

MUSEQUALITY

(A COMPANY LIMITED BY GUARANTEE HAVING NO SHARE CAPITAL)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2011

CHARITY NUMBER 1119308

COMPANY NUMBER: 06216146

MUSEQUALITY

DIRECTORS AND TRUSTEES:	Sir H.J.H. Maud KCMG D.P.F Juritz J. Bradshaw R.C.B. Freeland A. Simmons C. E. Delmar E. Cozens
SECRETARY AND TRUSTEE:	J. Bradshaw
REGISTERED OFFICE:	45 Priory Avenue London W4 1TZ
REGISTERED NUMBER:	06216146
CHARITY NUMBER:	1119308
BANKERS:	HSBC Bank PLC 281 Chiswick High Road Chiswick London W4 4HJ
ACCOUNTANTS	Wilkins Kennedy Anglo House Bell Lane Office Village Bell Lane Amersham Buckinghamshire HP6 6FA

MUSEQUALITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2011

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MUSEQUALITY

DIRECTORS' AND TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JANUARY 2011

Incorporation

The company was incorporated on the 17 April 2007.

Charitable Status

Musequality has charitable status (registration number 1119308).

Structure, governance and management

Musequality is controlled by its Memorandum & Articles of Association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Directors and Trustees

All Directors of the Company are also Trustees of the Charity. The Directors who held office during the year were:

Sir Humphrey Maud KCMG
David P.F. Juritz
Jeremy Bradshaw
Rowan C.B. Freeland
Annabelle Simmons
Clare E. Delmar

All six directors of the company are also the trustees of the charity. They constitute the management team and are the primary workforce of Musequality.

Their roles are as follows:

- **Sir Humphrey Maud**, chairman, ensures that Musequality is effectively governed and that its resources are prudently managed.
- **David Juritz**, the founder, is the architect of Musequality's strategy and is also the charity's principal fundraiser and face to the supporting public. He is an internationally-renowned violinist.
- **Jeremy Bradshaw**, treasurer and secretary, manages the charity's financial affairs, statutory reporting, and trustees' meetings.
- **Rowan Freeland** provides legal and regulatory compliance advice to the trustees.
- **Annabelle Simmons** monitors progress with key start-up projects and advises on project control and performance measurement.
- **Clare Delmar** develops fundraising and partnership opportunities that link new and existing projects with potential donor organisations.

On the 3 March 2011 Ms Eleanor Cozens accepted appointment as an additional director of the company. She brings many years' experience of working in the NGO sector on international development and will be providing expert advice in this area.

In addition, the following people gave generously of their time:

- **Jane Davies** – Marketing and publicity design, website design and development, World Busk coordination.
- **Andrew Kell** – Development of the marketing database.
- **Nicolette Solomon and Emily Bushman** of the Suzuki Institute of Dallas - Musequality's agents for fundraising in the USA.

We engaged **Jean Buck** as a salaried part-time Administrator during the year.

Criteria for selection of trustees

The criteria remain as follows:

- (a) a commitment to the vision of the founder and the objectives of Musequality;
- (b) a specific set of skills and experience needed by the charity and complementary to that of the other trustees; and
- (c) their ability and preparedness to give time regularly to the running of the charity.

The trustees are guided in their responsibilities by the Memorandum of Association and the publications "Good Governance – A code for the Voluntary and Community Sector" and "Learning to Fly" published by the National Hub of Expertise in Governance.

Remuneration

- David Juritz was paid a professional fee of £250 for performing as a member of the London Tango Quintet at a fundraising event for Musequality in February 2010. Apart from this, none of the trustees received any remuneration for his or her work.

Risk assessment and crisis management

- We maintain a risk register that sets out the main risks to Musequality's continuing operation and success, prioritised according to impact and probability. For each risk identified there are actions agreed by the trustees to manage it or mitigate its effects.

Objects of the charity, principal activities and organisation of our work

Charitable objectives

Musequality's charitable objectives are set out in its Memorandum & Articles of Association as follows and remain unchanged:

For the benefit of the public overseas, particularly but not exclusively children and young people:

- (a) The advancement of education in music;
- (b) The promotion of the development of young people in achieving their full physical, mental and spiritual capacities to enable them to participate in society as responsible citizens; and
- (c) The provision or assistance in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare, with the object of improving the conditions of life for the inhabitants of the area of benefit without distinction of sex or of political, religious, or other opinions.

Aims

Musequality's vision is:

A world where every child is helped to find a part to play by making music.

Musequality's mission is to support communal music-making projects for disadvantaged boys and girls in developing countries, giving them the skills, experience and confidence they need to turn their lives around.

