

Charity Registration No. 1165778

Company Registration No. 09947772 (England and Wales)

HOUNSLOW MUSIC SERVICE

Annual report and financial statements

For the year ended 31 March 2019

HOUNSLOW MUSIC SERVICE

LEGAL AND ADMINISTRATIVE INFORMATION

Board Of Trustees	O M Barry T J Bruce C W Hill C R C Holderness S J Shotton
Charity number	1165778
Company number	09947772
Principal address	64A Pears Road Hounslow London TW3 1SR
Registered office	64A Pears Road Hounslow London TW3 1SR
Auditor	WSM Advisors Limited Connect House 133-137 Alexandra Road London SW19 7JY
Bankers	Barclays Bank plc

HOUNSLOW MUSIC SERVICE

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HOUNSLOW MUSIC SERVICE

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

For the year ended 31 March 2019

The Board Of Trustees present their report and accounts for the year ended 31 March 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's memorandum and articles, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Our Purpose and Activities

Charitable Objective

The charitable company's objects are set out in its Memorandum and Articles of Association.

The principal objective of the charitable company is to provide the highest quality musical opportunities for children, young people and others in and around the London Borough of Hounslow.

Our mission is to encourage participation, enjoyment and achievement by providing the highest quality learning opportunities in music and the performing arts.

Public benefit

The Trustees confirm that they have paid due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charitable Company. The Charity Commission, in its "Charities and public benefit" guidance, states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: firstly, there must be an identifiable benefit and, secondly, that the benefit must be to the public or a section of the public. The Trustees are satisfied that both these key principles are met by the operation and achievements of the Charitable Company.

HOUNSLOW MUSIC SERVICE

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

For the year ended 31 March 2019

Achievements and performance

Review of the year and plans for the future

Arts Council England

As lead organisation for the local Music Education Hub, the Trust continues to fully implement the National Plan for Music Education (NMPE), undertaking all the core and extension roles as detailed in the plan. A strong and supportive relationship continues with Arts Council England (ACE) who distribute funding on behalf of DfE. A significant amount of background information and statistical data is provided to ACE on a regular basis to secure the release of grant payments. The Annual feedback letter was received from ACE in December 2018. It assessed progress during 2017/18 and proposed the level of contact during 2018/19. A number of strengths were identified:

- Despite significant challenges impacting on school relationships and engagement (including school budget cuts, an increase in pupil numbers, etc), HMS continued to deliver well against core and extension roles
- Notable strengths include continuation rates of 43% and large group provision of 9.6%, both of which remained well above the national average.
- HMS continued to demonstrate realistic plans for sustaining its work informed by thorough needs analysis. It has also mitigated appropriately against clearly identified risks and has significantly extended its out of school offer, increased its emphasis on direct relationships with parents and families and undertaken a review of charges for its services
- Alongside this, HMS continued to demonstrate strong community engagement, particularly through active involvement with Hounslow Creative People and Places.

(HMS Feedback letter, Arts Council England, December 2018)

ACE has assessed the level of risk attached to the allocated DfE funding as minor risk for Hounslow, requiring a minimal level of monitoring and contact during the 2018/19 academic year.

First Access to music

As a core role of the NPME, enabling access to instrumental music making for all children is a priority and the HMS full year Whole Class Instrumental Programmes reached 4,790 pupils across 70% of primary schools in the borough during 2018/19. A further 1,577 pupils received small group instrumental and vocal lessons in the primary schools where the Whole Class Instrumental Programme was not delivered.

Continuation beyond first access

Continuation is an identified strength of HMS and numbers continuing beyond first access are significantly above national standards. In 2018/19 1,620 primary school pupils continued with instrumental lessons in large groups after their Whole Class Instrumental programme. At 34% this is a decrease from previous years, mainly due to the pressure on schools' budgets; however, it remains well above the national average.

