Company registration number	**2944161**
Charity registration number	**1062049**

LANCASTER COMMUNITY MUSIC TRUST

FINANCIAL STATEMENTS
Year to 31 August 2016

LANCASTER COMMUNITY MUSIC TRUST

FINANCIAL STATEMENTS

Year to 31st August 2016

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LANCASTER COMMUNITY MUSIC TRUST

Annual Trustees' Report for the year ended 31st August 2016

The trustees present their annual report on the affairs of the company, together with the accounts for the year ended 31st August 2016.

Legal and administrative information

(a) Name

The full name of the charity is Lancaster Community Music Trust.

(b) Constitution and governing legislation

The charity is established as a limited company, without share capital, under the Companies Act 2006. Its operation is governed by its Memorandum and Articles of Association of 30 June 1994. The company number is 2944161. The company is a registered charity (no. 1062049).

(c) Trustees and directors

The persons who served on the Board of Trustees and were directors of the company during the year were:

R Frankland
T Forsdick
M Ross (resigned 16th June 2016)
J Rees (resigned 16th June 2016)
D Shooter (appointed 28 January 2016)
C Shaw
L Roch
N Gilliat
J F R McIlveen

(d) Appointment of trustees

The appointment of trustees is governed by provisions contained within the company's Articles of Association. These are as follows:

(i) At each annual general meeting one third of the members of the Board of Trustees must retire and, if desired, stand for re - election. The trustees to retire are those longest in office since their last election.
(ii) The company, at the annual general meeting, may fill the positions vacated by the retiring trustees by electing any persons thereto, or by re - electing the retiring members.
(iii) The Board of Trustees has the power to appoint any person to be a trustee either to fill a casual vacancy or in order to
increase the number of trustees. Any trustee appointed in this way must retire at the following annual general meeting and stand for re - election, if desired, at that meeting.
(iv) Any member of the company, qualified to attend and vote at the annual general meeting, is entitled to propose the appointment of a person to act as a trustee.

(e) Trustees' responsibilities

The trustees are required to prepare accounts for each financial year 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 the surplus or deficit of the company for that year. In preparing those accounts the trustees are required to:

a) select suitable accounting policies and then apply them consistently,
b) make judgements and estimates that are reasonable and prudent;
c) follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts; and
d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that this basis applies.

Legal and administrative information (continued)

Trustees' responsibilities (continued)

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with all relevant legislation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

(f) Registered office

The registered office of the company is 4 Fairfield Close, Lancaster. LA1 5NT

(g) Secretary

The company secretary is Mrs R Hutchison.

(h) Bankers

The company's bankers are the Royal Bank of Scotland plc, of 2, New Street, Lancaster, LA1 1EG, CAF Bank Limited of 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ, and Scottish Widows plc of PO Box 12757, 67 Morrison Street, Edinburgh, EH3 8YJ.

(i) Specific restrictions on the company

(i) Clause 4 of the Memorandum of Association of the company stipulates that the income and property of the company shall be applied solely towards the promotion of its objects and no portion is to be paid by way of dividend, bonus or otherwise to the members of the company. Additionally no trustee appointed to any office of the company is to be paid a salary, or receive any remuneration or other benefit from the company.
(ii) Clause 3.12 of the Memorandum of Association prohibits the company from combining with other entities unless their objects are the same or similar and their constitutions contain similar restrictions to that of the company concerning the distribution of profits.
(iii) Clause 7 of the Memorandum of Association states that upon the winding up or dissolution of the company any assets remaining, after the satisfaction of all liabilities, shall not be paid to or distributed among the members of the company, but shall be transferred to other charitable bodies having similar objects and which similarly prohibit the distribution of income or property among its members.

Full details of all the restrictions imposed on the company and the framework within which the company operates are contained in the Memorandum of Association.

(j) Investment powers

The company is permitted by its Memorandum of Association to invest any funds not immediately required for its purposes in any investments, securities or property as may be thought fit subject to such conditions as may for the time being be imposed or required by law.

