

**MERTON MUSIC FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST AUGUST 2001**

Charity Number 1004122



MERTON MUSIC FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2001

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MERTON MUSIC FOUNDATION

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

The board of members

J R Mander
D R Hewitt
D J Merriman
W I Newman

Chairman

D J Merriman

Company secretary

J R Mander

Honorary secretary

M Stuart

Registered office

Chaucer Centre
Canterbury Road
Morden
Surrey
SM4 6PX

Bankers

Lloyds TSB Bank plc
152 High Street
Putney
London
SW15 1RR

Solicitors

Bates, Wells and Braithwaite
138 Cheapside
London
EC2V 6BB

Auditors

Windsor Stebbing Marsh
Chartered Accountants & Registered Auditors
Pinnacle House
17-25 Hartfield Road
Wimbledon
London
SW19 3SE

MERTON MUSIC FOUNDATION

TRUSTEES ANNUAL REPORT

YEAR ENDED 31ST AUGUST 2001

The trustees present their report and the financial statements of the charity for the year ended 31st August 2001.

INTRODUCTION

Merton Music Foundation (MMF) exists to advance music education for the public of the London Borough of Merton. Formed in 1991, the MMF administers and co-ordinates the provision of music tuition and youth music activities for over 2,000 young people and adults. In addition to this, the MMF also supports the development of music education in schools and provides a wide range of music making opportunities, including concert performances, workshops, projects and courses.

The Foundation is strongly committed to providing opportunities for all young people to play musical instruments, especially those that would otherwise be denied the opportunity through lack of financial means or access to a musical instrument.

LEGAL STATUS

The Merton Music Foundation is a Registered Charity.

OBJECTIVES OF THE MERTON MUSIC FOUNDATION

To improve music education opportunities for young people and adults through enhancing performance and personal achievement, working in partnership with key organisations in the local community, professional musicians and arts organisations.

To maintain and promote the importance of providing quality music education services for parents, schools/colleges and the local community.

To support individuals in receiving an instrumental music education that is on an equal opportunities basis regardless of financial means or social background.

To develop a music education and training infrastructure in partnership with key organisations in the local community.

To invest in the development of young musicians, to operate systems that support the delivery of MMF's objectives and to ensure the continued quality, awareness and relevance of our services to the needs of our clients.

ORGANISATION

The charity's board meets from time to time to manage the affairs of the charity. The day to day operations of the charity are undertaken by it's employees.

INVESTMENT POWERS AND RESTRICTIONS

The grant from the Government's Department for Education and Employment 'Standards Fund' cannot be used for funding ordinary "running costs" and is specifically allocated to the expansion and development of the Foundation's services.

MERTON MUSIC FOUNDATION

TRUSTEES ANNUAL REPORT (CONTINUED)

YEAR ENDED 31ST AUGUST 2001

REVIEW OF DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS

The MMF Continues to be committed to providing quality live music opportunities for children in schools. In line with the National Curriculum 2000, the MMF has developed a further programme of music-making initiatives that bring live music within the experience of thousands of Merton children. Supported by the Government's Standards Fund and Merton LEA, the MMF has introduced live music projects to over 6,500 young people in 38 Merton schools. The MMF aims to continue this important initiative for a further three years, enabling us by 2004 to have supported the majority of schools in Merton with a borough-wide programme of live music-making events.

RESULTS

The results for the year, and the charity's financial position at the end of the year are shown in the attached financial statements.

THE TRUSTEES

The trustees who served the charity during the period were as follows:

J R Mander
D R Hewitt
D J Merriman
W I Newman

TRUSTEES' RESPONSIBILITIES

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the year and of the surplus or deficiency for the year then ended.

In preparing those financial statements, the trustees are required to select suitable accounting policies, as described on page, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The trustees must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MERTON MUSIC FOUNDATION

TRUSTEES ANNUAL REPORT (CONTINUED)

YEAR ENDED 31ST AUGUST 2001

AUDITORS

A resolution to re-appoint Windsor Stebbing Marsh as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the trustees



J R Mander
Company secretary

Approved by the trustees on 7th January 2002

MERTON MUSIC FOUNDATION

CHIEF EXECUTIVE'S REPORT

YEAR ENDED 31ST AUGUST 2001

Merton Music Foundation (MMF) was founded in 1991 as a charitable organisation to protect and enhance music education within the London Borough of Merton. The charity was set up following the closure of the Merton Schools Music Service, one of a number of LEA music services that fell victim to local authority budgetary cuts during the early 1990s. Despite problems with under-resourcing over the past nine years, the MMF has established itself as one of the leading music education charities in the United Kingdom, highly respected for the quality of its education work, training provision and youth music-making activities.

