

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

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2017

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 SC038864

Registered Office: Unit 40, Enterprise House, 44-46 Terrace Road, Walton on Thames, Surrey KT12 2SD

Royal Patron: HRH the Duchess of Gloucester GCVO

Scottish Patron: Sally Magnusson

Welsh Patron: Rebecca Evans

President: Sir Thomas Allen CBE

Vice Presidents: Dame Evelyn Glennie DBE, Julian Lloyd Webber,
Dame Felicity Lott DBE, Dame Vera Lynn CH DBE, Sir Richard Stilgoe OBE,
Toby Spence, Katie Derham

Presidents Emeriti: Nella Kerr MBE
Sylvia Lindsay MBE

Chairman: Peter Fairlie

Vice Chairman: John Middleton

Hon Treasurer: Arthur Davey

Company Secretary: Stephen Rowland-Jones

Trustees (Directors): Michael Cooper (to 4 October 2016), Michael Cooper-Mitchell (to 4 October 2016), Arthur Davey, Gillian Dinsmore (to 4 October 2016), Peter Fairlie, Dr Alan Jacques, Lady Prudence Keely-Davis (from 4 October 2016 to 30 March 2017), Roger Luxmoore-Styles, Fiona McIntosh (from 4 October 2016), Sarah Mallock (from 4 October 2016) John Middleton, Adrian Platt (to 4 October 2016), Helen Rayfield (to 4 October 2016), Dr Sivasankaran Sashidharan, Ingrid Surgenor (to 14 March 2017), Michael Taylor (to 4 October 2016), Dr Jeremy Huw Williams (from 4 October 2016).

Solicitors: Bates, Wells & Braithwaite, London EC4M 6YH

Auditors: Kingston Smith LLP, Redhill RH1 1RH

Bankers: National Westminster Bank plc, Walton-on-Thames, Surrey KT12 1DW
Clydesdale Bank plc, Edinburgh EH2 2QW

Investment Advisors: Investec Wealth & Investment Management Ltd. London EC2V 7QN
Smith & Williamson Investment Management Ltd, Glasgow G2 5SG

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

Chief Executive: Stephen Rowland-Jones

Office: Unit 40, Enterprise House, 44-46 Terrace Road, Walton on Thames,
Surrey, KT12 2SD

MUSIC IN HOSPITALS in Scotland

Chief Executive: Florence Burke

Office: 10 Forth Street, Edinburgh EH1 3LD

MUSIC IN HOSPITALS

Trustees' Report for the financial period 1 April 2016 to 31 March 2017

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 2015 – Accounting and Reporting by Charities.

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 as amended by Special Resolutions on 20 April 2004, 4 July 2007 and 28 September 2011. The company is sometimes referred to as the Charity in this report.

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 Articles of Association, one third of the Trustees are required to retire at each annual general meeting. New Trustees are appointed in the light of their specialist expertise.

At the beginning of the year it was recognised that under the Articles of Association, five long-standing Trustees would be required to stand down from the Board and would be ineligible for re-election. This was over and above the normal requirement for one third of the Trustees to retire by rotation. With this in mind the Trustees instigated another open recruiting and selection process for new Trustees. A number of high-quality applicants showed an interest and were interviewed under the direction of the Appointments' Committee, with the need for diversity and a range of experiences and skills uppermost in the selection criteria. Recommendations were laid before the Board which were accepted and five new Trustees will be proposed for appointment at the next AGM.

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 11 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.

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, Hon Treasurer and Trustees.

As part of their induction, new Trustees are provided with full details of the Charity and its operations including information on governance and finances. New Trustees also undergo a briefing with the Chairman or Vice Chairman and the Chief Executives in England and Scotland. All Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role, as well as attending live music concerts where possible.

Organisational Structure

The Board of Trustees administers the Charity. The Board meets at least three times a year and there are sub-committees covering finance & audit and appointments and other areas.

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 a Chief Executive, Stephen Rowland-Jones, based in Walton-on-Thames, Surrey and supported by satellite offices located in Wales and the North West of England, with a further presence in the North East of England. The Charity's activities in Scotland are managed under the direction of a Chief Executive, Florence Burke, based in Edinburgh.

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

Key Management. The key management personnel are the Trustees and the two CEOs. Their remuneration, as with all staff, is reviewed annually by the Finance & Audit Committee in full cognisance of the annual budget, with recommendations being laid before the full Board of Trustees. Their salaries are commensurate with their responsibilities and are shown at note 11 of the report. As with all staff, the CEOs are eligible to join the Company Pension Scheme under current Auto-Enrolment legislation, with a 5%¹ contribution from the Charity; alternatively they can elect to have a similar contribution paid into their personal pension plan. They also receive a death in service life insurance benefit.

Employee Benefits. All staff receive an annual salary commensurate with their responsibilities, are eligible to join the Company Pension Scheme under current Auto-Enrolment legislation, with a 5%¹ contribution from the Charity; alternatively they can elect to have a similar contribution paid into their personal pension plan. They also receive a death in service life insurance benefit. All full-time staff receive 25 days annual holiday in addition to public holidays, part-time staff receive a *pro rata* equivalent.

