

Charity Registration No: 701309
Company Registration No: 02233308 (England & Wales)

THE ELGAR SCHOOL OF MUSIC LIMITED

UNAUDITED TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2016

WEDNESDAY



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THE ELGAR SCHOOL OF MUSIC LIMITED

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THE ELGAR SCHOOL OF MUSIC LIMITED

LEGAL AND ADMINISTRATION INFORMATION

Trustees:	C Allsop (Chairman) C Skerrett S Humes P Sheeran D Long J Parsons J Brierley N Sandy
Secretary:	C Allsop
Charity Number:	701309
Company Number:	02233308
Principal Address and Registered Office:	16-20 Deansway Worcester WR1 2ES
Independent Examiner:	John Yelland OBE FCA Home Farm House Drakes Broughton Pershore Worcestershire WR10 2AG
Bankers:	HSBC 4-6 Broad Street Worcester WR1 2EJ

THE ELGAR SCHOOL OF MUSIC LIMITED

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their report and accounts for the year ended 31 August 2016.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006 and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller entities published on 16 July 2014.

Structure, governance and management

The Elgar School of Music is a charitable company limited by guarantee and as such does not have any share capital. The charity is constituted under its Memorandum and Articles of Association. The charity is registered with the Charity Commission. The charity registration number is 701309 and the limited company registration number is 02233308. The principal address of the charity is 16 – 20 Deansway, Worcester, WR1 2ES.

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

C Allsop	(Chairman)	P Sheeran	
D Long		J Parsons	
C Frost		J Brierley	
R Richards	(Resigned 01.11.16)	B Humphrey	(Resigned 31.12.16)
S Humes			

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

The charity is controlled by the trustees who have regular meetings to review the implementation of its policies. Trustees are appointed, by the members in general meeting. New trustees are provided with copies of the most recent annual report and accounts, a role description of the responsibilities of a trustee, a copy of the Memorandum and Articles of Association of Elgar School of Music Limited, copies of recent minutes of meetings and a copy of the Charity Commission publication, "Responsibilities of Charity Trustees". New trustees also have an induction session with the Chair.

Risk management

The school's management and governing body are continually monitoring and assessing potential risk. The main areas of focus are Health and Safety and Child Protection. All policies are reviewed and updated annually and made available to all members of staff, self employed tutors and users of the school. There have been no incidents to report and the school continues to ensure safe and legal practices.

Objectives and activities

The principal object of the company in the period under review was that of a registered charity engaged in the promotion and provision of music education. The objects were achieved by the provision of music lessons and musical activities.

The trustees confirm that they have complied with the duty in Section 17(5) of the 2011 Charities Act to take due regard to guidance on public benefit published by the Charity Commission when reviewing the charity's aims and objectives and in planning future activities and setting the grant making policy for the year.

THE ELGAR SCHOOL OF MUSIC LIMITED

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (Continued)

Achievements and Performance for the year under review

The school has focused on its musical development over the course of this year. Good progress has been made and the artistic programme has developed considerably with many new projects and groups launched, now providing a wide array of concerts performed at the school and at outside venues, creating wider opportunities for our students.

We have also created a new departmental structure to manage the increase in activity and allow the introduction of individual staff reviews.

In May, a new concert series called Tiny Tunes commenced which is a classical concert series for babies and toddlers. Around the same time, we also began a baroque choir and orchestra and a number of baroque instrument ensembles. Our vocal department goes from strength to strength, with an increase of members to our Opera Studio and existing choirs. We have also begun a new Contemporary Vocals group. Our community choirs continue to thrive.

Following the purchase of our new pianos, in April, we bought a new electronic harpsichord to support the burgeoning of baroque music at the school.

In June, our first in-house competitive festival provided a wonderful opportunity for our existing students to perform and be appraised, raising the level of performance of all students that participated.

We have created partnerships with a number of outside organisations. In collaboration with The Film Orchestra, we provide very popular regular conducting workshops with international conductors.