Activities

We support the formation of new groups that bring music to underprivileged young people in the developing world, helping teachers over the first and biggest hurdle: buying instruments and establishing a new project or organisation.

We also work in partnership with established organisations, setting up new music projects or developing existing ones, and we work with new organisations and individuals who are keen to run pilot projects to assess what would work in the longer term. We also facilitate partnerships between our projects and music ensembles, schools and teachers including through exchange programmes and training.

We cannot support projects in the UK. We also do not support projects where the prime focus is on individuals, rather than on a group.

We provide the means to enable groups which want to come together to make music. Those means might include:

- musical instruments;
- sheet music;
- music stands;
- training materials;
- transport for children or teachers to travel to the project;
- refurbishing or building a space or premises for rehearsals or performances;
- basic equipment;
- training courses for teachers;
- performance expenses.

We plan to develop exchanges so that teachers in our projects can visit music schools or colleges to enhance their skills – and teachers from other countries can visit our projects, bringing new skills and information to widen horizons for the children in our projects.

We provide support at varying levels, for three years, after which we expect the project to be well-established and self-supporting. In exceptional circumstances, we will consider providing support for up to two additional years, depending on resources. We seek to identify organisations (such as schools, amateur music groups, and corporate donors) in the UK and elsewhere who are interested in forming long-term partnerships with a project, and match them to projects that need to find sustainable sources of funding and support.

As we set out to raise more funds - launching new initiatives and seeking sponsorship – we welcome approaches from people with projects which might benefit from Musequality's involvement.

Strategic Review and Business Plan

As anticipated in last year's Annual Report, the William and Flora Hewlett Foundation made us a grant of \$45,000 in February 2010. This generous grant, for which the trustees are hugely grateful, is financing a Strategy Review and the preparation of a Business Plan by two consultants, Alice Garrad and Eleanor Cozens, respectively experts in fundraising and development.

The Business Plan sets out Musequality's vision and mission (see above) and presents 3 strategic priorities for governance and management, funding and programmes for 2010-12. The draft Business Plan was presented to the trustees and adopted in July 2010.

The three strategic objectives agreed for 2010-2012 relate to governance and management, funding and programmes. There are major implications for change in the funding and governance objectives.

1. Governance & management

The objective is to maintain Musequality's unique character whilst establishing an effective, professional and well-managed organisation with a strong board with relevant skills and experience.

The key development was the establishment of a hub office with one paid member of staff. This will enable the efficient coordination of volunteers, interns and trustees each making a clearly defined contribution to Musequality's programme. Two specific areas were identified for attention in the work-plan of Year 1:

- the development of an IT strategy and system to facilitate internal and external networking and communications between the Coordinator, trustees, volunteers and supporters.
- The recruitment of an additional trustee with international development experience.

Although this has cost implications, it is anticipated that the improved coordination and administration will significantly increase the funds raised; and will not therefore increase the current proportion of expenditure on core costs. Every attempt is being made to meet some of the costs through Gifts in Kind.

2. Funding

The objective is to generate a sustainable and growing pool of funds to resource Musequality's overseas programme and meet the core costs of running a small, staffed office.

Research for the business plan indicated that even in the highly competitive fundraising market, there is considerable potential for targeting music enthusiasts: individuals and organizations (schools, amateur choirs and orchestras, institutions of/professional musicians, companies working in the music industry etc) that understand the power of music to transform the lives of disadvantaged children in the developing world. A full time employee, good IT systems and well-coordinated volunteer inputs will enable Musequality to:

- map and systematically approach Musequality's existing high level contacts;
- expand the successful schools fundraising activities;
- develop the World Busk event;
- nurture and develop high value major donors;
- build fundraising in the USA.

3. Programmes

The objective is to develop a well-planned overseas programme with a set of agreed criteria for selection and evaluation and 2 principal strands:

- Achieving a situation where schools in developing countries benefit from provision of a music education programme which is recognised and encouraged by teachers and parents.
- Using music to bring in excluded and vulnerable children, who are not accessing or completing their schooling, to a safe environment where they can discover and develop their potential.

The key strategies that will be used for achieving this include:

- Maintaining a balance of larger/longer and smaller one-off projects;
- Establishing 2-3 focus countries for the majority of inputs;
- Building mutual accountability through clear communications, expectations and streamlined administration;
- Developing practical monitoring and evaluation processes: drawing on independent in-country support and making imaginative use of internet and audio media;
- Promoting sustainability of project results through a range of approaches, including building partner capacities and disengaging from the funding relationship;
- Collaboration with other INGOs and organisations for efficient use of resources.