HMS taught a further 1,108 pupils at secondary school, at Saturday Music Academy and at midweek music school. 1,470 primary school singers took part in two terms of workshops culminating in performing as part of a massed choir in our four-night Primary Schools Summer Singing Festival in July 2018, our largest ever festival.

Music Centres, Schools and Academy

In September 2018, after more than 30 years at the Green School for Girls, Saturday Music Academy reopened at the new Hounslow Town Primary School and at the Music Centre. This move to central Hounslow has meant that young pianists can have their lessons on quality instruments at the Music Centre. It has also provided HMS with the opportunity to hire more teachers to increase the size of Saturday Music in response to demand and long waiting lists. Delivering the Music Academy across two sites has been challenging; however, the opportunity to provide lessons for those who have been waiting for several years has been worth the effort.

Wednesday Music Centre has continued to flourish at the Green School, with the new Junior Brass Band and increased numbers in Hounslow Guitars and Junior Violins.

Midweek teaching at the Music Centre has started with lessons taking place on 3 nights per week, and the intention is to grow this offer as demand increases. HMS is still inundated with demand for piano lessons and so we are exploring how we can increase capacity in this area in the future.

HOUNSLOW MUSIC SERVICE

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

For the year ended 31 March 2019

Funding from other sources

We are grateful to the London Music Fund (LMF) for providing financial support for eight scholars. All are progressing well.

HMS operates a shadow scholar scheme where a second scholar is supported from within Hounslow and shares a lesson with the LMF pupil, thereby doubling the impact of the LMF funding.

We are also grateful to the Marcus Fund for its support of three pupils this year. Students must be in Hounslow Youth Orchestra and attend Saturday Music Academy to be eligible and funding can be used for fees, courses or tours.

In 2018 we also received funding from *The Arts Society Chiswick*. Their generous funding enabled us to purchase a Buffet E13 clarinet to be used by an advanced student without the means to purchase her own. This instrument remains the property of HMS and will be passed to another student in the future.

The Arts Society, Chiswick also funded our inaugural Choir of the Year competition, providing funding for the cost of venue, adjudicator, trophies and recording. We are very grateful to them for providing this donation.

Instrument Hire Scheme

HMS provided 3,498 instruments free of charge to pupils engaged in the Whole Class Instrumental Programme or on continuation programmes at Primary School. Instruments provided included tenor horns, trombones, trumpets, clarinets in both Eb and Bb, percussion packs, violins, violas and recorders, and every child had an instrument allocated so they could practice between lessons. All instruments, apart from recorders, remain the property of HMS. All HMS tutors are provided with valve oil, reeds and antiseptic cleaners to ensure that when there is pupil mobility new students are provided with instruments with clean mouthpieces.

There is an annual programme of mouthpiece and trombone slide collection, cleaning and maintenance. All brass and clarinet mouthpieces are bagged by school, collected and cleaned at the Music Centre. This is a large job which we pay former students to carry out. Brass mouthpieces are cleaned in the dishwasher with Milton disinfectant, while clarinet mouthpieces have to be cleaned by hand using vinegar and small brushes. Trombone slides are dipped in disinfectant and dents knocked out. This attention to instrument maintenance has kept hundreds of instruments in working order beyond their usual life.

Examinations

HMS hosts special examination visits from Trinity and ABRSM for HMS pupils at the Music Centre twice a year. The Music Centre has excellent facilities for exams and provides pupils with excellent pianos and a professional accompanist to support them through their exams. During 2018/19 115 pupils were entered for ABRSM examinations with 15 pupils achieving distinctions. A further 68 pupils were entered for Trinity examinations with 13 pupils achieving distinctions.

HOUNSLOW MUSIC SERVICE

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

For the year ended 31 March 2019

Concerts and events

HMS runs a busy programme of concerts at the end of every term to provide an opportunity for parents to hear their child's progress. These take place in various school halls and are always well attended.

