

MUSIC IN HOSPITALS
(Registered Charity No: 1051659)
(Office of Scottish Charities No: SCO38864)
(Company No: 3138683)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2011

Officers and Committees: MUSIC IN HOSPITALS

A company limited by guarantee, Registered in England No.3138683
Registered Charity No. in England and Wales 1051659 and in Scotland SCO38864
Registered Office: Case House, 85-89 High Street, Walton on Thames, Surrey KT12 1DZ

Royal Patron:	HRH the Duchess of Gloucester GCVO
Scottish Patron:	Sally Magnusson
Welsh Patron:	Aled Jones
President:	Sir Thomas Allen CBE
Vice Presidents:	Dame Evelyn Glennie DBE, Julian Lloyd Webber, Dame Felicity Lott DBE, Dame Vera Lynn DBE, Richard Stilgoe OBE
Presidents Emeriti:	Nella Kerr MBE Sylvia Lindsay MBE
Chairman:	Michael Cooper-Mitchell
Vice Chairman:	Gillian Dinsmore
Hon Treasurer:	Arthur Davey
Company Secretary:	Diana Greenman
Trustees (Directors):	Michael Cooper, Michael Cooper-Mitchell, Arthur Davey, Gillian Dinsmore, G Ronald G Graham CBE, John Jesky, John Middleton, Adrian Platt, Helen Rayfield, Andrew Robertson OBE, Christopher Robinson, Dr Sivasankaran Sashidharan, Michael Taylor, John Trew

MUSIC IN HOSPITALS in England, Wales, Northern Ireland & Channel Islands

Committee

Chairman:	Michael Cooper-Mitchell
Vice Chairman:	Michael Taylor
Members:	Dr John Blunden, Tineke Bosma, Michael Cooper, Arthur Davey, James Davis CBE, Brian Heaton, Graeme Humphrey, John Jesky, Watcyn Lewis, Margaret Lion, John Middleton, Adrian Platt, Helen Rayfield, John Riley, Christopher Robinson, Prof Ray Rowden, Dr Michael Swallow OBE, John Trew, Peter Worlidge

Chief Executive:	Diana Greenman
Office:	Case House, 85-89 High Street, Walton on Thames, Surrey KT12 1DZ

MUSIC IN HOSPITALS in Scotland

Committee

Convenor:	Gillian Dinsmore
Vice Convenor:	G Ronald G Graham CBE
Members:	Robin Barr, Dr William Boyd, William Cowling, Margaret Donaldson, Dr Alan Jacques, Helen Lawson, Jennifer Logan, Penny Loudon, Lorimer MacKenzie, Andrew Robertson OBE, Dr Fiona Robertson, Dr Sivasankaran Sashidharan

Chief Executive:	Alison Frazer
Office:	10 Forth Street, Edinburgh EH1 3LD

Solicitors:	Bates, Wells & Braithwaite, London EC4M 6YH (<i>England</i>) Balfour & Manson, Edinburgh EH2 1LS (<i>Scotland</i>)
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Auditors:	Kingston Smith LLP, Redhill RH1 1RH
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Bankers:	National Westminster Bank plc, Walton-on-Thames, Surrey KT12 1DW9 (<i>England</i>) Clydesdale Bank plc, Edinburgh EH2 2QW (<i>Scotland</i>)
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Investment Advisers:	Investec Wealth & Investment Management Ltd. London EC2V 7QN (Formerly known as Rensburg Sheppards Investment Management Ltd) Smith & Williamson Investment Management Ltd, Glasgow G2 5SG
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MUSIC IN HOSPITALS

Trustees' Report for the financial period 1 April 2010 to 31 March 2011

The trustees are pleased to present their Report, together with the Financial Statements of the Company. The Financial Statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities.

Music in Hospitals' Aim and Objectives for the Public Benefit

Music in Hospitals' aim

The charity's aim is to benefit the public by improving the quality of life for adults and children with all kinds of illness and disability through the joy and therapeutic benefits of professionally performed live music in hospitals, hospices, day care centres, special needs schools, nursing and residential homes.

Ensuring Music in Hospitals' work delivers its aim

Music in Hospitals reviews its aim, objectives and activities each year. This report identifies what the charity has achieved and the outcomes of its work in the previous 12 months. The report looks at the success of the charity's activities and the benefits it has brought to those groups of people it is set up to help. The report also assists in ensuring Music in Hospitals' aims, objectives and activities remain focused on the charity's stated purposes. The charity has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

The focus of Music in Hospitals' work

Music in Hospitals' main objectives for the year continued to benefit the public by promoting the relief of physical or mental sickness and the preservation and protection of health by the provision of high quality live music as a therapeutic agent. The strategies used to meet these objectives included continuing to:

- forge close links with healthcare establishments in order to meet the needs of adults and children in their care
- work closely with the NHS, Government Departments and healthcare services to reinforce the benefits of live music within healthcare
- maintain the high standard of Music in Hospitals' artists' musical and presentation skills
- develop the cultural diversity of the musicians to meet the ever growing requirements of the increasingly diverse audiences being cared for across the healthcare spectrum
- provide free and partly subsidised concerts through fundraising, ensuring those healthcare establishments with limited funds were still able to benefit from Music in Hospitals' service
- strengthen the charity's wider geographical presence and depth in areas of need

Music in Hospitals' vision is to reach out to every healthcare establishment across the UK with its concerts and to raise awareness of the therapeutic benefits of live music within healthcare.