Achievements and performance

In pursuit of our strategy of focus, most of our efforts and disbursements this year were directed towards Uganda and South Africa. However we also made a further grant to Thailand and a one-off grant to Haiti:

	Uganda	South Africa	Thailand & D R Congo	Haiti	Total
Total grants in financial year 2010-11	£26,862	£5,689	£2,000	£3,832	£38,383
%	70%	15%	5%	10%	100%

In Uganda, we are beginning to enjoy the benefits of a more developed network; more effective monitoring of progress; a better understanding of the cultural context, and more efficient use of resources.

Tender Talents Magnet School, Kampala, Uganda

We continued to provide support in line with our original 5-year plan. 55 children attended the music programme at the school. The ABRSM (Associated Board of the Royal Schools of Music) syllabus is followed, and includes theory, voice and instrumental teaching. This year, 14 children passed the ABRSM Grade 4 Voice examination – four with Merit and one with Distinction.

The London Collegiate School's Sponsored Practice raised more than £4,000 for Tender Talents, and Jane Ingamells of Portsmouth Grammar School raised funds and visited Kampala to launch the strings programme. Stentor made a generous gift of 15 violins.

We started discussions with the project's original creator, Simon Yiga of the Kampala Music School and with the head of Tender Talents, Frank Katoola, about the process of finding other sponsors who can ensure the sustainability of the programme once Musequality's initial 5-year support comes to an end in 2013.

A new proposed budget for the period February 2011 to December 2011 has been attached too for your perusal.

May I take this opportunity to express our sincere gratitude and that of the Tender Talents Community to Musequality for the sponsorship.

Yours very sincerely,

Simon Yiga

Executive Director KMS and Project Coordinator.

Elgon Youth Brass Band, Mbale, Uganda

Project leader Fredrick Kyewalyanga has continued to develop this group in Eastern Uganda energetically. Thanks to the generous grant provided by the Girdlers' Company of London, Musequality has continued to support with cash and musical instruments. By the end of the year, 92 children were attending the group with 30 living on the premises. Through paid engagements, the brass band is now earning 30% of its income needs, and the modern dance troupe 10%. It has performed twice for the President of Uganda.

Musequality funded a visit to the UK for Fredrick to meet the Musequality team and potential sponsors. We also engaged a development consultant in Uganda, Betsy Mboizi, to carry out an independent assessment of the project's governance, management, and effectiveness in meeting the needs of the children. Her report reinforced our investment decision and provided valuable guidance to Fredrick and his Board on how to build capacity and sustainability.

We would like to thank Musequality for the Support it gives to EYBB. We thank you for the donation of instruments that we got, the instruments are new and everyone is excited about them - I am sure our music is going to be more sweeter now that we have got some nice instruments! Thank you.....

Because of the support that the project gets from Musequality, we were able to contact another Charity in the U.S who is willing to support EYBB come 2011 next year after finding out more about the Project on www.musequality.org website.

***Fredrick Kyewalyanga
Elgon Youth Brass Band***

M-LISADA (Music Life Skills and Destitution Alleviation), Kampala, Uganda

M-LISADA was one of the first community music projects set up by street children 10 years ago, and its leader, Bosco Segawa, remains a source of inspiration and wise counsel to Musequality and our fledgling projects. Once again we supported M-LISADA's community clean-up, which is a fine example of a group – which has found a vital sense of purpose through its music – investing time and effort to help improve its host community.

In addition, we made a small grant to pilot a Micro-Loan programme, to be administered by Bosco Segawa. This was in furtherance of the terms of a £20,000 grant Musequality received from the Winifred Binns Brazilian Orphans' Charity (WBBOC) – see below under “Fundraising”.

Dear Uncle David

Greetings to you.

Hope that all is well, at M-LISADA almost every child is doing just fine and having a great time at school. They are preparing to start their end of year examinations that will determine their promotion to the next classes....

Thank you very much for the efforts and support towards the M-LISADA cleaning event recently accomplished towards the recent city riots period...

Bosco Segawa, M-LISADA

KSO2 - Kensington and Kampala Symphony Orchestras

Together with PEPAL (a UK-based social enterprise that facilitates partnerships between the private and non-profit sectors) we brokered a new relationship between Kensington Symphony Orchestra (a non-professional group in London) and its Kampala namesake. Musequality financed a trip to Kampala by KSO London's conductor, Russell Keable, and one of its players, Helen Turnell. They coached and rehearsed the Kampala Symphony Orchestra and Russell directed its first symphony concert and KSO London has sent a number of string and brass instruments donated by members of the orchestra.

Future partnerships

Musequality Trustee Clare Delmar visited Uganda to attend a conference on NGO partnerships. Whilst there she identified a potential project at the Good Shepherd Home, a school for children with physical and mental disabilities. This idea was developed in partnership with the Bracknell and Wokingham Community Band in the UK, with a view to employing musicians from one of our other Kampala-based projects as teachers.

