641	104,388	132,641	104,388
Prepayments and accrued income	286,064	272,707	264,821	240,193
	<u>1,576,580</u>	<u>1,126,802</u>	<u>1,322,760</u>	<u>1,001,465</u>

16 Creditors: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	734,343	664,583	549,159	634,363
Amounts owed to group undertakings	-	-	108,129	108,129
Taxation and social security	306,526	275,395	191,929	174,145
Other creditors	135,776	560,903	64,697	560,903
Accruals and deferred income	3,335,922	2,430,227	3,067,334	2,195,309
Finance leases	85,653	89,226	73,494	76,561
	<u>4,598,220</u>	<u>4,020,334</u>	<u>4,054,742</u>	<u>3,749,410</u>

Finance leases of £85,653 are secured against the assets to which they relate.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

17 Creditors: Amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Other loans	511,358	-	511,358	-
Finance leases	144,594	223,395	94,066	162,226
	<u>655,952</u>	<u>223,395</u>	<u>605,424</u>	<u>162,226</u>

Other loans are repayable in annual instalments until 1 April 2024 and bear interest at a rate of 1.62%.

Finance leases of £144,594 are secured against the assets to which they relate.

Finance Leases

Obligations under finance lease contracts are secured by the related assets and bear finance charges at rates from 10% per annum.

The total future minimum lease payments under non-cancellable operating leases is set out below:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	85,653	89,226	73,494	76,561
Between 1 and 5 years	144,594	223,395	94,066	162,226
	<u>230,247</u>	<u>312,621</u>	<u>167,560</u>	<u>238,787</u>

Finance lease liabilities represent rentals payable for certain items of equipment.

Other loans

Amounts repayable after 5 years:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
By instalments	194,478	-	194,478	-
	<u>194,478</u>	<u>-</u>	<u>194,478</u>	<u>-</u>

Other loans are repayable in annual instalments until 1 April 2024 and bear interest at a rate of 1.62%.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

18 Provisions for liabilities

Onerous contract:	Group £	Company £
At 1 April 2016	-	-
Additional provision in year	<u>270,781</u>	<u>270,781</u>
At 31 March 2017	<u>270,781</u>	<u>270,781</u>

The onerous contract provision relates to a contract in place with a learning provider.

19 Deferred income

	Group £	Company £
Balance as at 1 April	1,982,008	1,798,079
Amount released to incoming resources	(1,953,817)	(1,788,978)
Amount deferred in year	<u>2,435,519</u>	<u>2,292,854</u>
Balance as at 31 March	<u>2,463,710</u>	<u>2,301,955</u>

Deferred income comprises of:

- Advance box office sales;
- Education fee income and hall bookings invoiced in advance; and
- Grant income, core funding and endowment interest relating to future accounting periods.

20 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>1,404,563</u>	<u>956,927</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>2,483,936</u>	<u>1,986,326</u>

21 Pension scheme

The group operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The contributions payable by the group charged to income and expenditure amounted to £256,638 (2016: £227,954). Contributions totalling £25,100 (2016: £27,300) were payable to the fund at the year end and are included in creditors.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