How Music in Hospitals' Activities Deliver Public Benefit

All Music in Hospitals' charitable activities focus on the delivery of high quality live music for sick and disabled adults, children and older people. The concerts are given by small groups of professional musicians who have been carefully chosen following audition. They are selected for their high standard of musicianship, communication skills, breadth of repertoire and their ability to relate to each member of the audience whatever their age, illness, ethnic background or disability. These charitable activities are undertaken to further Music in Hospitals' charitable purposes for public benefit.

Who uses and benefits from Music in Hospitals' services

Music in Hospitals' objects and funding provide a service for adults and children with all kinds of illness and disability, and older people in England, Wales, Northern Ireland, the Channel Islands and Scotland.

The following chart demonstrates Music in Hospitals' activities across England, Wales, Northern Ireland, the Channel Islands and Scotland over the past 12 months:

2010/2011	England, Wales, Northern Ireland & Channel Islands	Scotland	UK Total
Number of concerts in healthcare establishments	3,161	1,711	4,872
Approximate number of adults and children who benefited from the concerts	79,000	36,000	115,000
Different healthcare establishments visited	1,410	619	2,029
Healthcare establishments visited for the first time	298	62	360
Number of fully funded concerts provided	1,784	412	2,196

Healthcare establishments are asked to contribute approximately half the cost of the concert and Music in Hospitals funds the balance. Music in Hospitals approaches benefactors for grants and sponsorships which contribute towards the difference between the healthcare establishments' contribution and the cost to the charity, as well as the full cost of some concerts, allowing the charity to provide these concerts free of charge to healthcare establishments with limited resources.

Music in Hospitals' activities

Music in Hospitals brings the joy and therapeutic benefits of live music to people being cared for across the healthcare spectrum. Research has shown that the introduction of live music into healthcare enhances the quality of life of patients, improves communication, empathy and understanding of patients' needs, reduces stress and the perception of pain, sometimes leading to the reduction of medication required. In addition, there is strong evidence that live music induces positive physiological and psychological changes in clinical outcomes, resulting in shortening the length of stay in hospital.

The concerts offer a shared experience where those in healthcare can socialise and interact amongst themselves, with staff, volunteers, relatives and the musicians, breaking down social and cultural barriers and the routine of long term care.

Music in Hospitals' concerts provide the opportunity for our audiences to participate in a warm, informal, social and cultural activity that helps tackle the feelings of isolation, vulnerability, anxiety and depression often experienced during an unfamiliar and difficult time. Participation is encouraged which provides a natural physiotherapy as members of the audience sing, tap their feet, clap and dance or just sit back, relax and reminisce.

Support of the medical profession

Since its foundation in 1948, the charity has been patient focused and provided a public benefit for people with a disability or who are sick or elderly. Care is taken at all times to consult and involve doctors, nurses and care staff with a view to ensuring that the concerts provided are truly enjoyable and have a therapeutic value. The concerts are monitored by the care establishments, the charity's staff and from time to time by trustees and committee members.

Health Boards and NHS Trusts recognise the therapeutic value of live music and some healthcare establishments have regular concerts. The charity will continue to forge closer links with healthcare establishments in order to meet the needs of adults and children in their care and to meet the challenge of providing its service where it is most needed.

Structure, Governance and Management

Governing Document

Music in Hospitals is registered as a charity with the Charity Commission and the Office of the Scottish Charity Regulator.

Music in Hospitals is a company limited by guarantee governed by its Memorandum and Articles of Association dated 11 October 1995 and amended to allow for current governance arrangements on 20 April 2004 and on 4 July 2007. The company is sometimes referred to as the charity in this report.

New Memorandum and Articles of Association

In order to bring the charity's statutes up to date and in line with current law and practice, the trustees (directors) intend to adopt new Memorandum and Articles of Association for the charity at its Annual General Meeting on 28 September 2011 and Special Resolutions to give effect to this will be proposed by way of special business at that meeting.

Recruitment and Appointment of Trustees (Board of Directors)

The charity's directors, for the purpose of charity law, are referred to as trustees in this report. The trustees of the charity are listed on page 1. Under the requirements of the existing Articles of Association the trustees are required to retire at each annual general meeting. New trustees are appointed in the light of their specialist expertise.

All trustees gave of their time voluntarily and received no benefits from the charity. No trustee remuneration was paid in the year. Details of trustees' expenses are disclosed in note 6 to the accounts.

Trustees are required to disclose all relevant interests and register them with the Company Secretary and abstain from voting where a conflict of interest arises.

Trustees' Induction and Training

The trustees have all received the Charity Commission Guidelines on Trustees Responsibilities.

All trustees have a sufficient understanding of the charity's activities and resources to enable them properly to fulfil their responsibilities. Job descriptions are in place for the Chairman and Hon Treasurer.