Hout Bay Music Project, South Africa

We provide periodic support to this project. Although it is well-established and successful (it recently took part in performances in Holland with the Dutch violinist Andre Rieu), its uncertain financial situation illustrates the difficulty faced by projects in more developed economies. In both Uganda and South Africa projects are able to generate income through engagements but in South Africa the staffing, rental and other costs are proportionately higher - while the benefits that projects like the HBMP bring to their members appear to be less well understood by the wider public. HBMP relies on grants from the SA Lottery Fund and a pool of other supporters but there seem to be few guarantees of long or even medium-term funding. At the same time they exist in an environment where there are many more organisations developing similar programmes (Amy Biehl Foundation, Playing for Change Foundation, the New Apostolic Church, MIAGI and others) who compete for funding and profile.

We made a grant to fund teachers' salaries and David Juritz hand-carried some donated violins and accessories during a personal trip to South Africa.

***The donation will be used to fund teachers' salaries.
A very sincere thank you to you all at Musequality.***

***Hout Bay Music Project Trust
E Dollman
Trustee & Treasurer***

Ban Mok Cham, Thailand

The village of Ban Mok Cham set up a cultural centre to keep their Shan hill-tribe traditions alive and to attract visiting school groups to share their culture.

We paid the third and final instalment of our benefactor's donation to fund teachers' salaries on this project and to pay for more traditional instruments (made by a local instrument maker).

We had a wedding at our resort last week and the Mok Cham dancers came in to perform, despite it being a holiday! The kids were lovely. One of the ways we are trying to promote the Shan music and dancing is by bringing the students here to perform for guests for different functions, and next month (when school is open again) we have visiting international school groups going to Mok Cham for a traditional Shan evening of entertainment.

***Rosie Massingham
The MRV Project
Ban Mok Cham***

Instrumental Change, Haiti

We donated a large part of the proceeds from the 2010 Musequality World Busk (a low-profile event this year) to Haiti. A total of \$6,240 (equivalent to £3,832 at the time) was sent to Instrumental Change Inc, a US-based non-profit working in Haiti, to support the rebuilding of the Holy Trinity Music School, destroyed by the earthquake.

Father David Cesar has informed me that we can obtain a large shipping container, which can be converted into classroom space on the school lot, for \$3000 US.

This will go a long way toward helping us to teach in the ville - currently we are very limited in what we can do there, at the original school site, since the space in the temporary buildings is so limited, and there is no capacity for storage of instruments and music and music stands, so everything must be carted back and forth from Petion Ville for every class and every rehearsal.

Additional funding will go toward purchase of a generator, so that we can rehearse later in the day, run computers, and have fans (to discourage the mosquitoes!)

Thanks, again, for all your help, and I look forward to seeing you in Haiti in the near future!

**Jeanne Gabriel Pocius
Director
INSTRUMENTAL CHANGE, Inc. - Haiti**

Childs Play, Goa, India

Unfortunately, despite the completion of every formality by Project Director Luis Dias, permission had still not been forthcoming from the Indian government authorities to transfer funds. At the close of this financial year we were hopeful that the go-ahead would be granted early in 2011 for the first annual payment of £11,500 for instruments and teachers' salaries to be made.

How our activities deliver public benefit

The trustees have considered the guidance published by the Charity Commission and concluded that the charity's core activities satisfactorily addresses the principles of identifiable public benefit and demonstrate that the charity has fulfilled the public benefit requirement under the Charities Act 2006. By way of explanation as to how this is achieved:-

Playing a musical instrument or singing in a group brings clear benefits for participants in funded projects:

- (a) enhances education – teaching numeracy, pattern recognition, goal setting, problem solving;
- (b) builds social skills – discipline, working in a team, leadership, negotiating, compromise, making conversation;
- (c) develops personal qualities – self-belief, self-confidence, self-esteem, ambition, a sense of identity;
- (d) demonstrates the benefits of working hard – individual effort brings individual rewards and benefits the group as a whole;
- (e) challenges prejudices – in societies where gender inequalities exist, it gives girls a chance to demonstrate equality.

The early progress being made by children and young people in our projects shows that these benefits are entirely consistent with the aims of Musequality. The benefits are to a particularly deserving section of the public – those who, because of economic limitations, have enjoyed few opportunities for the learning and personal development that music brings.

Because of the inclusive nature of our work, the class of people who could benefit from Musequality's work is enormous. The number we can help in practice is restricted simply by our financial resources, the availability of capable project leaders and teachers, and our administrative capacity.