We have created partnerships with outside venues: our Tiny Tunes series is run in collaboration with Sty Martin's Church in Worcester and we have also created links with St Swithun's Church in Worcester. We are continuing to develop new connections.

The Elgar School of Music continues to be a centre for the Certificate of Education (Trinity Board) and has had four teachers qualify.

Our marking and publicity continues to develop with a new website and social media publicity. We continue to provide regular updates via newsletters to our mailing list.

Plans for the Future

The aims for the future are to continue to develop our artistic programme and create even more opportunities for our students. Student numbers for individual and group lessons have grown which is encouraging and a sign that the artistic programme is serving a valuable addition to regular tuition.

We have worked hard to raise money for a new project that brings music to Special Needs Schools in Worcester and will continue this project into 2017, working closely with Severn Arts.

We are also in the process of developing an agency under the Elgar School's name which will generate a new income stream to the school by providing musicians for events such as weddings, parties and business functions.

We are keen to develop jazz within the school and to further our teacher training provision.

Finally, we are also investigating whether we can slightly enlarge and make the school more visible through building improvements.

THE ELGAR SCHOOL OF MUSIC LIMITED

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015 (Continued)

Financial review

The net result for the year was a deficit of £1,901 (2015 surplus £2,206). This comprised of a deficit on unrestricted funds of £11,406 (2015 surplus £2,450) and a deficit on restricted funds of £495 (2015 deficit £244). Unrestricted reserves, excluding fixed assets, held at 31 August 2015 amounted to £1,797 (2015 - £24,202). In the opinion of the trustees the state of affairs of the company is satisfactory and the objects of the charity have been achieved.

Reserves Policy

The trustees have reviewed the charity's needs for reserves in accordance with the guidance issued by the Charity Commission and have taken into account the desirability of holding sufficient funds to meet unexpected disruption of the income flow. The level of 'free reserves' is £1,797 (unrestricted reserves excluding those allocated to tangible assets).

The trustees consider that an appropriate minimum level of free reserves should be four months of the charity support costs which represents a figure of £26,000. The trustees therefore believe that the current level of reserves are too low and are aiming to increase reserves to approximately four month's support cost expenditure in the short term and then to six months to support cost expenditure (£39,000) in the medium term.

Statement of Trustees' Responsibilities

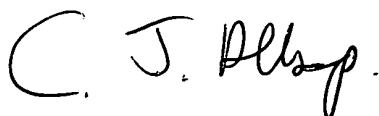
Law applicable to charities in England and Wales requires trustees to prepare financial statements for each financial year which give a true and fair view of the financial activities of the charity during the year and of its state of affairs at the end of the year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with applicable law. 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.

This report has been prepared in accordance with the special provisions of Section 419(2) of the Companies Act 2006 relating to small companies.

On behalf of the board of trustees



C Allsop
Chairman

Dated: 27.5.2017

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES
OF THE ELGAR SCHOOL OF MUSIC LIMITED

I report on the accounts of the company for the year ended 31 August 2016, which are set out on pages 6 to 12.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under Part 16 of the Companies Act 2006 and is eligible for independent examination, it is my responsibility to:

- examine the accounts under Section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commissioners under Section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and the seeking of explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- which gives a reasonable cause to believe that, in any material respect, the requirements
 - (a) to keep accounting records in accordance with section 386 of the Companies Act 2006, and
 - (b) to prepare accounts which accord with the accounting records to comply with the accounting requirements of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005) have not been met; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



John Yelland OBE FCA
Home Farm House
Worcester Road
Drakes Broughton
Worcester
WR10 2AG