Volunteers

The Charity generally accepts offers of help from a number of volunteers.

Values

At Music in Hospitals we are passionate about live music and the genuine benefits it can have, particularly for those with illness and disability in healthcare. We are sensitive to the needs of different venues and audiences within them and have a flexible and diverse range of musical genres. Committed to providing the best possible outcomes from the concerts we arrange, the Charity cares about the quality of its concerts and works only with professional musicians of the highest quality.

MUSIC IN HOSPITALS' AIM AND OBJECTIVES FOR THE PUBLIC BENEFIT

Music in Hospitals' Vision

To provide an ever-increasing number of high quality concerts performed by professional musicians in hospitals, hospices and care homes across the UK.

Music in Hospitals' Aim and Activities

The Charity's objects are the relief of physical or mental sickness and the preservation and protection of health by the use of high quality music as a therapeutic agent.

The overall aim of the Charity is to benefit the public by delivering music concerts across the UK, in order to raise the spirits, reduce distress and suffering, and to bring pleasure to sick and vulnerable adults, children, and their families, through the therapeutic benefits of high quality live music performed by professional musicians.

¹ 5% of gross salary

Research² has shown that the introduction of live music into healthcare settings 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. There is strong evidence that live music induces positive physiological and psychological changes in clinical outcomes, which can result in shortening the length of stay in hospital.

All Music in Hospitals' charitable activities focus on the delivery of high quality live music for adults and children who find themselves in healthcare as a result of illness, disability and those who are no longer able to look after themselves. These charitable activities are undertaken to further Music in Hospitals' charitable purposes for public benefit. The concerts are given by individual or small groups of professional musicians who have been carefully selected through a rigorous audition. They are chosen 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. Music in Hospitals' concerts provide the opportunity for our audiences to participate in a warm, informal, social and cultural activity that helps break down 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.

Since its foundation in 1948, the Charity has been particularly patient focused, providing a public benefit for people with a disability or who are sick or elderly. However, that benefit extends to wider audiences which include family and friends as well as care staff, nurses and clinicians. At all times we consult and involve healthcare professionals with a view to ensuring that the concerts provided are truly enjoyable and have a genuine therapeutic benefit. 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 many 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.

Objectives

The Charity's overall aim will be achieved by:

- increasing the number of concerts by 2021 within a financially sustainable framework;
- delivering concerts when and where they are most needed across the UK;
- expanding the network of regional and local offices;
- developing a coherent and sustainable fundraising programme that exploits strong local links as well as consistent regional, national and UK wide appeals;
- structuring a marketing and communications programme that ensures an effective message is delivered to target audiences;
- enhancing the support we give to our musicians and the assistance we gain from venues.

Objectives for 12 month period 1 April 2016 to 31 March 2017

The Main Objectives for the year were as follows:

- to provide up to 5,000 concerts in healthcare establishments across the UK;
- to maintain and, indeed, improve the high quality of concerts;
- to reach over 110,000 people in a variety of healthcare settings, special needs groups and disadvantaged members of the community;
- to raise sufficient funds to sustain an increased programme of live music concerts;
- to continue to provide fully or partly subsidised concerts through fundraising;

² Various papers Marshall & Shibazaki 2016/2017

- to increase the effectiveness of all the Music in Hospitals' offices by raising awareness and activity within communities across the UK;
- to continue to implement the Corporate Plan work carried out in 15/16;
- to continue to provide impact reports on the outcomes from our valuable work for those in healthcare.

Those who particularly benefitted from the live music concerts provided by the Charity included:

- Children with acute, chronic or life-limiting illness or additional support needs;
- Adults with additional support needs;
- Adults and children with mental health conditions, including people with dementia;
- Individuals who have experienced a stroke;
- People with neurological conditions;
- Adults and children who are visually impaired;
- Those receiving respite or palliative care in hospices;
- Frail elderly people in long-term care; and
- Members of the ex-service community.

The following chart shows the breakdown of Music in Hospitals' activities across the United Kingdom over the past 12 months:

2016/2017 (2015/2016 figures in brackets)	England, Wales, Northern Ireland & Channel Islands	Scotland	UK Total
Number of concerts in healthcare establishments	3,933 (2,699)	1,657 (1,773)	5,590 (4,472)
Approximate number of adults and children attending concerts	98,325 (67,500)	30,642 (37,233)	128,967 (104,733)
Different healthcare establishments visited	1,079 (1,238)	510 (609)	1,589 (1,847)
Healthcare establishments visited for the first time	318 (175)	20 (24)	338 (199)
Number of fully funded concerts provided	3,099 (1,564)	454 (564)	3,553 (2,128)

Where their financial circumstances permitted, healthcare establishments were asked to make a contribution towards the cost of the concert, and the Charity funded the balance. The Charity approached a range of benefactors for grants and sponsorship which contribute towards the difference between the healthcare establishments' contribution and the cost to the Charity.