Hounslow Primary School Summer Singing Festivals 2018

Hounslow's Primary Schools Summer Singing Festivals took place at Hammersmith Town Hall from 18th – 21st June. Each festival included a massed choir of approximately 350 drawn from different primary schools, as well as a senior HMS ensemble. The choir was accompanied each night by a professional stage band. On the final night Hounslow Youth Voices were joined by choirs from St Mark's RC Secondary and Isleworth and Syon School for Boys for a performance of O Fortuna from Orff's Carmina Burana and Kerry Andrews' No Place Like. The 2018 Singing Festivals attracted an audience of more than 2000 parents and supporters across the four nights and performances were of a very high standard. These festivals are hugely popular and feedback from parents, pupils and audience members was extremely positive. Unfortunately, Hammersmith Town Hall is now closed for three years so we will be unable to run Festivals there until it reopens.

Dean's Yard Summer Fete

Hounslow Youth Concert Band (HYCB) has been invited to perform at Dean's Yard for the Westminster Abbey Choir School summer fete for several years. It is a lovely event in a very special venue which pupils and their families love to attend. HYCB enthralled the crowds on a sunny Saturday afternoon in July in front of several hundred appreciative attendees.

BBC Ten Pieces Proms 2018

HMS was successful in a bid to take part in free choral workshops with members of the BBC Singers. As a result, we were invited to perform in a massed choir in two BBC Proms in July 2018. Hounslow Youth Voices were joined by choirs from St Mark's School and Isleworth and Syon School for Boys in the two Proms Ten Pieces Proms at the Royal Albert Hall, accompanied by the BBC Symphony Orchestra. Hounslow's choir, which was the largest there, was joined by choirs from across London and Essex. The concerts were spectacular, featuring a 30-foot firebird which 'flew' around the arena, all performed in front of a packed Royal Albert Hall.

HMS Summer Tour 2018

35 students and staff set off from Pears Road early on the morning of Thursday 19th July to travel by coach to the little town of Traben Trarbach in Rhineland. Accommodation at the local Youth Hostel was of a high standard and there was plenty of space for last minute rehearsals. The group performed concerts on the bandstand in Luxembourg City, on Trier summer stage, at the Kurpark in Bad Bertrich and in the tiny hamlet of Engeln. The concerts were very successful and two venues treated the group to a meal of pizzas and ice cream. Everyone enjoyed a boat trip on the Rhine and visited the birthplace of Karl Marx in Trier, although the ping pong tables at the hostel provided the greatest entertainment for many!

As always, the students were superb ambassadors for the borough both in their playing and in their behaviour.

Remembrance and Armistice, November 2018

For several years HMS has performed alongside the Royal British Legion (RBL) in a concert of Remembrance in Holy Trinity Church on Hounslow High Street. Our 2018 concert featured the Youth Orchestra, Youth Voices, instrumental soloists and Feltham Community Brass Band. Readings and flag ceremonies were carried out by cadets from the local RBL. Once again, the concert was of a high standard with the required solemnity.

The following morning our wind players were back at Holy Trinity Church for the Armistice Sunday event to provide the musical accompaniments for the congregational hymns and the Act of Remembrance.

Fountain City Brass (FCB) in Hounslow

Fountain City Brass Band are the top championship brass band in the USA and travelled to England to take part in Brass in Concert 2018. They contacted HMS to ask if there might be a space for them to rehearse near Heathrow before travelling to Newcastle and so we arranged that in return for rehearsal space they would perform a free concert at Hounslow Town Primary School. The performance was watched by almost 500 enthusiastic pupils from years 3 – 6, their teachers and several brass teachers from HMS. It was a huge treat and privilege to hear one of the world's top brass bands performing in a school hall in Hounslow.

HOUNSLOW MUSIC SERVICE

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

For the year ended 31 March 2019

Inaugural “Hounslow Choir of the Year” 2019

In March 2019 HMS hosted our first Choir of the Year competition. 14 schools took part in this event at the Paul Robeson Theatre in front of an external adjudicator. The categories were primary school choir, secondary school choir and overall school choir. Kingsley Academy won the secondary prize while Isleworth Town won the primary choir and overall choir of the year category. The event was sponsored by *The Arts Society, Chiswick* who attended the event and presented the winning schools with specially commissioned trophies. This event will be a biennial event with the next one taking place in March 2021.