22 Analysis of charitable funds

For the year ended 31 March 2017

	As at 1 April 2016 £	Incoming resources £	Outgoing resources £	Loss on investment /Transfers £	As At 31 March 2017 £
Unrestricted funds					
General funds	(488,702)	13,236,611	(12,946,278)	215,398	17,029
Restricted funds					
Catherine Cookson - Forestage Lift	85,635	-	(2,000)	-	83,635
ONE - Forestage Lift	590,225	-	(12,070)	-	578,155
Gateshead Old Town Hall	-	20,000	(20,000)	-	-
In Harmony	230	198,946	(199,176)	-	-
Centre for Advanced Training	-	177,887	(177,887)	-	-
David Goldman Awards	-	28,694	(28,694)	-	-
Community Music Sparks	-	19,421	(19,421)	-	-
Ncl Children with Disabilities	-	16,831	(16,831)	-	-
CoMusica - National Foundation for Youth Music	-	154,620	(154,620)	-	-
Sharing the Stage	-	81,360	(81,360)	-	-
Kavli Donation	-	40,978	(40,978)	-	-
W A Handley	-	1,750	(1,750)	-	-
Individual Donations (Friends / Principle Partners / Cornerstone)	-	38,911	(38,911)	-	-
Heritage Lottery Fund	-	26,816	(26,816)	-	-
PRS Foundation	-	4,293	(4,293)	-	-
Sir James Knott Trust	-	7,000	(7,000)	-	-
Monument Trust	-	20,000	(20,000)	-	-
Hadrian Trust	-	2,000	(2,000)	-	-
Vardy Foundation	-	25,000	(25,000)	-	-
The Marchus Trust	-	60,000	(60,000)	-	-
Foyle Foundation	-	25,000	(25,000)	-	-
Mr H Bender	-	10,000	(10,000)	-	-
1989 Willan Charitable Trust	-	5,000	(5,000)	-	-
The Barbour Foundation	-	50,000	(50,000)	-	-
Michael Howard	-	5,000	(5,000)	-	-
Shears Foundation	-	10,000	(10,000)	-	-
	676,090	1,029,507	(1,043,807)	-	661,790
Capital funds					
Endowment funds	5,731,324	215,398	(37,641)	583,702	6,492,783
Total funds	5,918,712	14,481,516	(14,027,726)	799,100	7,171,602

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

22 Analysis of charitable funds (continued)

Unrestricted Funds

Funds receivable or generated by the charity without specific purpose.

Restricted funds

Capital funds:

Endowment funds are invested for the benefit of the charity. Funds are held for capital and income growth.

Income Funds:

Catherine Cookson

The Catherine Cookson fund monies are restricted to the purchase of fixed assets and were used to contribute to the purchase of the mechanical forestage lift in Hall One.

ONE- forestage lift

Funds received from One North East through the Tyne and Wear Partnership for the purchase and installation of the mechanical forestage lift in Hall One.

Gateshead Old Town Hall

Funding from Gateshead Council to support the costs of running Gateshead Old Town Hall.

In Harmony

Funding from Arts Council England to support the set up and delivery of a three-year programme of orchestral-based music education in Hawthorn Primary School, Newcastle.

Centre for Advance Training (CAT)

Bursaries are available through the DFE Music and Dance Scheme for participation in high performance training programmes for young musicians aged 8-18 in classical, folk, popular and contemporary styles.

David Goldman Awards

Bursaries are available through the David Goldman Programme Awards for participation in several regional choirs (Quay voices, Quay lasses, Quay lads, and Quay Change) and for participation in Young Sinfonia, Sage Gateshead's Regional Youth Orchestra for ages 13-19 across the North of England and Scottish Borders.

Community Music Sparks

Youth Music funded programme for young people with special educational needs.

Ncl Children with Disabilities

Newcastle Council funded project signposting young people with disabilities to musical activities.

CoMusica – National foundation for youth Music

Grand funding from the National Foundation for Youth Music to support the CoMusica Youth Music Programme.

Sharing the Stage

Calouste Gulbenkian Foundation funded project focusing on how the lives of those in underserved communities could be improved through participation in music and sport.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

22 Analysis of charitable funds *(continued)*

Kavli Donation

Donation to support the Big Sing and Big Sing for Mini Singers.

W A Handley

Donation to support the Royal Northern Sinfonia core programme.

Individual Donations (Friends / Principle Partners / Cornerstone)

Donation in support of the Royal Northern Sinfonia.

Heritage Lottery Fund

Donation in support of the Folkworks Pass It On project.

PRS Foundation

Donation in support of Talent Development.

Sir James Knott Trust

Donation in support of the Young Sinfonia.

Monument Trust

Donation in support of the Royal Northern Sinfonia Orchestral Development.

The Marchus Trust

Donation in support of the Ring Cycle.

Hadrian Trust

Donation in Support of the Young Sinfonia.

Vardy Foundation

Donation in support of the Royal Northern Sinfonia.

Foyle Foundation

Donation in support of the Royal Northern Sinfonia.

Mr H Bender

Donation in support of the Royal Northern Sinfonia.