The only private benefits this year have been incidental, as a necessary by-product of carrying out Musequality's aims. These benefits consist of wages for our part-time administrator, and fees for professional services strategy development, performing music for a fundraising event, accountancy, etc.

Messages from project leaders (see above) are good illustrations of the benefits Musequality is bringing.

Fundraising

Musequality World Busk 2010

Compared to 2009, this was run as a lower-profile event with much less hands-on management by the Trustees. The focus was to raise funds to help rebuild the Holy Trinity Music School following its destruction in the earthquake. A total of £4,300 was raised by a variety of groups, including the internationally acclaimed Mahler Chamber Orchestra of Vienna.

Winifred Binns Brazilian Orphans' Charity

We were delighted when the trustees of the Winifred Binns Brazilian Orphans' Charity (WBBOC) selected Musequality to be the recipient of a grant of £20,000; Musequality is seen to have similar objectives and principles to WBBOC's founder. Certain conditions are attached to this grant, including the following:

- The money should be used in Uganda (one of the countries outside Brazil in which Winifred Binns took particular interest);
- The principle of "additionality" should be applied when using WBBOC funds; grants to projects should not be used to fill holes in existing budgets but to do something extra.

The first use of these funds was a small grant to pilot a Micro-Loan programme, to be administered by Bosco Segawa of M-LISADA. Winifred Binns' support included the desire to make small grants to help disadvantaged individuals get a toe-hold in the local economy. We believe that making competently managed micro-loans to young people emerging from our music projects is consistent with both WBBOC's and Musequality's aims.

Fundraising in Schools

Once again, schools have proved to be a rich source of donations. This year we received significant sums from the following schools, either for sponsored practice schemes or busking:

- North London Collegiate School
- Portsmouth Grammar School
- Guildford High School for Girls
- Latymer Upper School, Hammersmith
- Grove Park Primary School, Chiswick
-

We are particularly grateful for the enthusiastic engagement shown by the pupils and staff involved, and for the expertise and energy invested in the schools initiative by our administrator, Jean Buck.

Individual donations

These remain an extremely important source of income. We believe that the bulk of individual donors are either practicing musicians (professional and amateur) or lovers of music – in whose lives music plays an important part and who can readily identify with the personal enrichment the music can bring to the children Musequality is supporting.

Donations in kind

Once again we have received valuable gifts in kind, including instruments, accessories, and sheet music, from a number of donors. In particular we would like to recognise Andrew Riley's The String Zone, Stentor Violins, and Pirastro GmbH for their most generous support.

Monitoring performance against plans

Given the travel costs involved, Musequality cannot yet afford to send its trustees on annual inspection visits to each project. However, project grants are made subject to regular, satisfactory progress reports from project leaders and evidence of delivery of benefits to the children in the projects. Examination results where applicable, photographic evidence and video footage of rehearsals and concert performances represent important data. As part of our Business Plan, we are strengthening and standardising Musequality's internal procedures for awarding grants.

As mentioned above, we commissioned our first independent assessment of a project (of Elgon Youth Brass Band, by development consultant Betsy Mboizi) this year. Betsy not only carried out a comprehensive audit, which included interviews with children in the absence of the project leader, but also gave valuable coaching and advice to the project leader and board members which should help him put more robust management practices in place. We intend this to be a template for future assessments of projects where the challenges are most significant and/or the experience of the project leaders is most limited.

Marketing and Communications

Musequality's primary interface with the public remains the website, www.musequality.org. The maintenance of the website has again been the responsibility of Jane Davies, David Juritz's wife, who has given many hours free of charge to keeping it refreshed with news stories. The trustees agreed with Jane that, three years after its launch, the website is in need of an overhaul – to streamline and simplify the surfer's experience, to make donating easier, to link it to social media, and to facilitate quick updating. This overhaul will be carried out during the coming year.

With the assistance of Andrew Kell, an IT specialist provided pro-bono by IT4Communities, we have set up a marketing database built in Salesforce. Much work remains to be done to populate the database and use it to drive and support our fundraising activities. Pivotal in this area is the mapping and construction of the core business processes that the IT system needs to support. We are most grateful to Andrew for his expert help.

Musequality's presence in Social Media is limited to Facebook pages and a Twitter feed. We recognize that this is a valuable way of communicating with supporters but do not currently have the capacity to develop our presence in this area. We should seek volunteer support to help develop our social media presence. Some of our projects and supporters, notably the Elgon Youth Brass Band in Uganda and Sirene Ensemble in Italy are active users of Facebook.

Transactions and Financial position

The Statement of Financial Activities shows net income for the year of £21,932 and reserves as at the balance sheet date of £87,389. The income for the period generated from donations and the sale of CDs and cards totalled £64,452. The income for the period generated from the William and Flora Hewlett Foundation totalled £28,715.