National Youth Brass Band Championships

Brass Band England added a new, non-competitive *debut* category to their national championships which took place in Warwick in 2019. Since HMS teaches so many young brass players in whole class programmes, it was decided to see if we could create a band to take part in this event. There was just time for 3 rehearsals! More than 40 young players from Crane Park, Cranford and St Michael and St Martin Primary Schools and Springwell and Strand-on-the Green Junior Schools, travelled to Warwick by coach on Saturday 30th March accompanied by HMS staff to take part in the competition. A further 40 parents travelled by train or car to Warwick to support them. The young musicians had the opportunity to hear championship bands performing and then performed in front of a supportive audience. The adjudicators were extremely impressed by the new Hounslow Junior Brass Band, awarding them a highly commended certificate.

There was such enthusiasm that a new Junior Brass Band has been created and it continues to flourish at the Music Centre.

Chamber Concerts

2018/19 saw the introduction of end of term chamber concerts at the Music Centre to give young musicians the opportunity to perform in front of a small audience. Performances have ranged from pupils at the start of their musical journey who have had just 10 lessons, to those who are post Grade 8. These concerts, lasting no more than 1 hour, have been hugely popular and feedback from parents and pupils has been extremely positive. Lots of students who are not performing have come along to concerts to support their friends who are performing and we have been very pleased to see this strengthening of the musical community we are helping to build.

Financial review

Taking into account income and expenditure, the charity realised an operational deficit of £13,540 for the year before revaluations of fixed assets of £18,955. The net movement for the year was an increase of £5,415 in total charity's funds.

The deficit came about from the tail end of the change in the balance between free, and paid for, teaching in schools. During the financial year we conducted a full review of our whole class model, removing the free year and instead charging for all activity. There was a reduction in activity but not as significant as last year.

We have diversified into delivering more out of school lessons on midweek evenings and weekends to spread the risk of relying on one source of income and this has helped by having our own building. This has proven popular with parents, pupils and teachers.

Total fund balances as at 31 March 2019 were £235,883, of which £223,404 related to the revaluation reserve and the general unrestricted funds stood at £12,479.

Total income was £1,190,157 increased from £1,082,842 last year for the year from grant monies and tuition fees. Total expenditure of £1,203,697 increased from £1,196,705 last year of which £12,664 (2018: £12,222) related to the governance of the charitable company.

The board aims to increase the level in the coming years. It is the policy of the charitable company that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The board of trustees will continue to monitor the level of reserves and intend to increase these in the coming years in order that the charitable company can meet the repayments required under the terms of the long term loan referred to in Note 16 to the accounts.

HOUNSLOW MUSIC SERVICE

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

For the year ended 31 March 2019

Risk management

As required by the Charity Commission, the directors will undertake regular reviews of the significant risks to which the Charitable Company is exposed and ensure that mitigation policies are in place. A risk register is being established and will be updated annually.

The key risk that the Charitable Company has identified is the inability to secure or sustain current levels of funding. A number of lower priority risks have also been identified and procedures have been implemented which minimise these identified risks. The Board regularly discuss aspects of the operations to understand and manage the risk it faces.

Structure, governance and management

The charitable company is a company limited by guarantee and incorporated on 12 January 2016. The company was registered as a charity with Charity Commission on 26 February 2016.

Hounslow Music Service (HMS) was formerly part of the London Borough of Hounslow, providing music education services to children and young people in the borough. On 29 April 2016, HMS transferred out of the council's control to become the charity, Hounslow Music Service. All teaching staff and managers were transferred to Hounslow Music Service and the ownership of the instrument stock was transferred at that time.