New trustees undergo a briefing with the Chairman or Scottish Convenor and the Company Secretary or Chief Executive Scotland, and cover:

- the obligations of trustees
- the main documents which set out the operational framework of the charity including the Memorandum and Articles of Association
- the committee and decision making processes
- the business plan
- resourcing and the current financial position as set out in the latest published accounts
- future plans and objectives

All trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisational Structure

The board of trustees administers the charity. The board meets not less than twice a year and there are sub-committees covering fundraising, remuneration, finance and audit.

Subject, in each case, to the overall responsibilities of the trustees, the business of the charity in England, Wales, Northern Ireland and the Channel Islands is managed under the direction of Diana Greenman in Walton-on-Thames, Surrey and supported by satellite offices located in Wales and the North West of England, whilst the charity's business in Scotland is managed under the direction of Alison Frazer from an office in Edinburgh.

The management of the charity's operations is supported by an English Committee in respect of England, Wales, Northern Ireland and the Channel Islands and by a Scottish Committee in respect of Scotland. The members of the English and Scottish Committees are appointed by the board. All persons serving on these two committees are members of the charity, of which there are 52. The trustees are very grateful to all those who actively assist the charity by their membership.

Details of the charity's solicitors, auditors, bankers and investment advisers are listed on page 1.

Volunteers

The charity occasionally accepts offers of help from volunteers.

Risk Management

The trustees have conducted a review of the major risks to which the charity is exposed and confirm that systems are in place to mitigate those risks. The trustees' risk management strategy comprises:

- an annual review of the risks the charity may face
- the establishment of systems and procedures to mitigate those risks identified
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise

Financial Review

The results for the year are set out in the Statement of Financial Activities (SOFA) and the Income and Expenditure Account.

The charity's activities are supported by net assets totalling £1,209,693 including tangible assets with a net book value at 31 March 2011 of £45,701. Funds which are required at short notice are deposited with the CCLA Investment Management Ltd (COIF Charity Funds) and CAF Bank (Charities Aid Foundation). The changes in fixed assets during the period are set out in notes 7 and 8 to the accounts. The Memorandum of Association of the charity precludes the payment of a dividend. A proportion of the £1,091,331 income received during the 12 month accounting period ended 31 March 2011 will be utilised to fund concerts in 2011/12.

The charity strives to keep a tight control of its costs and in the period ended 31 March 2011 85% was directly attributable to charitable expenditure, namely improving the quality of life of people in care throughout the UK through the provision of live concerts. The charity owes much to its dedicated professional musicians who receive a modest fee.

During the 12 month accounting period Music in Hospitals:

- received a total income of £1,091,331
- received from healthcare establishments £275,687 towards the cost of concerts
- raised the sum of £782,598 through fundraising
- attributed 85% of costs to charitable expenditure

Principal Funding Sources

To achieve the projected number of concerts each year, the charity operates a strong fundraising programme to attract grants and donations from a variety of sources to bridge the gap between the sum paid by the care establishment and the actual cost of providing the concert.

In 2010/11 the healthcare establishments, where possible, contributed approximately one half of the cost of a concert and Music in Hospitals funded the balance from its own resources and fundraising activities. Some healthcare establishments, due to budget constraints, are unable to afford to contribute towards the cost and Music in Hospitals raises funds to enable the charity to offer concerts at a greatly reduced fee or free of charge ensuring that, where possible, no one is excluded, through lack of funds, from receiving the public benefit the charity provides.

The charity is not dependent on any one donor or group of donors and receives support from a substantial number of separate sources including individuals, companies, local authorities and charitable trusts in support of its work.

Restricted and Unrestricted Funds

The restricted funds available are to be used for purposes specified by the donors. The unrestricted funds underpin the core work of the charity and support the shortfall between the contribution made towards the cost of concerts by the healthcare establishments and the actual cost to the charity.

Investments

The charity's investment policy is to produce a reasonable long term overall return by means of a balanced portfolio. The trustees expect income returns and capital values to rise at least in line with inflation over the 12 month accounting period, although this may not be achievable at times of economic downturn and falling market values. The policy is regularly reviewed by the trustees in conjunction with the charity's independent investment fund managers. The trustees rely on recognised bench marks to review performance.

During the accounting period from 1 April 2010 to 31 March 2011, the value of the charity's investment portfolio increased from £797,453 (as at 31 March 2010) to £860,492 (cash balances held by the fund managers are included in cash at bank figure). However, it should be noted that £34,516 of cash balances held by the investment fund managers at 31 March 2010 was reinvested during the year. The value of the portfolio rose by 3% during the year.

Reserves Policy

The charity's reserves comprise a) expendable endowment, the income from which is to support the provision of concerts in specific regions of Scotland in the medium and long term; b) restricted funds, arising from donations for the provision of concerts in specified areas of the United Kingdom or specified categories of care units, usually in the short term; and c) unrestricted funds. The charity's operations are conducted through two separately administered offices, one covering England, Wales, Northern Ireland & Channel Islands, and one covering Scotland. Restricted and unrestricted funds raised in these areas are held in separate bank accounts in England and in Scotland. Unrestricted funds, whilst available for the charity as the trustees determine, are effectively designated for use in the areas in which the funds are raised. Where unrestricted funds are held in the charity's investment portfolio, the value is designated between the two areas reflecting where the funds were raised. See notes 13 and 14 to the accounts.