Report on activities for the year

(a) Objects of the company

The company's principal objects, as set out in the Memorandum of Association are:

"The promotion, improvement, development and maintenance of public education in, and appreciation of, music in the District of the City of Lancaster."

Report on activities for the year (continued)

(a) Objects of the company (continued)

The company was formed in 1994 and has pursued its objects by establishing, managing and developing a Music Centre for the Lancaster District (known as the Lancaster Community Music Centre) that offers tuition in a variety of instruments, on both a group and individual basis, to members of the public, of all ages and abilities. The Music Centre operates on Saturday mornings, largely during school terms, from premises at Lancaster Royal Grammar School.

There were no changes in the year in the policies adopted by the company in order to further its objects.

(b) Organisation of the company

The company is governed by its Board of Trustees, consisting of not less than 3 members, which meets at least five times per year.

(c) Progress in the year

The company continued to operate the Music Centre from its premises at Lancaster Royal Grammar School. The number of paying members was 116. Income from access fees (£13,698) continued to reduce compared with 2015 (£15,335). Paid ensemble hours remained at around 300 hours as in 2015, corresponding to around 10 hours/week, with some ensembles remaining under voluntary leadership to maintain the reduction in spending started in 2015. The drop in income was offset by decreased expenditure, in particular the ending of the paid Centre Director post in November 2015 and reduced office costs due to the ending in March 2016 of paid administrative assistance on Saturday mornings.

(d) Voluntary assistance

The company depends considerably on the commitment and enthusiasm of its volunteers. Most of the management of the company is undertaken by unpaid volunteers.

(e) Review of financial position

The financial results for the year are as set out in the income and expenditure account on page 6 and the statement of financial activities on page 7. The position at the end of the year is shown in the balance sheet on page 8.

The deficit for the year and its allocation is as follows:

	2016	2015
	£	£
Operating deficit before grants and other income	**(1763)**	(3078)
Donations	**386**	152
Investment income	**88**	113
Deficit for the year	**(1289)**	(2813)
Allocation:		
Transfer from revenue reserve	**(1289)**	(2813)

The main points arising from these accounts are as follows:

(i) Total income from the company's activities decreased by 10.6% to £16,474 (2015 - £18,425). The income within this sum (excluding donations and legacies) applied to the costs of operating the Music Centre decreased by £2,185 from £18,273 to £16,088.
(ii) Total expenditure of the company decreased by 16.4% to £17,851 (2015 - £21,351).

Report on activities for the year (continued)

Review of financial position (continued)

(iii) Income from donations and associated income tax recoveries increased from £152 to £386.
(iv) The revenue reserves of the company decreased to £14,464 (2015 - £15,753).

(f) Fixed assets

Movements in fixed assets in the year are shown in note 4 to the accounts. Capital expenditure of £Nil (2015 - nil) took place in the year.

(g) Valuation of fixed assets

The trustees consider the market value of the company's fixed assets to be more than their current book value but in the absence of a valuation are unable to quantify the excess..

(h) Future plans and commitments

The company's finances are considered by the Trustees to be sufficient to meet all existing commitments.

(i) Connected charities

The company is not connected with, or affiliated to, any similar charities.

(j) Reserves policy

The policy of the company is to eventually retain a working capital reserve equivalent to a year's running costs. This is to be achieved by stages. The reserve is considered to be the amount necessary to provide a sufficient financial cushion, should the company have to seek new premises for the Music Centre. For the 2016-17 year, as an interim measure, the policy is to retain a working capital reserve equivalent to 75 per cent of the running costs for the past year. The actual level of the reserve at 31 August 2016 was £14,443 (2015 - £15753), compared to a required level of £16,013.

(k) Risk review

The trustees keep the major risks to which the charity is exposed under review and policies are implemented, where necessary to mitigate those risks. The principal risks are seen as being reductions in membership and hence income, insufficient trustees, and loss of the Music Centre premises. The first two matters are continually addressed through recruitment campaigns. The potential loss of premises is addressed by the policy on reserves (see (j) above).