The management and governance structure consists of the Board of Trustees and the Chief Executive, Oonagh Barry, who is also a trustee. The Board of Trustees meets five times during the year. The Chief Executive with her team runs the Trust, implementing the policies set by the Board of Trustees to deliver the core activities.

The Board Of Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

O M Barry

T J Bruce

G M Cory

(Resigned 14 March 2019)

C W Hill

C R C Holderness

S J Shotton

Appointment of Trustees and induction

None of the Board Of Trustees has any beneficial interest in the company. All of the Board Of Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Trustees are appointed for three years. All members are circulated with invitations to nominate trustees advising them of the retiring trustees and requesting nominations. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed. There shall be at least three Trustees and a maximum of seven Trustees.

New trustees undergo an orientation day to brief them on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

HOUNSLOW MUSIC SERVICE

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

For the year ended 31 March 2019

Auditor

WSM Advisors Limited was appointed as auditor to the charitable company and a resolution proposing that they be re-appointed will be put at a General Meeting.

Disclosure of information to auditor

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

The Trustees report was approved by the Board of Trustees.

O M Barry

Trustee

Dated: 18 December 2019

HOUNSLOW MUSIC SERVICE

STATEMENT OF TRUSTEES RESPONSIBILITIES

For the year ended 31 March 2019

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

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

In preparing these financial statements, the Board Of 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 operation.

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

HOUNSLOW MUSIC SERVICE

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOUNSLOW MUSIC SERVICE

Opinion

We have audited the financial statements of Hounslow Music Service (the 'charitable company') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Board Of Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

HOUNSLOW MUSIC SERVICE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HOUNSLOW MUSIC SERVICE

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Board Of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Annie Lee FCA
(Senior Statutory Auditor)
for and on behalf of WSM Advisors Limited

18 December 2019

Chartered Accountants
Statutory Auditor

Connect House
133-137 Alexandra Road
Wimbledon
London
SW19 7JY

HOUNSLOW MUSIC SERVICE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2019

	Notes	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Total 2018 £
<u>Income from:</u>					
Donations and legacies	3	1,177	385,722	386,899	383,071
Charitable activities	4	803,258	-	803,258	699,771
Total income		804,435	385,722	1,190,157	1,082,842
<u>Expenditure on:</u>					
Charitable activities	5	1,203,697	-	1,203,697	1,196,705
Net (expense)/income resources before transfers		(399,262)	385,722	(13,540)	(113,863)
Gross transfers between funds		385,722	(385,722)	-	-
Net outgoing resources		(13,540)	-	(13,540)	(113,863)
Other recognised gains and losses					
Revaluation of tangible fixed assets	10	18,955	-	18,955	54,989
Net movement in funds		5,415	-	5,415	(58,874)
Fund balances at 1 April 2018		230,468	-	230,468	289,342
Fund balances at 31 March 2019		235,883	-	235,883	230,468

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

All income and expenditure derive from continuing activities.

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

HOUNSLOW MUSIC SERVICE

BALANCE SHEET

As at 31 March 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	11		241,988		246,375
Current assets					
Debtors	13	67,814		143,129	
Cash at bank and in hand		210,864		111,099	
		<u>278,678</u>		<u>254,228</u>	
Creditors: amounts falling due within one year	14	(117,082)		(65,684)	
Net current assets			161,596		188,544
Total assets less current liabilities			403,584		434,919
Creditors: amounts falling due after more than one year	15		(167,701)		(204,451)
Net assets			<u>235,883</u>		<u>230,468</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	19	223,404		218,101	
General unrestricted funds		<u>12,479</u>		<u>12,367</u>	
			235,883		230,468
Total charity funds			<u>235,883</u>		<u>230,468</u>

HOUNSLOW MUSIC SERVICE

BALANCE SHEET (CONTINUED)

As at 31 March 2019

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2019, although an audit has been carried out under section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accounts were approved by the Board of Trustees on 18 December 2019