The trustees have adopted the following **Reserves Policy**:

- **The reasons why the Charity needs reserves:** The charity holds reserves to ensure that it can meet its foreseeable commitments, bearing in mind the current level of activity and any further expansion plans. Where the trustees resolve to expand the charity's activities by opening one or more regional offices, they may utilise a proportion of the charity's reserves to fund such specific projects.
- **What level (or range) of reserves the trustees believe the charity needs:** The trustees consider that the charity should (subject as mentioned below) aim to maintain free* reserves at the equivalent of between 80% and 110% of yearly expenditure net of fees from healthcare establishments. (** not including restricted funds, endowment funds and the charity's tangible fixed assets*)
- **What steps the charity will take to establish or maintain reserves at the agreed level (or range):** Annual budgets are normally prepared on a break-even basis. However, the trustees are prepared both for a small surplus to maintain reserves in line with inflation or for a small deficit should reserves be required to support charitable activities. Should reserves fall below the level set by the Reserves Policy the trustees would take steps to increase fundraising or to reduce costs. If reserves move the other way the trustees would spend funds on additional concerts.
- **Arrangements for monitoring and reviewing the policy:** The policy is reviewed annually by the trustees.

At 31 March 2011 the charity's free reserves were £821,180, which represented 99% of yearly expenditure net of fees from healthcare establishments – see note 13 to the accounts. The figure of 99% is within the target level of reserves. The free reserves equate to 12 months expenditure.

Plans for the Future

Music in Hospitals has plans to open further offices in England over the next few years. Experience has shown that a local presence in specific regions across the country has helped the charity establish stronger links with healthcare establishments and local communities. Good examples are the success of the offices in Wales and the North West of England.

Music in Hospitals intends to increase its fundraising efforts, which will enable the charity to reach a greater number of patients, residents and clients being cared for across the healthcare spectrum. However, the trustees are conscious of the present decline in economic activity and are aware that fundraising will be

considerably more difficult in the foreseeable future. The charity's budget for the next 12 months reflects the anticipated continued downturn.

Music in Hospitals continues to seek new musicians to broaden the charity's concert programme by recruiting a wide selection of musicians who will provide cultural diversity and to increase their geographical spread.

Strategic Objectives for 12 month period 1 April 2011 to 31 March 2012

- to provide at least 5,000 concerts in healthcare establishments across the UK
- to involve around 120,000 people in a variety of healthcare settings, special needs groups and disadvantaged members of the community
- to raise a total income of some £1,171,000
- to continue to provide fully or partly subsidised concerts through fundraising
- to maintain the high standard of artists' musical and presentation skills
- to continue to seek new musicians to increase the diversity of music
- to increase the number of concerts in areas of deprivation
- to raise the profile of the charity through increased coverage in press, radio, television and other media
- to forge closer links with healthcare establishments in order to meet the needs of adults and children in their care

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- 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 are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

Auditors

Kingston Smith LLP has indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

By Order of the Board



Michael Cooper-Mitchell
Chairman
7 June 2011

MUSIC IN HOSPITALS INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUSIC IN HOSPITALS

We have audited the financial statements of Music in Hospitals for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's trustees and members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and the charitable company's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act

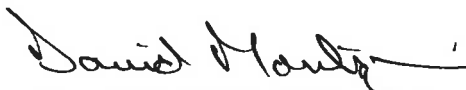
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kingston Smith LLP
Surrey House
36-44 High Street
Surrey
Redhill
RH1 1RH



David Montgomery (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Date: 21 June 2011

Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

MUSIC IN HOSPITALS
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Funds £	2011 Total £	2010 Total £
Incoming Resources						
Incoming resources from generated funds:						
Voluntary income:						
Legacies	2	25,788	-	-	25,788	28,500
Grants and donations		56,480	-	-	56,480	54,975
Activities for generating funds:						
Fund raising events		99,840	-	-	99,840	54,072
Investment and deposit income	3	27,425	5,621	-	33,046	28,169
Incoming resources from charitable activities:						
Concert fees from healthcare establishments		275,687	-	-	275,687	303,961
Grants and donations for concerts	2	114,047	486,443	-	600,490	672,185
Total Incoming Resources		<u>599,267</u>	<u>492,064</u>	<u>-</u>	<u>1,091,331</u>	<u>1,141,862</u>
Resources Expended						
Costs of generating funds:						
Costs of generating voluntary income and income for concerts		142,880	-	-	142,880	167,068
Investment management costs		6,546	-	804	7,350	6,465
Charitable activities						
Artists' fees and expenses for concerts		194,193	310,184	-	504,377	501,316
Other costs in respect of charitable activities		167,745	267,941	-	435,686	400,988
Governance costs		<u>18,516</u>	<u>-</u>	<u>-</u>	<u>18,516</u>	<u>18,505</u>
Total Resources Expended	4	<u>529,880</u>	<u>578,125</u>	<u>804</u>	<u>1,108,809</u>	<u>1,094,342</u>
Net Incoming Resources Before Other Recognised Gains	5	69,387	(86,061)	(804)	(17,478)	47,520
Other Recognised Gains and Losses						
Net gains on investments (realised and unrealised)		25,288	-	8,764	34,052	175,979
Total Recognised Gains and Losses		<u>94,675</u>	<u>(86,061)</u>	<u>7,960</u>	<u>16,574</u>	<u>223,499</u>
Transfers between Funds						
Net Movement in Funds		<u>94,675</u>	<u>(86,061)</u>	<u>7,960</u>	<u>16,574</u>	<u>223,499</u>
Reconciliation Of Funds						
Total Funds Brought Forward		<u>772,206</u>	<u>233,126</u>	<u>187,787</u>	<u>1,193,119</u>	<u>969,620</u>
Total Funds Carried Forward		<u>866,881</u>	<u>147,065</u>	<u>195,747</u>	<u>1,209,693</u>	<u>1,193,119</u>

**MUSIC IN HOSPITALS
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

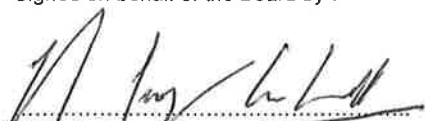
	Notes	2011 £	2010 £
INCOME			
Fees from hospitals and homes		275,687	303,961
Grants and donations		656,970	677,160
Legacies		25,788	28,500
Fund raising projects		99,840	54,072
Investment income	3	33,046	28,169
		<u>1,091,331</u>	<u>1,091,862</u>
EXPENDITURE			
Fund raising and publicity		150,230	173,533
Artists fees and expenses		504,377	501,316
Other costs in respect of charitable activities		435,686	400,988
Governance costs		18,516	18,505
	4	<u>1,108,809</u>	<u>1,094,342</u>
OPERATING DEFICIT FOR THE YEAR	5	(17,478)	(2,480)
REALISED (LOSSES)/GAINS ON INVESTMENTS		<u>(4,578)</u>	<u>88,301</u>
(DEFICIT)/SURPLUS FOR THE YEAR		<u>(22,056)</u>	<u>85,821</u>
<u>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</u>			
		2011 £	2010 £
(DEFICIT)/SURPLUS FOR THE YEAR		(22,056)	85,821
EXPENDABLE ENDOWMENT FUNDS RECEIVED		-	50,000
UNREALISED GAINS ON INVESTMENTS		<u>38,630</u>	<u>87,678</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE 31 MARCH 2010		<u>16,574</u>	<u>223,499</u>

None of the company's activities was acquired or discontinued during the year ended 31 March 2011.

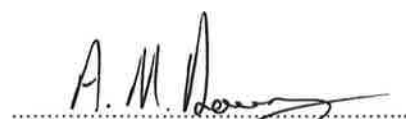
MUSIC IN HOSPITALS
BALANCE SHEET
AS AT 31 MARCH 2011

	Notes	2011		2010	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		45,701		47,073
Investments	8		860,492		797,453
			<u>906,193</u>		<u>844,626</u>
CURRENT ASSETS					
Debtors	9	53,536		54,358	
Cash at bank		315,863		353,125	
Cash in hand		91		101	
		<u>369,490</u>		<u>407,584</u>	
LIABILITIES					
Creditors: Amounts falling due within one year	10	65,990		58,991	
NET CURRENT ASSETS					
			<u>303,500</u>		<u>348,593</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
	12		<u>1,209,693</u>		<u>1,193,119</u>
THE FUNDS OF THE CHARITY					
UNRESTRICTED FUNDS					
	13		866,881		772,206
RESTRICTED FUNDS					
	14		147,065		233,126
EXPENDABLE ENDOWMENT FUNDS					
	15		195,747		187,787
			<u>1,209,693</u>		<u>1,193,119</u>

Signed on behalf of the Board by :-


Michael Cooper-Mitchell - Chairman

}
}
}
} Directors
}
}
}


Arthur Davey - Treasurer

Approved by the Directors on 7 June 2011

MUSIC IN HOSPITALS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

1. Status

The company is limited by guarantee and does not have share capital. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up during the time that he is a member or within one year after he ceases to be a member, for the payment of the debts and liabilities of the company contracted before he ceased to be a member, such amount as may be required not exceeding £10.

The company is a registered charity.