(l) Public benefit statement

The Lancaster Community Music Trust exists to provide education in music to all members of the general public of the Lancaster District, regardless of age or ability. As a self-funded organisation there is a requirement for all members to pay a fee in order join the Music Centre. In order to maximise access by the general public considerable discounts are made available to families depending on their circumstances, for example (not exhaustive), independent students, the unemployed, persons reliant solely on state benefits and persons over age 65.

The trustees of the Lancaster Community Music Trust believe they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission.

Report on activities for the year (continued)

(m) Statutory compliance

The trustees' report and the attached accounts comply with current statutory requirements, the requirements of the charity's governing document and the requirements of the Charities SORP. This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The Trustees' Report was approved on 21st November 2016 and was signed on behalf of the Trustees by:

.... Trustee

LANCASTER COMMUNITY MUSIC TRUST

Summary Income and Expenditure Account
Year to 31 August 2016

	Note	2016 £	2015 £
Turnover	1	**16,474**	18,425
Operating costs	2	**(17,872)**	(21,351)
Operating deficit	3	**(1,398)**	(2,926)
Interest receivable		**88**	113
Deficit for the financial year		**(1,310)**	(2,813)

The Summary Income and Expenditure Account includes all gains and losses in the financial period and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

LANCASTER COMMUNITY MUSIC TRUST

Statement of Financial Activities
Year to 31 August 2016

	Note	Unrestricted funds £	Restricted funds £	Total funds 2016 £	Total funds 2015 £
INCOMING RESOURCES					
Incoming resources from generating funds:	**1 & 3**				
Core activity - Music Centre		16,088	-	**16,088**	18,273
Voluntary income		386	-	**386**	152
Investment income		88	-	**88**	113
Total incoming resources		**16,562**	-	**16,562**	18,538
Resources expended	**2**				
Charitable activities					
Core activity - Music Centre		17,872	-	**17,872**	21,351
Management and administration of the charity		-	-	-	-
Governance Costs		-	-	-	-
Total resources expended		**17,872**	-	**17,872**	21,351
Net outgoing resources for the year before transfers		**(1,310)**	-	**(1,310)**	(2,813)
Transfers between funds		-	-	-	-
Net movement in funds		**(1,310)**	-	**(1,310)**	(2,813)
Fund balances brought forward at 1st September 2015		**15,753**	-	**15,753**	18,566
Fund balances carried forward at 31st August 2016		**14,443**	-	**14,443**	15,753

The Statement of Financial Activities includes all gains and losses in the financial period and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

Balance Sheet
31 August 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	4	**357**	497
Current assets			
Debtors	5	-	(8)
Cash at bank and in hand		**14,486**	15,271
		14,486	15,263
Creditors: amounts falling due within one year	6	**(400)**	(7)
Net current assets		**14,086**	15,256
Net assets		**14,443**	15,753
Capital funds and reserves			
Unrestricted fund - accumulated surplus	7	**14,443**	15,753

Statement of the trustees:

The trustees are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act. The trustees acknowledge their responsibilities for:

a. ensuring that the charity keeps proper accounting records which comply with section 386 of the Act,
b. preparing financial statements which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

These financial statements were approved by the members of the board on 21 November 2016 and are signed on their behalf by:

Trustee

Lancaster Community Music Trust (Company Registration Number 2944161)

Accounting Policies
31 August 2016

Accounting basis

These accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Statement of Recommended Practice, "Accounting by Charities", issued in March 2005 (SORP 2005), and applicable Company and Charity legislation.

Incoming resources

This represents the gross income of the company receivable in the year from all sources.

Resources expended

Resources expended are included in the statement of financial activities on an accruals basis. Expenditure includes any applicable VAT.

Donations, voluntary income and legacies

Donations, voluntary income and legacies are credited to the income and expenditure account in the year of receipt.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Computer equipment	50% - on cost
Electronic instruments and equipment	33% - on written down value
Non - electronic instruments and equipment	25% - on written down value

Value added tax

The company is not registered for VAT. Accordingly all items of income and expenditure in the income and expenditure account are, where applicable, inclusive of VAT.

Corporation tax

The company is a registered charity and, as such, is exempt from corporation tax on its income.