O M Barry
Trustee

Company Registration No. 09947772

HOUNSLOW MUSIC SERVICE

STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	25		104,773		(72,428)
Investing activities					
Purchase of tangible fixed assets		(5,008)		(16,112)	
Net cash used in investing activities			(5,008)		(16,112)
Net increase/(decrease) in cash and cash equivalents			99,765		(88,540)
Cash and cash equivalents at beginning of year			111,099		199,639
Cash and cash equivalents at end of year			210,864		111,099

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1 Accounting policies

Charity information

Hounslow Music Service is a private company limited by guarantee incorporated in England and Wales. The registered office is 64A Pears Road, Hounslow, London, TW3 1SR. The company is also a registered charity with registration number 1165778.

1.1 Accounting convention

The accounts have been prepared in accordance with the charitable company's memorandum and articles, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charitable company is a Public Benefit Entity as defined by FRS 102.

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

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

1.2 Going concern

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

1.3 Charitable funds

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

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

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

1.4 Incoming resources

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

Grants receivable and local authority fees are credited to the statement of financial activities in the period to which they relate. A liability for any repayment is recognised when there is uncertainty.

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

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

Incoming resources represent tuition fees and income from concerts, tours, hire of instruments, subscriptions, training and other services rendered during the year. Donations and other income are included in the year in which they are received.

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

1 Accounting policies

(Continued)

1.5 Resources expended

Resources expended are recognised in the year in which they are incurred. Resources expended include attributable Value Added Tax which cannot be recovered.

Expenditure for charitable purposes

Direct charitable expenditure includes all expenditure directly related to the objectives of the charitable company and comprises the costs of providing instrumental tuition, concert performances, tours, and education and community projects undertaken by the charitable company and is accounted for when payable. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Governance costs

Governance costs represent expenditure incurred in the management of the charitable company's assets, organisational administration and compliance with constitutional and statutory requirements.

1.6 Tangible fixed assets

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

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

Musical instruments	Over 5-25 years on a straight line basis per annum
Office equipment	Over 3 years on a straight line basis per annum

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

1.7 Impairment of fixed assets

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

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

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

1 Accounting policies

(Continued)

Basic financial assets

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.10 Employee benefits

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

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

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The charitable company contributes to the Teachers' Pension Scheme on behalf of the teaching staff and also contributes to defined contribution pension schemes which have been arranged for members of staff, who are not eligible to join the Teachers' Pension Scheme.

Pension costs charged in the Statement of Financial Activities represent the contributions payable by the charitable company in the year.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

2 Critical accounting estimates and judgements

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

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

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Donations and gifts	1,177	-	1,177	3,000
Grant receivable for core activities	-	385,722	385,722	380,071
	<u>1,177</u>	<u>385,722</u>	<u>386,899</u>	<u>383,071</u>
For the year ended 31 March 2018	<u>3,000</u>	<u>380,071</u>		<u>383,071</u>
Donations and gifts				
Donated musical instruments	1,177	-	1,177	3,000
	<u>1,177</u>	<u>-</u>	<u>1,177</u>	<u>3,000</u>
Grants receivable for core activities				
Department of Education - Music Education Grant	-	380,074	380,074	375,441
Mayor's Music Fund	-	4,448	4,448	1,890
Other Grant	-	1,200	1,200	2,740
	<u>-</u>	<u>385,722</u>	<u>385,722</u>	<u>380,071</u>

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

4 Charitable activities

	School Income £	Parental Income £	Total 2019 £	Total 2018 £
Income from:				
Music education	549,662	253,596	803,258	699,771
Analysis by fund				
Unrestricted funds	549,662	253,596	803,258	
For the year ended 31 March 2018				
Unrestricted funds	544,622	155,149		699,771

5 Charitable activities

	2019 £	2018 £
Expenditure on:		
Staff costs	726,774	746,834
Depreciation and impairment	28,350	27,538
Direct costs	84,526	56,890
	839,650	831,262
Share of support costs (see note 6)	351,383	353,222
Share of governance costs (see note 6)	12,664	12,222
	1,203,697	1,196,705
Analysis by fund		
Unrestricted funds	1,203,697	1,196,705
	1,203,697	1,196,705