The MMF subscribes to the belief that:

"Music touches all people, of all ages. It is a discipline, which integrates intellectual, physical and aesthetic development. Through engagement in music, everyone can develop creativity, understanding, co-ordination, confidence and spiritual awareness. Making music requires individuals to collaborate, co-operate, listen to and hear each other, take risks, communicate clearly and develop individual responsibility and professional attitudes."

(Music Education Council Manifesto for the Millennium)

2000/01 has been a rewarding year for the MMF with over 8,000 young people and adults involved in the charity's four programmes of activity. The year has also seen the MMF celebrating ten years of music making with a special joint concert with South West London Music Services at the Royal Albert Hall, London. Playing to an audience of over 3,000 people, 800 youth musicians from Merton, Hounslow, Kingston, Richmond and Sutton excelled themselves performing as part of a massed band, joint orchestra and 500 strong choir. The concert, which was titled '2001 - A Music Odyssey' was presented in the presence of all five mayors and other distinguished guests.

During July 2001, 95 members of Merton Youth Music travelled overseas to Norway performing concerts to appreciative audiences in and around Bergen. As ambassadors for the youth of the UK, our musicians did much to demonstrate the value and importance of involvement in this important area of youth work.

The year has also seen the Government publicly announce its commitment to music and arts education. According to advice from the Department for Education and Skills (DfES), organisations like Merton Music Foundation should "support, extend and enrich the curriculum for all pupils. They have a key role in extending and challenging gifted and talented pupils. Their distinctive contribution is the development of specialist instrumental/vocal skills, knowledge and understanding, and building commitment and self-discipline."

Good news though this all is, initiatives like the Government's intention to provide the opportunity for all children in Primary schools to learn a musical instrument will demand much more than just good intentions. Real financial investment in the infrastructure of music services will be required to ensure that organisations like Merton Music Foundation can support the future growth that will be required to satisfy the demands of children's musical development.



John Mander
Chief Executive
Merton Music Foundation
7th January 2002

MERTON MUSIC FOUNDATION

AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 31ST AUGUST 2001

We have audited the financial statements on page which have been prepared under the historical cost convention and the accounting policies set out on page.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND THE AUDITORS

As described on page, the trustees (who also act as Trustees for the charitable activities of the company) are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the charity's state of affairs as at 31st August 2001 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pinnacle House
17-25 Hartfield Road
Wimbledon
London
SW19 3SE

25th January 2002

Windsor Stebbing Marsh

WINDSOR STEBBING MARSH
Chartered Accountants
& Registered Auditors

MERTON MUSIC FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31ST AUGUST 2001

	Note	Total Funds 2001 £	Total Funds 2000 £
INCOMING RESOURCES			
Donations		2,035	2,353
Grants receivable	2	147,417	138,500
Activities for furtherance of charity's objects		277,859	276,832
Activities for generating funds		14,292	12,756
Interest receivable		1,494	1,155
TOTAL INCOMING RESOURCES		443,097	431,596
RESOURCES EXPENDED			
Direct charitable expenditure	3	207,239	199,652
Management and administration	4	244,908	223,701
TOTAL RESOURCES EXPENDED	5	452,147	423,353
NET OUTGOING/INCOMING RESOURCES FOR THE YEAR		(9,050)	8,243
Balances brought forward		40,045	31,802
Balances carried forward		30,995	40,045

All movements are in Unrestricted Funds

The charity has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the charity are classed as continuing.

The notes on page 7 form part of these financial statements.

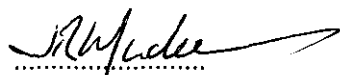
MERTON MUSIC FOUNDATION

BALANCE SHEET

31ST AUGUST 2001

	Note	£	2001 £	£	2000 £
FIXED ASSETS					
Tangible assets	6		16,726		18,789
CURRENT ASSETS					
Debtors	7	5,202		48,909	
Cash at bank and in hand		92,001		34,960	
		97,203		83,869	
CREDITORS: Amounts falling due within one year	8	(82,934)		(62,613)	
NET CURRENT ASSETS			14,269		21,256
TOTAL ASSETS LESS CURRENT LIABILITIES			30,995		40,045
FUNDS					
Unrestricted:					
Designated funds	9		349,542		202,125
Other charitable funds			(318,547)		(162,080)
			30,995		40,045

These financial statements were approved by the members of the committee on the 7th January 2002 and are signed on their behalf by:


J R MANDER

The notes on page 8 form part of these financial statements.