Dated: 27.5.17

THE ELGAR SCHOOL OF MUSIC LIMITED

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

	<u>Notes</u>	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Funds</u> (Note 15)	<u>Total</u> <u>2016</u>	<u>Total</u> <u>2015</u>
		£	£	£	£
<u>INCOME</u>					
- Ticket sales		34,548		34,548	-
- Donations		17,733		17,733	27,795
- Investment income - Interest		35	5	40	45
- Charitable activities	2	157,383		157,383	172,192
<u>Total Income</u>		209,699	5	209,704	200,032
<u>Expenditure</u>					
- Charitable activities	3	182,420	500	182,920	197,826
- Cost of shows		38,047		38,047	
<u>Total Expenditure</u>		220,467	500	220,967	197,826
<u>Net Income/(Expenditure) for the Year</u>		(10,768)	(495)	(11,263)	2,206
<u>Reconciliation of Funds</u>					
<u>Funds balances at 1 September 2015</u>		38,128	1,286	39,414	37,208
<u>Funds balances at 31 August 2016</u>		27,360	791	28,151	39,414

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

The notes form part of these financial statements

THE ELGAR SCHOOL OF MUSIC LIMITED
COMPANY REGISTERED NUMBER 02233308

BALANCE SHEET AS AT 31 AUGUST 2016

	<u>Notes</u>	<u>Unrestricted Fund</u>	<u>Restricted Funds (Note 15)</u>	<u>Total 2016</u>	<u>Total 2015</u>
		£	£	£	£
<u>Fixed Assets</u>					
Tangible assets	8	24,925	-	24,925	13,926
		=====	=====	=====	=====
<u>Current Assets</u>					
Debtors	9	3,208		3,208	5,867
Cash at bank and in hand		7,382	791	8,173	25,023
		-----	-----	-----	-----
		10,590	791	11,381	30,890
<u>Creditors:</u> Amounts falling due within one year	10	8,155		8,155	5,402
		-----	-----	-----	-----
<u>Net Current Assets</u>		2,435	791	3,226	25,488
		=====	=====	=====	=====
<u>Total Assets Less Current Liabilities</u>		27,360	791	28,151	39,414
		=====	=====	=====	=====
<u>The Funds of the Charity</u>					
Unrestricted – Income Funds		27,360		27,360	38,128
Restricted – Income Funds	12		791	791	1,286
		-----	-----	-----	-----
		27,360	791	28,151	39,414
		=====	=====	=====	=====

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 August 2016.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 August 2014 in accordance with Section 476 of the Companies Act 2006.

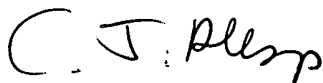
The directors acknowledge their responsibilities for:

- ensuring that the company keep accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and;
- preparing financial statements which give a true and fair view of the state of the company as at the end of each financial year and of its profit or loss for each 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 financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the directors on 18.10.2016 and were signed on their behalf by:

C Allsop
 Director/Trustee



The notes form part of these financial statements

THE ELGAR SCHOOL OF MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

Basis of preparation

The accounts (financial statements) have been prepared in accordance with Accounting and Reporting by charities. Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities the Financial Reporting Standard for Smaller Entities (FRSSE), and the Companies Act 2006.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

Incoming resources

Donations and awards received in respect of revenue expenditure are credited to the income and expenditure account in the period in which they are received.

All incoming resources are included on a receivable basis.

Resources expended

Charitable activities include the costs of the provision of music lessons and activities.

Resources expended are included on accruals basis, inclusive of any VAT which cannot be recovered. Expenditure is included in the category to which it relates.

Leasing Commitment

Rentals paid under operating leases or licences are charged to the statement of financial activities.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Musical instruments and equipment	:	10% reducing balance
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Assets costing less than £100 are not capitalised.

Restricted funds

These are to be used for specific purposes as laid down by the donor. Further details on restricted funds are given in note 12.

Liabilities

Liabilities are included in the accounts as soon as recognised.