During the year the following grants and sundry project costs were made

Tender Talents Magnet School (via Kampala Music School)	£13,480
The Ban Mok Cham School Music Project, Thailand (Contribution to teachers' salaries)	£1,000
M-LISADA Brass Band, Kampala, Uganda (Pilot investment in Micro-Loan programme from WBOC funds) ("Music to the Rescue" event)	£1,100 £400
Elgon Youth Brass Band (Operating costs, instruments, project audit and consultancy, UK visit by Project Leader)	£11,672
Hout Bay Music Project (Teachers' salaries and instruments)	£5,689
Instrumental Change, Haiti (Contribution towards rebuilding of Holy Trinity Music School)	£3,832
UGive2Uganda	£210
Orchestre Sinfonique de Kinchasa, DRC (strings)	£1,000
	<u>£38,383</u>
Financial Summary for year ended 31 January 2011	<u> </u>
<u>Income:</u>	
Donations	£93,167
Interest	£44
<u>Expenditure:</u>	
Transfers to projects	£38,383
Fundraising costs	£3,179
Administration costs	£29,717
Net income for the year	£21,932
Net Assets on balance sheet at year end	£87,389

Financial Review

Reserves policy

Why we need reserves

When agreeing to fund a project, Musequality makes a commitment to meet the start-up costs and operating expenditure for three years. We will not make this commitment without corresponding funds in reserve or guarantees from donors.

Notwithstanding the project director's best efforts to budget accurately, and careful review by the trustees and advisors qualified to assess local costs, some overruns may still occur or the timing of expenses may be unexpected (such as the opportunity to buy a piano at a good price earlier than planned) arise.

Level of reserves needed

The trustees aim to hold in reserve the equivalent of one year's operating expenditure commitments for all projects being supported

Steps being taken to maintain reserves at this level

We have begun our search for partners to take up an increasing proportion of the funding of Tender Talents Magnet School. Our fundraising efforts in 2011-12 will seek sponsors who will take ownership of individual projects.

Monitoring and reviewing the reserves policy

The trustees will monitor and review this policy annually to ensure it remains appropriate.

Fundraising objectives

If the WBOC and Hewlett Foundation grants, totalling £49,000, are deducted, Musequality's income for the year was very close to previous years at approximately £45,000 in the UK and £5,000 in the US.

The Business Plan includes setting significantly higher targets – rising from £89,000 in year one to £222,000 in year 3. In pursuit of these targets, at least one major fundraising event, directed at High net worth individuals, is planned for 2011-12. We also intend to scale up the small but highly successful Schools fundraising programme led by Jean Buck.

Fractured Atlas, a non-profit arts service organisation with 501(c)(3) tax status, continued to receive donations on our behalf, with the Suzuki Institute of Dallas kindly acting as our agent.

Operating costs

As signalled in last year's report, the trustees unanimously agreed that it was not possible to continue operating the charity in the same way as we have been since launch, relying entirely on volunteer efforts. As a result of our Business Plan decision to raise our capability by establishing a central hub, comprising a small office space and an administrator, our fixed costs for administration have risen to a new level of £10,200, compared to approximately £2,600 last year. This figure will increase further in 2011-2012 when the costs apply to the full year. We are actively seeking free or sponsored office space and the funding of the administrator position.

Trustees' responsibilities

Charity law requires the trustees to prepare the financial statements for each financial year, which gives a true & fair view of the state of affairs of the charity and of its financial activities for that period. In preparing those financial statements 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. state whether the Statement of Recommended Practice, Accounting by Charities and the Financial Reporting Standard for Smaller Entities have been followed subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on a going concern basis unless it is inappropriate to assume that the charity will continue to operate.

This report was approved by the board on 30 September 2011.

Signed on behalf of
The board of directors

J Bradshaw
Director and Trustee

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF

MUSEQUALITY

FOR THE YEAR ENDED 31 JANUARY 2011

I report on the accounts for the year ended 31 January 2011 set out on pages 18 to 24.

Respective responsibilities of trustees and examiner

The charity's trustees (who are also the directors 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 43(2) of the Charities Act 1993 (the 1993 Act)) and that an independent examination is required.

Having satisfied myself that the charity is not subject to an audit under company law and is eligible for independent examination it is my responsibility to:

- examine the accounts under section 43 of the 1993 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 43(7)(b) of the 1993 Act; and
- state whether particular matters have come to my attention.