MERTON MUSIC FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2001

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards and the Statement of Recommended Practice on accounting by charities.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Music and instruments	-	25% reducing balance basis per annum
Office equipment	-	25% reducing balance basis per annum
Computer equipment	-	25% reducing balance basis per annum

2. GRANTS RECEIVABLE

	2001 £	2000 £
Grants received	-	6,000
Grants received - Music Education Services	147,417	132,500
	<u>147,417</u>	<u>138,500</u>

3. DIRECT CHARITABLE EXPENDITURE

	Total Funds 2001 £	Total Funds 2000 £
Provision of charitable services:		
Tutor fees	193,940	191,881
Advertising	2,013	(1,154)
Materials	1,985	2,381
Project development	8,225	6,458
Repairs to instruments	1,617	662
Tour expenditure	(541)	(576)
	<u>207,239</u>	<u>199,652</u>

MERTON MUSIC FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2001

3. DIRECT CHARITABLE EXPENDITURE *(continued)*

Analysis of provision of charitable services:

	Other costs £	Total 2000 £
Tutor fees	193,940	191,881
Advertising	2,013	(1,154)
Materials	1,985	2,381
Project development	8,225	6,458
Repairs to instruments	1,617	662
Tour expenditure	(541)	(576)
	<u>207,239</u>	<u>199,652</u>

4. MANAGEMENT AND ADMINISTRATION

	Total Funds 2001 £	Total Funds 2000 £
Salaries	148,514	137,994
Office costs	87,837	78,217
Accountancy and audit fees	3,350	2,350
Bookkeeping and financial advice	4,028	3,377
Professional and legal fees	245	643
Travel & subsistence	361	186
Conference fees	573	934
	<u>244,908</u>	<u>223,701</u>

5. TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other costs £	Total Funds 2001 £	Total Funds 2000 £
Direct charitable expenditure	-	-	207,239	207,239	199,652
Management and administration	148,514	5,576	90,818	244,908	223,701
	<u>148,514</u>	<u>5,576</u>	<u>298,057</u>	<u>452,147</u>	<u>423,353</u>

The aggregate payroll costs were:

	2001 £	2000 £
Wages and salaries	132,343	116,575
Social security costs	9,712	12,166
Other pension costs	6,459	9,253
	<u>148,514</u>	<u>137,994</u>

MERTON MUSIC FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2001

5. TOTAL RESOURCES EXPENDED *(continued)*

Particulars of employees:

The average number of staff employed by the charity during the financial year amounted to:

	2001 No.	2000 No.
Number of employees	<u>9</u>	<u>8</u>
	2001 £	2000 £
Other costs:		
Premises	280,799	266,208
Legal and professional	7,623	6,370
Other	9,635	6,519
	<u>298,057</u>	<u>279,097</u>

6. TANGIBLE FIXED ASSETS

	Music and instruments £	Office equipment £	Computer equipment £	Total £
COST				
At 1st September 2000	16,728	9,415	29,976	56,119
Additions	2,743	770	-	3,513
At 31st August 2001	<u>19,471</u>	<u>10,185</u>	<u>29,976</u>	<u>59,632</u>
DEPRECIATION				
At 1st September 2000	11,778	5,721	19,831	37,330
Charge for the year	1,924	1,116	2,536	5,576
At 31st August 2001	<u>13,702</u>	<u>6,837</u>	<u>22,367</u>	<u>42,906</u>
NET BOOK VALUE				
At 31st August 2001	<u>5,769</u>	<u>3,348</u>	<u>7,609</u>	<u>16,726</u>
At 31st August 2000	<u>4,950</u>	<u>3,694</u>	<u>10,145</u>	<u>18,789</u>

7. DEBTORS

	2001 £	2000 £
Trade debtors	2,750	48,909
Other debtors	2,452	-
	<u>5,202</u>	<u>48,909</u>

MERTON MUSIC FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2001

8. CREDITORS: Amounts falling due within one year

	2001	2000
	£	£
Trade creditors	4,541	798
Taxation and social security	3,020	2,696
Accruals	75,373	59,119
	<u>82,934</u>	<u>62,613</u>

9. DESIGNATED FUNDS

	Balance at 1st September 2000	Movement in resources: New designations	Balance at 31st August 2001
	£	£	£
Grants receivable	<u>202,125</u>	<u>147,417</u>	<u>349,542</u>

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Total Funds 2001	Total Funds 2000
	£	£
Fund balances at 31st August 2001 are represented by:		
Unrestricted funds		
Fixed assets	16,726	18,789
Net current assets	14,269	21,256
	<u>30,995</u>	<u>40,045</u>
Total funds	<u>30,995</u>	<u>40,045</u>

11. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and there is no share capital.