2. Accounting Policies

- (a) The accounts have been prepared under the historical cost convention, subject to the revaluation of investments (refer (c) below), in accordance with the Companies Act 2006 and applicable accounting standards, the Charities and Trustee Investment (Scotland) Act and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice, issued in 2005. The principal accounting policies have remained unchanged from the previous year.
- (b) Depreciation has been provided on fixed assets at rates calculated to write off the cost less estimated net residual value of each asset over its effective life, as follows:
- | | |
|--------------------|---------------------------|
| Freehold Property | 2% straight line on cost |
| Office Equipment | 20% straight line on cost |
| Computer Equipment | 20% straight line on cost |
| Musical Equipment | 17.5% on reducing balance |
- (c) Investments are included at current market value.
- (d) Donations, grants and legacies are accounted for when the charity is notified of their entitlement to the income and it is both certain and measurable. In most instances this will be when the monies are received. When such income is received for use in subsequent accounting periods, it will be carried forward as deferred income. Grants and donations received specifically to perform concerts or to contribute to the shortfall in concert income are treated as Incoming Resources From Charitable Activities while other grants and donations are treated as Voluntary Income. Costs attributable to concerts specifically funded by a grant or a donation may fall in a subsequent accounting period to that in which the grant or donation was received.
- (e) Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration on each activity, comprising the salaries and office costs, is apportioned as set out in note 4.
- (f) Pension costs - the Company operates pension schemes for certain of its employees. The schemes are defined contribution schemes and the contributions are charged against income as they are paid. The opportunity to join the schemes is available to all employees.
- (g) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets this criterion is charged to the fund.
- (h) Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

3. Investment Income

	2011	2010
	£	£
Deposit interest	951	1,804
Investment income from quoted investments	32,095	26,365
	33,046	28,169

MUSIC IN HOSPITALS
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 MARCH 2011

4. Total Resources Expended	Charitable activities	Fund- raising	Governance	2011 £	2010 £
	£	£	£		
Costs directly allocated to activities					
Artists' fees and expenses	504,377	-	-	504,377	501,316
Staff costs	-	62,138	-	62,138	87,324
Advertising	-	850	-	850	152
Travelling	-	5,701	1,706	7,407	9,263
Cost of fund-raising events	-	22,346	-	22,346	14,696
General office costs	-	7,910	2,764	10,674	13,249
Audit fees	-	-	13,100	13,100	12,340
Annual report	-	-	946	946	946
Investment management costs	-	7,350	-	7,350	6,465
Support costs allocated to activities					
Staff costs	363,859	31,679	-	395,538	369,818
Depreciation	8,191	-	-	8,191	7,716
General office costs	28,853	4,238	-	33,091	31,050
Premises and equipment expenses	34,783	8,018	-	42,801	40,007
	<u>940,063</u>	<u>150,230</u>	<u>18,516</u>	<u>1,108,809</u>	<u>1,094,342</u>

Support costs have been allocated on the following basis:

Staff costs - time spent

Depreciation - usage

Other expenses - floor area

5. Net Incoming Resources	2011 £	2010 £
This is stated after charging:		
Auditors' remuneration	13,100	12,340
Depreciation of tangible fixed assets	8,191	7,716
	<u>21,291</u>	<u>20,056</u>

MUSIC IN HOSPITALS
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 MARCH 2011

6. Employees

	2011 No.	2010 No.
Chief Executives (England, Wales, Northern Ireland and Scotland)	2	2
Fund raising and publicity	2	3
Concert organisation and support	12	12
	<u>16</u>	<u>17</u>

	2011 £	2010 £
Staff costs amounted to:		
Wages and salaries	404,881	406,340
Social Security costs	39,921	39,367
Pension contributions	12,874	11,436
	<u>457,676</u>	<u>457,143</u>

No employee was paid £60,000 or more during the year.
 The directors received no remuneration during the year.
 Seven directors received reimbursed travel expenses during the year totalling £1,706 (2010: five received £2,299).

7. Fixed Assets

Movements during the period are summarised as follows:

	Freehold Premises £	Office Equipment £	Musical Equipment £	Computer Equipment £	Total £
Cost					
At 01.04.10	42,253	15,559	15,277	64,864	137,953
Additions	-	146	365	6,308	6,819
Disposals	-	-	(300)	-	(300)
	<u>42,253</u>	<u>15,705</u>	<u>15,342</u>	<u>71,172</u>	<u>144,472</u>
At 31.03.11	<u>42,253</u>	<u>15,705</u>	<u>15,342</u>	<u>71,172</u>	<u>144,472</u>
Depreciation					
At 01.04.10	12,676	11,765	10,481	55,958	90,880
Charge for year	845	1,889	903	4,554	8,191
Disposals	-	-	(300)	-	(300)
	<u>13,521</u>	<u>13,654</u>	<u>11,084</u>	<u>60,512</u>	<u>98,771</u>
At 31.03.11	<u>13,521</u>	<u>13,654</u>	<u>11,084</u>	<u>60,512</u>	<u>98,771</u>
Net Book Value					
At 31.03.11	<u>28,732</u>	<u>2,051</u>	<u>4,258</u>	<u>10,660</u>	<u>45,701</u>
At 31.03.10	<u>29,577</u>	<u>3,794</u>	<u>4,796</u>	<u>8,906</u>	<u>47,073</u>

The freehold premises are occupied by Music in Hospitals for charitable activities.