Basis of the independent examiner's report

My examination was carried out in accordance with general Directions given by the Charity Commission. 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 seeking 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:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
 - to keep accounting records in accordance with Section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of Section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

D. Cary FCA (On behalf of)
Wilkins Kennedy
Anglo House
Bell Lane Office Village
Bell Lane
Amersham, Buckinghamshire
HP6 6FA
Date: 4 October 2011

MUSEQUALITY**STATEMENT OF FINANCIAL ACTIVITIES****FOR THE YEAR ENDED 31 JANUARY 2011**Summary income and expenditure account

	<u>Notes</u>	<u>Unrestricted</u> £	<u>Restricted</u> £	<u>2011</u> <u>Total</u> <u>Funds</u> £	<u>2010</u> <u>Total</u> <u>Funds</u> £
<u>Incoming resources</u>					
Voluntary Income					
Donations & CD Sales	2	28,914	64,253	93,167	49,698
Investment income	3	44	-	44	25
		<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		28,958	64,253	93,211	49,723
		<hr/>	<hr/>	<hr/>	<hr/>
<u>Resources expended</u>					
Costs of generating funds	4	12,555	-	12,555	8,134
Charitable activities	5	17,005	21,378	38,383	23,109
Governance costs	6	1,005	19,336	20,326	779
		<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended		30,565	40,714	71,279	32,022
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		(1,607)	23,539	21,932	17,701
Fund balances brought forward		54,457	11,000	65,457	47,756
		<hr/>	<hr/>	<hr/>	<hr/>
Fund balances carried forward		52,850	34,539	87,389	65,457
		<hr/>	<hr/>	<hr/>	<hr/>

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

All incoming resources and resources expended derive from continuing activities.

MUSEQUALITY**BALANCE SHEET****AS AT 31 JANUARY 2011**

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		£	£
<u>Fixed Assets</u>	9	449	-
<u>Current assets</u>			
Debtors	10	13,547	15,268
Cash at bank		76,456	50,953
		90,003	66,221
Creditors: amounts falling due within one year	11	(3,063)	(764)
<u>Net current assets</u>		86,940	65,457
<u>Total assets less current liabilities</u>		87,389	65,457
<u>Reserves</u>			
Profit and loss account			
Unrestricted funds		52,850	54,457
Restricted funds		34,539	11,000
<u>Members' funds</u>	14	87,389	65,457

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 January 2011.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 January 2011 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the charitable company keeps accounting records that comply with Section 386 of the Companies Act 2006 and
- Preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Section 396 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

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

The financial statements were approved by the Board of Trustees on 30 September 2011.

Signed on behalf of the board of directors
and trustees by:

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J Bradshaw
Director and Trustee

MUSEQUALITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2011

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

b) Fund Accounting

Funds held by the charity are either:

Unrestricted general funds, which are funds that can be used in accordance with the charitable objects at the discretion of the trustees; or,

Restricted funds, which are funds that can only be used for particular restricted purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

c) Incoming resources

All incoming resources including tax reclaims are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Interest receivable is included in the accounts in the period in which it is earned.

d) Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

f) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

g) Cash flow statement

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Small Entities (effective April 2008).

h) Taxation

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

i) Gifts in kind

Gifts in kind will be accounted for at a reasonable estimate of their value to the charity or the amount actually realised.

MUSEQUALITY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2011**1. Accounting policies (continued)j) Donated services and facilities

These are only included in incoming resources (with an equivalent amount in resources expended) where the benefit to the charity is reasonably quantifiable, measurable and material. The value placed on these resources is the estimated value to the charity of the service or facility received.

k) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Office equipment – 25% per annum on a reducing balance basis.

l) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities/Income and Expenditure account evenly over the period they are incurred.

2. Voluntary income

	2011	2010
	£	£
Donations and CD sales	64,452	49,698
Grants	28,715	-
	<hr/>	<hr/>
	93,167	49,698
	<hr/>	<hr/>

The William & Flora Hewlett Foundation grant of \$45,000 (£28,715) was given to finance the production of a clear, coherent business plan for Musequality, agreed by all the trustees, defining their roles and setting out their shared understanding of the organisation's direction

3. Investment income

	2011	2010
	£	£
Bank interest receivable	44	25
	<hr/>	<hr/>
	44	25
	<hr/>	<hr/>

MUSEQUALITY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2011**

4.	<u>Costs of generating funds</u>	2011	2010
		£	£
	Office rent and service charges	1,689	-
	Salaries	6,293	-
	Sundry expenses	35	-
	Printing, postage & stationery costs, shipping	667	1,403
	Subscriptions	85	-
	CD & Christmas card costs	-	743
	Computer & internet costs	-	1,273
	Professional services and administration costs	-	1,500
	Fundraising fees	3,179	1,985
	Bank charges	426	210
	Exchange loss	181	1,020
		<hr/>	<hr/>
		12,555	8,134
		<hr/>	<hr/>