Fund accounting

Unrestricted funds comprise those funds which the trustees are free to use in accordance with charitable objects.

Designated funds are those funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds are funds which have been given for particular purposes and projects.

	2016	2015
	£	£

1. Operating income

	2016	2015
Access fees	**13,698**	15,335
Music Centre coffee bar	**1,455**	1,749
Donations and trust membership	**386**	152
Sundry Centre income	**936**	1,189
	16,474	18,425

2. Direct charitable expenditure

	Unrestricted funds £	Restricted funds £	Total 2,016 £	Total 2015 £
Ensemble leaders	7,967	-	**7,967**	8,879
Centre Director	-	-	-	1,600
Music Centre coffee bar	930	-	**930**	1,134
Administration and publicity	626	-	**626**	1,333
Premises and insurance	7,742	-	**7,742**	7,725
Depreciation	140	-	**140**	243
Sundry Centre expenditure	467	-	**467**	437
	17,872	-	**17,872**	21,351

3. Operating deficit

The operating deficit is stated after charging / (crediting) the following:

	2016	2015
Depreciation of tangible fixed assets	**140**	243
Bank interest received	**(88)**	(113)

4. Tangible fixed assets

	Instruments & equipment	Computer equipment	Total
Cost	£	£	£
At 1 September 2015	14,621	636	15,257
Additions	-	-	-
Disposals	-	-	-
At 31 August 2016	**14,621**	**636**	**15,257**
Depreciation			
At 1 September 2015	14,124	636	14,760
Charge for the year	140	-	140
Disposals	-	-	-
At 31 August 2016	**14,264**	**636**	**14,900**
Net book value			
At 31 August 2016	**357**	**-**	**357**
At 31 August 2015	497	-	497

The net book value at 31 August 2016 represents fixed assets used entirely for direct charitable purposes.

5. Debtors

	2016	2015
	£	£
Amounts due from members	-	(15)
Sundry debtors	-	8
	-	(8)

6. Creditors

	2016	2015
	£	£
Amounts falling due within one year:		
Taxation and social security	-	7
Other creditors	**400**	-
	400	7

7. Reserves

	2016	2015
	£	£
Unrestricted funds:		
Balance at 1 September 2015	**15,753**	18,566
Incoming resources	**16,562**	18,538
Outgoing resources	**(17,872)**	(21,351)
Transfers	-	-
Balance at 31 August 2016	**14,443**	15,753

8. Staff costs

	2016	2015
	£	£
Total staff costs were as follows:		
Wages and salaries - Saturday office staff	**226**	1,248
Social security costs	-	-
	226	1,248

9. Related party transactions

Trustees - expenses and remuneration

No trustee was paid any remuneration in the year and, apart from the reimbursement of expenditure incurred by trustees on behalf of the company, no trustees received any expense payments.

10. Ultimate control

The company is controlled by its members in general meeting. No member is entitled to more than one vote.

THE FOLLOWING PAGE
DOES NOT FORM PART OF
THE STATUTORY ACCOUNTS

LANCASTER COMMUNITY MUSIC TRUST

Income and expenditure account
Year to 31 August 2016

	2,016 £	2015 £
Income		
Access fees	**13,698**	15,335
Donations and trust membership	**386**	152
Cafe	**1,455**	1,749
Concerts and performances	**434**	551
Secondhand music sales	**82**	77
Instrument loans	**420**	561
	16,474	18,425
Expenditure		
Ensembles	**7,967**	8,879
Centre director	-	1,600
Office costs	**226**	1,333
Premises	**7,200**	7,200
Performance costs	-	136
Bank charges	**3**	-
Insurance	**542**	525
Repairs and renewals	**140**	32
Presentations and prizes	-	97
CRB costs	-	44
Accountancy	**400**	-
Computer software & consumables	**102**	102
Cafe purchases	**930**	1,134
Sundry expenses	**222**	26
Depreciation	**140**	243
	17,872	21,351
Operating deficit	**(1,398)**	(2,926)
Interest received	**88**	113
Net deficit for the year	**(1,310)**	(2,813)