MUSIC IN HOSPITALS
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 MARCH 2011

8. Investments	2011	2010
	£	£
Quoted Shares and Securities		
Market value 31 March 2010	797,453	578,917
Additions	248,699	603,746
Disposals	(224,290)	(472,888)
Net gains on revaluation at 31 March 2011	<u>38,630</u>	<u>87,678</u>
Market Value 31 March 2011	<u>860,492</u>	<u>797,453</u>
Historical Cost as at 31 March 2011	<u>780,888</u>	<u>750,383</u>

The percentage of investments held outside of the UK at the year end is 16.03% (2010: 12.89%).

9. Debtors	2011	2010
	£	£
Other debtors	45,664	46,072
Prepayments	7,872	8,286
	<u>53,536</u>	<u>54,358</u>

10. Creditors : Amounts Falling Due within One Year	2011	2010
	£	£
Artists' fees and expenses	26,534	24,502
Taxes and social security	15,952	12,060
Other creditors	23,504	22,429
	<u>65,990</u>	<u>58,991</u>

11. Financial Commitments

At 31 March 2011 the company was committed to making the following payments under non-cancellable operating leases:

Operating leases which expire:	Land & Buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Within one year	-	-	-	779
Between two and five years	-	-	1,145	1,145
In more than five years	<u>14,720</u>	<u>14,720</u>	<u>-</u>	<u>-</u>

12. Analysis of Net Assets between Funds

	General Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds £
Fixed assets	45,701	-	-	45,701
Investments	664,818	-	195,674	860,492
Current assets	222,352	147,065	73	369,490
Current liabilities	(65,990)	-	-	(65,990)
Net assets	<u>866,881</u>	<u>147,065</u>	<u>195,747</u>	<u>1,209,693</u>

MUSIC IN HOSPITALS
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 MARCH 2011

13. Unrestricted Funds

	At 1 April 2010 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2011 £
Fixed assets fund:					
England, Wales, NI and CI	15,651	-	-	(5,166)	10,485
Scotland	31,422	-	-	3,794	35,216
Property fund - England	138,699	-	-	-	138,699 *
England, Wales, NI and CI	414,595	339,777	(293,108)	5,166	466,430 *
Scotland	171,839	284,778	(236,772)	(3,794)	216,051 *
	<u>772,206</u>	<u>624,555</u>	<u>(529,880)</u>	<u>-</u>	<u>866,881</u>

The designated fixed assets funds represent the net book value of tangible fixed assets and the net proceeds of sale of a property in 2007/08, formerly the office premises of the charity in England. This latter fund is to be used to meet future costs and liabilities in relation to current leasehold premises in England, such as the obligation to pay dilapidations. It is also to fund the charity's development and expansion programme.

The remaining unrestricted funds, which are represented by investments, cash and other net current assets, are designated between the charity's two main areas of operation, being England, Wales, Northern Ireland & Channel Islands, and Scotland, on the expectation by the Trustees that funds raised and held in bank accounts in the name of the areas will be expended in those areas.

* The funds marked with an asterisk represent the free reserves of the charity totalling £824,515.

14. Restricted Funds

	At 1 April 2010 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2011 £
DoH - Section 64 General Grant	5,057	-	(5,057)	-	-
The Gannochy Trust	5,933	15,000	(18,770)	-	2,163
Restricted funds for performing concerts in specific areas of the United Kingdom					
England, Wales, NI and CI	76,191	267,235	(263,822)	-	79,604
Scotland	29,605	84,019	(98,089)	-	15,535
Restricted funds for performing concerts at specific categories of healthcare establishments					
England, Wales, NI and CI	108,682	98,390	(164,654)	-	42,418
Scotland	7,658	27,420	(27,733)	-	7,345
	<u>233,126</u>	<u>492,064</u>	<u>(578,125)</u>	<u>-</u>	<u>147,065</u>

Department of Health - Section 64 General Grant - Grant for providing music for people with mental health problems

The Gannochy Trust - Funds received to support concerts in Perth & Kinross

All other restricted funds are for performing concerts in specific geographical locations or at specific categories of healthcare establishment.

MUSIC IN HOSPITALS
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 MARCH 2011

15. Expendable Endowment Funds	At 1 April 2010 £	Incoming Resources £	Outgoing Resources £	At 31 March 2011 £
Concerts in Scotland Fund A	124,981	5,845	(536)	130,290
Concerts in Scotland Fund B	62,806	2,919	(268)	65,457
	<u>187,787</u>	<u>8,764</u>	<u>(804)</u>	<u>195,747</u>

Concerts in Scotland Fund A: The income generated from this fund, donated from the Margaret J Stephen's Charitable Trust, is for the provision of concerts in healthcare establishments in the Dundee and Angus area.

Concerts in Scotland Fund B: The income generated from this fund, donated from the Gibson Graham Charitable Trust, is for the provision of concerts in healthcare establishments in Strathclyde, with a special preference for Kintyre (Cambelltown and Minard).

16. Commitments

There were no capital commitments at 31 March 2011.

17. Pension Costs

The company operates contributory pension schemes. They are defined contribution schemes and contributions are charged against income as they accrue. The charge for the year was £12,874 (2010: £11,436)

18. Control

For the whole of the year the company was under the control of its directors.