Included in the above are the following in relation to salaries

	Gross wages	6,040	-
	Employers NIC	253	-
		<hr/>	<hr/>
		6,293	-
		<hr/>	<hr/>

The number of employees for the year was 1 (2010 nil)

5.	<u>Charitable activities costs</u>	2011	2010
		£	£
	Grants payable	38,383	21,977
	Sundry project costs	-	1,132
	Consultancy services	-	-
		<hr/>	<hr/>
		38,383	23,109
		<hr/>	<hr/>

Page 14 of the directors & trustees report provides a breakdown of grants payable for the year ended 31 January 2011

6.	<u>Governance costs</u>	2011	2010
		£	£
	Professional services	19,336	-
	Accountancy fees	990	764
	Annual return filing fee	15	15
		<hr/>	<hr/>
		20,341	779
		<hr/>	<hr/>

MUSEQUALITY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2011**7. Net Incoming resources

Net resources are stated after charging/(crediting):

	2011 £	2010 £
Exchange loss	181	1,020
Operating lease rentals – land and buildings	1,231	-
Accountancy fees	990	764
	<hr/>	<hr/>

8. Directors emoluments

There was no directors' remuneration or other benefits for the year ended 31 January 2011 (2010 – £Nil).

During the year, the company reimbursed expenditure totalling £2,905 incurred on charity business to three of the directors and one of the directors' relatives, and one employee. Expenditure was in relation to printing, postage, stationery and project costs.

One of the directors D.P.F. Juritz was paid £250 appearance fee for attendance at a fund raising concert in Japan and represents a substantial discount on his normal fee as a highly renowned violinist.

9. Tangible fixed assets

	<u>Office Equipment</u> £
<u>Cost:</u>	
As at 1 February 2010	-
Additions	449
	<hr/>
As at 31 January 2011	449
	<hr/>
<u>Accumulated depreciation:</u>	
As at 1 February 2010	-
Charge for the year	-
	<hr/>
As at 31 January 2011	-
	<hr/>
<u>Net book value:</u>	
As at 31 January 2011	449
	<hr/>
As at 31 January 2010	-
	<hr/>

All of the office equipment is used in the management and administration of the charity.

No depreciation has been charged for the year as the equipment was acquired in January 2011.

MUSEQUALITY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2011**

10. <u>Debtors: amounts falling due within one year</u>	2011 £	2010 £
Other debtors	13,547	15,268
	_____	_____
	13,547	15,268
	_____	_____

11. <u>Creditors: amounts falling due within one year</u>	2011 £	2010 £
Taxation and social security costs	1,679	-
Accruals and deferred income	1,384	764
	_____	_____
	3,063	764
	_____	_____

12. Operating lease commitments

As at 31 January 2011 following cancellation of a rental agreement effective 31 January 2011 the charity had annual commitments under non-cancellable operating leases on land and buildings as follows:

	<u>2011</u> £	<u>2010</u> £
Expiry date:		
Within one year	-	-
	_____	_____

13. <u>Analysis of net assets between funds</u>	<u>Unrestricted general funds</u> £	<u>Restricted general funds</u> £	<u>Funds</u> £
Tangible fixed assets	449	-	449
Net current assets	52,401	34,539	86,940
	_____	_____	_____
	52,850	34,539	87,389
	_____	_____	_____

14. <u>Statement of funds</u>	At 1 February <u>2010</u>	<u>Income</u>	<u>Expenditure</u>	At 31 January <u>2011</u>
Unrestricted general funds	54,457	28,958	30,565	52,850
Restricted general funds	11,000	64,253	40,714	34,539
	_____	_____	_____	_____
Total funds	65,457	93,211	71,279	87,389
	_____	_____	_____	_____

14. Company's status

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

MUSEQUALITY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****DETAILED INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 JANUARY 2011**

	2011	2010
£	£	£
Donations, grants, CD & card sales	93,167	49,698
Bank interest receivable	44	25
	<hr/>	<hr/>
	93,211	49,723
<u>Less: Expenditure</u>		
Grants & sundry project costs payable	38,383	23,109
Professional fees	19,336	-
Rent & service charges	1,689	-
Salaries	6,293	-
Sundry expenses	35	-
Printing, postage, stationery & related costs	667	1,403
Subscriptions	85	-
Computer & internet costs	-	1,273
CD costs	-	743
Professional services & administration costs	-	1,500
Fundraising fees	3,179	1,985
Accountancy fees	990	764
Annual return filing fee	15	15
Bank charges	426	210
Exchange loss	181	1,020
	<hr/>	<hr/>
	71,279	32,022
	<hr/>	<hr/>
<u>Net income for the year</u>	21,932	17,701
	<hr/>	<hr/>