THE ELGAR SCHOOL OF MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016 (Continued)

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Registration fees	600		600	499
Music lessons	101,213		101,213	111,847
Exam fees	4,271		4,271	5,349
Accompanist charges	318		318	2,034
Classes and groups	31,587		31,587	35,061
Room hire	5,666		5,666	5,246
School concerts and talks	1,362		1,362	2,469
Workshops and courses	1,475		1,475	194
Festival income	185		185	4,021
Music library	4,335		4,335	3,651
Sundry income	307		307	821
Bursaries and awards	-		-	1,000
CME/CPD	6,064		6,064	-
	157,383	-	157,383	172,192
	=====	=====	=====	=====
3. CHARITABLE ACTIVITIES				
Music lessons	62,690		62,690	69,360
Exam fees	4,271		4,271	4,866
School concert and talks	2,370		2,370	1,061
Bursaries and awards	1,966	500	2,466	3,556
Classes and groups	20,300		20,300	
Instrument repairs	924		924	1,882
Music library	2,718		2,718	3,840
Festival expenses	-		-	6,638
Sundry expenses	6,511		6,511	6,017
Support costs (Note 4)	80,475		80,475	78,529
Independent examiner's fees – external scrutiny	195		195	900
	182,420	500	182,920	97,826
	=====	=====	=====	=====

THE ELGAR SCHOOL OF MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016 (Continued)

	Unrestricted Fund	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
4. SUPPORT COSTS				
Rent	5,000		5,000	5,000
Rates and water	199		199	180
Insurance	2,633		2,633	2,416
Light and heat	1,813		1,813	2,367
Leases	8,615		8,615	5,676
Telephone	1,609		1,609	1,876
Postage and stationery	1,714		1,714	2,399
Computer costs	-		-	1,564
Advertising	2,135		2,135	3,191
Repairs and renewals	2,697		2,697	3,315
Cleaning	6,599		6,599	6,390
Sundries	1,479		1,479	1,679
Legal and professional fees	555		555	108
Administration staff costs	39,188		39,188	39,107
Depreciation	2,769		2,769	1,547
Bank charges	1,521		1,521	1,501
Bad debts	150		150	213
Gain on disposal	(700)		(700)	-
Head of Department	2,499		2,499	-
	80,475	-	80,475	78,529
	=====	=====	=====	=====

5. STAFF COSTS	2016	2015
	£	£
Wages and salaries	37,558	37,499
Social security costs	1,432	1,608
Pension	198	-
	39,188	39,107
	=====	=====

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

No trustees received remuneration or expenses during the year.

6. NUMBER OF EMPLOYEES	2016	2015
The average monthly number of employees during the year was:	5	5
	===	===

7. TAXATION

The company is a registered charity and is not subject to corporation tax.

THE ELGAR SCHOOL OF MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016 (Continued)

8. TANGIBLE FIXED ASSETS

**Musical
Instruments
and Equipment**
£

Cost as at 1 September 2015	49,729
Additions	13,768

Cost as at 31 August 2016	63,497
	=====

Depreciation as at 1 September 2015	35,803
Charge for the year	2,769

Depreciation as at 31 August 2016	38,572
	=====

Net book value at 31 August 2015	24,925
	=====

Net book value at 1 September 2015	13,926
	=====

9. DEBTORS

<u>2016</u>	<u>2015</u>
£	£
Trade debtors	4,177
Prepayments and accrued income	1,690

3,208	5,867
=====	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2016</u>	<u>2015</u>
	£	£
Trade creditors	4,558	1,119
Tax and Social Security	318	366
Accruals	3,279	3,917
	-----	-----
	8,155	5,402
	=====	=====

11. OPERATING LEASE COMMITMENT

<u>2016</u>	<u>2015</u>
£	£

The following operating lease commitments are committed to be paid within one year expiring:

Between one and five years	5,000	5,000
	=====	=====

THE ELGAR SCHOOL OF MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016 (Continued)

12. RESTRICTED FUNDS

	Scholarship Fund	Total
	£	£
Incoming resources	5	5
Resources expended	(500)	(500)
Net Incoming/(Outgoing) resources	(495)	(495)
Balance 1 September 2015	1,286	1,286
Balance 31 August 2016	791	791
	=====	=====
Represented by:		
CCLA Deposit Account	791	791
	=====	=====

The Scholarship Fund was established to provide scholarships for string and brass pupils.