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

6 Support costs

	Support costs	Governance costs	2019	2018	Basis of allocation
	£	£	£	£	
Staff costs	264,592	-	264,592	262,798	100% core activities
Telephone & Internet	2,884	-	2,884	2,516	100% core activities
Bank fees	3,049	-	3,049	766	100% core activities
Cleaning and refuse collection	9,034	-	9,034	8,693	100% core activities
Consulting	11,025	-	11,025	17,611	100% core activities
Entertainment	462	-	462	1,743	100% core activities
General expenses	9,794	-	9,794	5,263	100% core activities
IT costs	12,902	-	12,902	17,003	100% core activities
Utilities	10,395	-	10,395	11,854	100% core activities
Printing, postage & stationery	4,351	-	4,351	3,538	100% core activities
Rent	3,000	-	3,000	3,981	100% core activities
Loan interest	3,250	-	3,250	2,750	100% core activities
Audit fees	-	5,700	5,700	8,000	100% core activities
Accountancy	-	3,300	3,300	2,160	100% core activities
Legal and professional	-	3,664	3,664	2,062	100% core activities
Insurance	2,377	-	2,377	2,333	100% core activities
Travel	1,730	-	1,730	697	100% core activities
Payroll admin	6,945	-	6,945	5,001	100% core activities
Rates	5,472	-	5,472	6,455	100% core activities
Trustees expenses	121	-	121	219	100% core activities
	<u>351,384</u>	<u>12,664</u>	<u>364,048</u>	<u>365,444</u>	
Analysed between					
Charitable activities	<u>351,384</u>	<u>12,664</u>	<u>364,048</u>	<u>365,444</u>	

7 Board Of Trustees

During the year, a negligible sum of £121 was recharged for legitimate trustee expenses. These were incurred for the purposes of travelling to board meetings.

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

8 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Teaching staff	58	60
Management	4	4
Administration	2	2
	<u>64</u>	<u>66</u>

Employment costs

	2019 £	2018 £
Wages and salaries	812,831	828,275
Social security costs	51,646	55,336
Other pension costs	126,889	126,021
	<u>991,366</u>	<u>1,009,632</u>

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

9 Taxation

The charitable company is exempt from corporation tax on its charitable activities.

10 Revaluation of fixed assets

	2019 £	2018 £
Revaluation of tangible fixed assets	<u>18,955</u>	<u>54,989</u>

In the prior years a valuation adjustment to the value of fixed assets transferred in from Hounslow Council in 2017 was made. This was deemed necessary following a full stocktake of the musical instruments that was undertaken. During the year a valuation was undertaken by expert on the percussion and an adjustment of £18,955 was included in the accounts.

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

11 Tangible fixed assets

	Musical instruments £	Office equipment £	Total £
Cost			
At 1 April 2018	319,078	2,409	321,487
Additions	1,845	3,163	5,008
Revaluation (see note 10)	18,955	-	18,955
	<u>339,878</u>	<u>5,572</u>	<u>345,450</u>
At 31 March 2019			
Depreciation and impairment			
At 1 April 2018	73,506	1,606	75,112
Depreciation charged in the year	26,493	1,857	28,350
	<u>99,999</u>	<u>3,463</u>	<u>103,462</u>
At 31 March 2019			
Carrying amount			
At 31 March 2019	<u>239,879</u>	<u>2,109</u>	<u>241,988</u>
At 31 March 2018	<u>245,572</u>	<u>803</u>	<u>246,375</u>

12 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>31,352</u>	<u>117,077</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>256,283</u>	<u>264,854</u>

13 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	31,352	117,077
Prepayments and accrued income	36,462	26,052
	<u>67,814</u>	<u>143,129</u>