1989 Willan Charitable Trust

Donation in support of the Learning and Participation Programme.

The Barbour Foundation

Donation in support of the Royal Northern Sinfonia.

Michael Howard

Donation in support of the Gateshead International Jazz Festival.

Shears Foundation

Donation in support of CoMusica.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

22 Analysis of charitable funds (continued)

For the year ended 31 March 2016

	As at 1 April 2015	Incoming resources	Outgoing resources	Loss on investment /Transfers	As At 31 March 2016
	£	£	£	£	£
Unrestricted funds					
General funds	2,513	12,692,467	(13,303,569)	119,887	(488,702)
Restricted funds					
GMBC Capital Funding	8,163	-	(8,163)	-	-
Catherine Cookson - Forestage Lift	87,635	-	(2,000)	-	85,635
ONE - Forestage Lift	602,295	-	(12,070)	-	590,225
Development Diploma	12,115	-	-	(12,115)	-
Gateshead Old Town Hall	-	108,000	(108,000)	-	-
In Harmony	-	191,377	(191,147)	-	230
Singing Cities	-	89,190	(89,190)	-	-
Centre for Advanced Training	-	184,658	(184,658)	-	-
Musical Inclusion	2,037	-	(2,037)	-	-
David Goldman Awards	-	35,909	(35,909)	-	-
Community Music Sparks	-	21,631	(21,668)	37	-
Loud & Clear Early Years	-	24,484	(24,484)	-	-
Loud & Clear Cabinet Office	-	32,342	(32,342)	-	-
Ncl Children with Disabilities	-	13,866	(13,866)	-	-
CoMusica - National Foundation for Youth Music	-	147,300	(147,300)	-	-
Kavli Donation	-	34,283	(34,283)	-	-
W A Handley	-	1,750	(1,750)	-	-
D'Oyly Carte	-	5,000	(5,000)	-	-
John S Cohen Foundation	-	3,000	(3,000)	-	-
Sir James Knott Trust	-	7,000	(7,000)	-	-
Monument Trust	-	20,000	(20,000)	-	-
Hadrian Trust	-	3,000	(3,000)	-	-
Garfield Weston	-	75,000	(75,000)	-	-
Shears Foundation	-	10,000	(10,000)	-	-
	712,245	1,007,790	(1,031,867)	(12,078)	676,090
Capital funds					
Endowment funds	2,906,219	3,122,075	(60,378)	(236,592)	5,731,324
Total funds	3,620,977	16,822,332	(14,395,814)	(128,783)	5,918,712

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

23 Endowment funds

The permanent endowment fund is treated by the directors as a long term fund. Endowment donations are received and are allocated between unrestricted and restricted funds in accordance with the policy for each income fund.

	Group and charity £
As at 1 April 2016	5,731,324
Transfer to unrestricted funds	(215,398)
Net incoming resources before transfers	177,757
Gains and losses on investment assets	799,100
	<hr/>
At 31 March 2017	6,492,783
Permanently endowed funds included above:	
The Art's Council's Catalyst Fund	1,913,682
The Barbour Foundation	777,000
The Vardy Foundation	500,000
Clore Duffield Foundation	200,000
The Stuart Halbert Foundation	500,000
SAGE	1,100,000
Cunard	100,000
Ann Reece	250,000
Bowland Charitable Trust	50,000
Sir John Hall	50,000
Other permanent donations	466,490
Cumulative gains and other movements	585,611
	<hr/>
Total permanently endowed funds at 31 March 2017	6,492,783

Funds of £215,398 relating to dividends were received during the financial year in respect of permanently endowed funds.

In 2016 funds of £3,014,266 were received during the financial year in respect of permanently endowed funds. The funding cannot be spent as if it were income.