MUSIC IN HOSPITALS
(Registered Charity No: 1051659)
(Office of Scottish Charities No: SCO38864)
(Company No: 3138683)

MANAGEMENT ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2011

MUSIC IN HOSPITALS
 OPERATING ACCOUNT
 FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Operating Income				
Fees from hospitals and homes		275,687		303,961
Grants and donations		646,970		636,160
Legacies		25,788		28,500
Department of Health - Section 64 General Grant		-		30,000
Scottish Government - Section 16B Core Grant		10,000		11,000
Fund raising projects		99,840		54,072
		<u>1,058,285</u>		<u>1,063,693</u>
Investment and deposit income		33,046		28,169
		<u>1,091,331</u>		<u>1,091,862</u>
Less : Operating Expenditure				
Fund raising projects	22,346		14,696	
Artists' fees and expenses	504,377		501,316	
Salaries	457,678		457,143	
Rates	1,824		2,571	
Rent	23,859		22,836	
Printing and stationery	14,249		15,670	
Postage	7,415		11,406	
Telephone	4,780		4,614	
Office light and heat	2,082		1,793	
Repairs and maintenance of equipment	10,665		8,640	
Insurance	4,160		3,987	
Travelling and motor expenses	5,701		7,698	
Advertising and publicity	850		152	
Subscriptions	1,695		1,756	
Bookkeeping and secretarial fees	2,764		3,654	
Legal & professional fees	3,661		-	
Bank charges	2,449		1,358	
Audit	13,100		12,340	
Investment management costs	7,350		6,465	
Cleaning and waste disposal	210		180	
Trustees and committee members expenses	1,706		1,565	
Sundry expenses	7,697		6,786	
Depreciation	8,191		7,716	
		<u>1,108,809</u>		<u>1,094,342</u>
Deficit for the year		<u>(17,478)</u>		<u>(2,480)</u>

MUSIC IN HOSPITALS
 OPERATING ACCOUNT FOR ENGLAND, WALES AND NORTHERN IRELAND
 FOR THE YEAR ENDED 31 MARCH 2011

	2011		2010	
	£	£	£	£
Operating Income				
Fees from hospitals and homes		154,236		176,201
Grants and donations		412,086		431,972
Legacies		5,788		3,000
Department of Health - Section 64 General Grant		-		30,000
Fund raising projects		92,948		39,902
		<u>665,058</u>		<u>681,075</u>
Investment and deposit income		20,716		17,316
		<u>685,774</u>		<u>698,391</u>
Less : Operating Expenditure				
Fund raising projects	18,723		12,621	
Artists' fees and expenses	330,377		330,777	
Salaries	296,123		298,634	
Rates	409		1,382	
Rent	23,859		22,836	
Printing and stationery	6,703		8,888	
Postage	4,727		7,365	
Telephone	2,238		2,118	
Repairs and maintenance of equipment	5,468		6,363	
Insurance	2,211		1,579	
Travelling and motor expenses	4,468		6,143	
Advertising and publicity	850		152	
Subscriptions	1,075		1,209	
Bookkeeping and secretarial fees	889		1,219	
Bank charges	1,872		881	
Legal & professional fees	3,661		-	
Audit	8,012		8,001	
Investment management costs	4,826		4,272	
Trustees and committee members expenses	921		349	
Sundry expenses	3,446		2,874	
Depreciation	5,783		5,779	
		<u>726,641</u>		<u>723,442</u>
Operating Deficit for the year		<u>(40,867)</u>		<u>(25,051)</u>

**MUSIC IN HOSPITALS
OPERATING ACCOUNT FOR SCOTLAND
FOR THE YEAR ENDED 31 MARCH 2011**

	2011		2010	
	£	£	£	£
Operating Income				
Fees from hospitals and homes		121,451		127,760
Grants and donations		234,884		204,188
Legacies		20,000		25,500
Scottish Government - Section 16B Core Grant		10,000		11,000
Fund raising projects		6,892		14,170
		<u>393,227</u>		<u>382,618</u>
Investment and deposit income		12,330		10,853
		<u>405,557</u>		<u>393,471</u>
Less : Operating Expenditure				
Fund raising projects	3,623		2,075	
Artists' fees and expenses	174,000		170,539	
Salaries	161,555		158,509	
Rates	1,415		1,189	
Printing and stationery	7,546		6,782	
Postage	2,688		4,041	
Telephone	2,542		2,496	
Office light and heat	2,082		1,793	
Repairs and maintenance of equipment	5,197		2,277	
Insurance	1,949		2,408	
Travelling and motor expenses	1,233		1,555	
Subscriptions	620		547	
Bookkeeping and secretarial fees	1,875		2,435	
Bank charges	577		477	
Audit	5,088		4,339	
Investment management costs	2,524		2,193	
Cleaning and waste disposal	210		180	
Trustees and committee members expenses	785		1,216	
Sundry expenses	4,251		3,912	
Depreciation	2,408		1,937	
		<u>382,168</u>		<u>370,900</u>
Operating Surplus for the year		<u><u>23,389</u></u>		<u><u>22,571</u></u>