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

14 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Borrowings		40,000	-
Deferred income	17	28,500	5,281
Trade creditors		15,933	26,501
Other creditors		13,773	17,358
Accruals and deferred income		18,876	16,544
		<u>117,082</u>	<u>65,684</u>

15 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Borrowings	167,701	204,451
	<u>167,701</u>	<u>204,451</u>

16 Loans and overdrafts

	2019 £	2018 £
Other loans	207,701	204,451
	<u>207,701</u>	<u>204,451</u>
Payable within one year	40,000	-
Payable after one year	167,701	204,451
	<u>167,701</u>	<u>204,451</u>

The charitable company entered a loan agreement with London Borough of Hounslow on 29 April 2016. The long-term loan is non-secured.

The loan interest is at the rate of 1% above the base lending rate from Bank of England. During the 2017/2018 year, repayment terms were revised; stating repayment of five tranches of £40,000 over a 5 year period with the first repayment due in July 2019.

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

17 Deferred income

	2019 £	2018 £
Arising from tour income in advance	28,500	5,281

Deferred income is included in the financial statements as follows:

	2019 £	2018 £
Current liabilities	28,500	5,281

18 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2018 £	Movement in funds			Balance at 31 March 2019 £
		Incoming resources £	Resources expended £	Transfers £	
Grant	385,722	-	-	(385,722)	-

The transfer represented the costs incurred for the core activities relating directly to the grant monies received.

19 Designated funds

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

	Balance at 1 April 2018 £	Incoming resources £	Movement in funds			Balance at 31 March 2019 £
			Resources expended £	Transfers £	Revaluations, gains and losses £	
Revaluation of Musical Instruments	218,101	-	(20,789)	7,137	18,955	223,404
	218,101	-	(20,789)	7,137	18,955	223,404

The resources expended represent the depreciation cost for the musical instruments.

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

20 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2019 are represented by:			
Tangible assets	241,988	-	241,988
Current assets/(liabilities)	161,596	-	161,596
Long term liabilities	(167,701)	-	(167,701)
	<hr/>	<hr/>	<hr/>
	235,883	-	235,883
	<hr/>	<hr/>	<hr/>

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

21 Operating lease commitments

Lessee

The operating lease represents the lease of part of the ground floor and all of the first floor of 64 Pears Road. The inception of the lease was on 4th January 2017. The lease is negotiated at a rent of £3,000 per annum over 20 years and rentals are fixed for 5 years. The rent will be reviewed upwards every 5 years by between 2 and 4%, whichever is closer to the level of inflation, for the entire 20 year lease. There is no stated commitment period in the lease contract.

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019	2018
	£	£
Aggregate compensation	57,634	57,256

23 Pension schemes

Teachers Pension Scheme

The charity participates in the Teachers' Pension Scheme (the "TPS"), for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £111,709.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme and took on by the charitable company as part of the transfer. The LGPS is closed to the charitable company so no new members can be admitted from the point of externalisation. By March 2018 just two members of staff remain, approximately 1.3FTE. The scheme would continue until the last member leaves the charitable company. The total contribution made in the year was £32,823.

HOUNSLOW MUSIC SERVICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

24 Company limited by guarantee

The liability of the members is limited. Every member undertakes to contribute an amount not exceeding £1 to the assets of the company, in the event of the company being wound up whilst they are a member, or within one year after ceasing to be a member, for the payment of the debts and liabilities of the company contracted before ceasing to be a member.

25	Cash generated from operations	2019 £	2018 £
	Surplus/(deficit) for the year	(13,540)	(113,863)
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	28,350	27,538
	Loan interest provision	3,250	2,750
	Movements in working capital:		
	Decrease/(increase) in debtors	75,315	(30,535)
	(Decrease)/increase in creditors	(11,821)	36,401
	Increase in deferred income	23,219	5,281
	Cash generated from/(absorbed by) operations	<u>104,773</u>	<u>(72,428)</u>
26	Analysis of cash and cash equivalents		
		2019 £	2018 £
	Cash in hand	<u>210,864</u>	<u>111,099</u>