Investment management fees of £37,638 (2016: £60,378) were incurred during the financial year. Further endowment related costs of £nil (2016: £nil) were recognised resulting in net incoming resources of £177,757 (2016: £3,061,697) before unrealised gains and transfers.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

24 Analysis of net assets between funds

For the year ended 31 March 2017
Group

	Fixed Assets £	Other net assets/ liabilities £	Long term Liabilities & provisions £	Total £
Restricted funds:				
Income funds	661,790	-	-	661,790
Endowment fund	6,492,783	-	-	6,492,783
Unrestricted funds	1,502,495	(558,733)	(926,733)	17,029
	<u>8,657,068</u>	<u>(558,733)</u>	<u>(926,733)</u>	<u>7,171,602</u>

Company

	Fixed Assets £	Other net assets/ liabilities £	Long term Liabilities & provisions £	Total £
Restricted funds:				
Income funds	661,790	-	-	661,790
Endowment fund	6,492,783	-	-	6,492,783
Unrestricted funds	1,333,768	(628,827)	(876,205)	(171,264)
	<u>8,488,341</u>	<u>(628,827)</u>	<u>(876,205)</u>	<u>6,983,309</u>

For the year ended 31 March 2016
Group

	Fixed Assets £	Other net assets/ liabilities £	Long term Liabilities & provisions £	Total £
Restricted funds:				
Income funds	675,860	230	-	676,090
Endowment fund	5,731,324	-	-	5,731,324
Unrestricted funds	1,623,768	(2,112,470)	-	(488,702)
	<u>8,030,952</u>	<u>(2,112,240)</u>	<u>-</u>	<u>5,918,712</u>

Company

	Fixed Assets £	Other net assets/ liabilities £	Long term Liabilities & provisions £	Total £
Restricted funds:				
Income funds	675,860	230	-	676,090
Endowment fund	5,731,324	-	-	5,731,324
Unrestricted funds	1,412,807	(2,012,247)	-	(599,440)
	<u>7,819,991</u>	<u>(2,012,017)</u>	<u>-</u>	<u>5,807,974</u>

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

25 Reconciliation of movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net movement in funds	1,252,890	2,297,735
Interest received	(5,794)	(3,528)
Dividends received	(215,398)	(107,809)
Investment manager fees	37,641	-
Net gains on investments	(799,100)	50,798
Amortisation	7,375	11,535
Depreciation	341,646	377,306
(Increase) / Decrease in stock	(47,511)	6,132
(Increase) / Decrease in debtors	(449,778)	1,249,750
Increase / (Decrease) in creditors	1,092,817	(1,057,116)
Increase in provisions	270,781	-
Net cash inflow from operating activities	1,485,569	2,824,803

26 Related parties

During the year the following transactions took place with related parties.

Related party	Why related	Income £	Expenditure £	Year End creditor and provision £	Year End debtor £
Music North Limited	Subsidiary	(957,329)	-	(108,129)	270,139
Royal Northern Sinfonia Limited	Subsidiary	(3,424,373)	3,081,936	-	342,436
English Folk Dance and Song Society	A M Anderson is a director of both organisations	-	-	-	-
Sunderland University	M Fay is a Trustee of Sunderland University and J Cuthbert is Chair of their Development Committee	(275,262)	270,781	(348,281)	-
Thinking Digital	K Herb	(12,955)	-	-	-
Northumbrian Water Limited	M Fay	21,975	(59,585)	-	5,943

All transactions are made on an arm's length basis.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

26 Operating leases

As lessee:

The total future minimum lease payments under non-cancellable operating leases is set out below:

	Other 2017 £	Other 2016 £
Amounts due:		
Within one year	41,186	56,641
Between 2 to 5 years	55,329	60,194
	<u>96,515</u>	<u>116,835</u>

The operating leases are in relation to various items of office equipment.

As lessor:

The Group had contracts with tenants, under non-cancellable operating leases, for the following future minimum lease payments.

	Other 2017 £	Other 2016 £
Amounts due:		
Within one year	-	7,500
	<u>-</u>	<u>7,500</u>

The operating leases were in relation to Gateshead Old Town Hall.

27 Taxation

The Charity is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

NORTH MUSIC TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

28 Volunteer Time

The Charity places a great value on the contributions that volunteers made to the organisation. Over the course of the year, we benefited greatly not only from the considerable time, energy and expertise given by the Board of Trustees, but other volunteers as well.

Volunteers spend time on specific projects and newsletters. Volunteer time was donated by 23 individuals during 2016/2017, offering in the region of 1,043 hours.