Music in Hospitals reviews its aim, objectives and activities each year. 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 and they value the continuance of robust impact reporting to substantiate the outcomes.

Impact. Assessing the precise impact of the live music concerts can often be quite challenging and relies on feedback from clinical, nursing and other care staff. Nevertheless, the health and wellbeing of audiences, including staff and visitors, was seen to improve; for the older population,

feelings of loneliness and isolation were also seen to reduce. Through the research³ it was also possible to record reductions in stress and anxiety as a consequence of the live music concerts in other population groups within the healthcare sector for whom live music was being provided.

Research. Within the concert programme in England & Wales, the Charity continued with its research programme in partnership with the University of Sussex. Widening the focus from the effects of live music on older people in healthcare to other areas of healthcare, a number of articles have been presented in academic and medical journals, receiving high acclaim. Specifically during the year articles covered end of life and children with learning difficulties which have given us a much better understanding of the dynamics involved and the impact the Charity has on its beneficiaries. The most recent paper underpinned the innovative use of equipment to analyse Amylase⁴ and the linkage to levels of stress and anxiety which themselves are significant factors in health and wellbeing.

Structure. Following on from the earlier work, the Trustees undertook a review of its Corporate Plan in 2015/16. Using an external consultant to engage with Trustees, staff and other stakeholders, the consultant was able to provide an objective assessment with a number of recommendations to the Board of Trustees. During the year these were taken forward by the Trustees and a new Corporate Plan was produced and adopted by the Board in the second half of the year for implementation going forward. This important work has seen a development in the committee structure that supports the work of the Charity and provides greater visibility of issues, opportunities and constraints for the Board in its decision making process.

Engagement. As part of the work carried out on the Corporate Plan, a rebranding exercise was also carried out during the year. The aim of the exercise was to review the name of the Charity in order to ensure it better reflected the inclusive nature of its beneficiaries and thereby improve engagement, both locally and nationally. At the same time the Trustees have embarked on a strategy of increasing representation across the UK through a programme of recruiting more Vice-Presidents and committee members. This work is anticipated to come to fruition during 2017/18.

Innovation. Through a continuing desire to expand our work for the benefit of those in healthcare, a pilot project was undertaken to deliver live music in a hospital intensive care setting. The project, called ICU-Hear, was largely focused on Manchester Royal infirmary and has generated significant interest.

Fundraising. The Charity, having a small investment portfolio and modest level of reserves, relies upon its fundraising activity to sustain the delivery of the charitable objects. In spite of the austerity across the UK, fundraising has held up remarkably well. In England & Wales, a major project was initiated to provide additional support to the ex-services community within the overall concert programme. A specific project was put together to provide 1,200 live music concerts for the ex-service community which was planned to deliver to audiences of over 30,000 during the year. In the event over 1,400 concerts were delivered as part of this project across the entire UK. Set against a backdrop of a forecast figure of 2,800 concerts across England & Wales, the small but effective fundraising team raised just over £1M which, together with investment income, allowed for the delivery of a record 3,933 concerts. In Scotland, 1,657 concerts were delivered and funding of a shade over £300K achieved. Overall, a little over £204K was expended on fundraising activity across the Charity.

Plans for the Future

Music in Hospitals will continue to seek new musicians to broaden the Charity's concert programme by recruiting a wide selection of musicians who will provide cultural and geographical diversity. Conscious of the changing demographic across the UK and the maturity of our existing musicians, it is important to bring newly qualified professional musicians into our programmes. Auditions continue across the Charity and a positive effort to engage with young music students at the respective conservatoires continued during the year in order to have a wider base of musicians

³ Various papers Marshall & Shibazaki 2016/2017

⁴ Amylase – an enzyme present in saliva

for the future. At the same time it was recognised that better engagement with musicians as a way of sharing best practice and experience should be an ongoing feature to ensure skills and expertise are passed on from one generation of musicians to another.

Research. The research project in conjunction with Dr Marshall from the University of Sussex, which expanded in 2016/17, is expected to continue and even expand further, funding permitting. The insight into precisely how our live music is benefitting those in healthcare has been enormously useful and informs not only the structure of our concerts but also the complexity, familiarity and volume of the music.

Innovation. The ICU-Hear project, piloted in Manchester during 2016/17 is expected to be rolled-out in ICUs/HDUs across England & Wales where funding and opportunity allows.

Partnerships. Partnership working can be incredibly effective in the charity sector and a number of partnerships were maintained throughout the year whilst new partnership arrangements were initiated.

Objectives for 12 month period 1 April 2017 to 31 March 2018

The Main Objectives for the current year are as follows:

- To rebrand the Charity to better reflect the diverse beneficiary base;
- to introduce GDPR⁵ in order to be compliant by May 2018;
- to provide 4,700 concerts in healthcare establishments across the UK;
- to maintain and, indeed, improve the high quality of concerts;
- to reach over 100,000 people in a variety of healthcare settings, special needs groups and disadvantaged members of the community;
- to introduce a charity-wide Fundraising Strategy in order to maintain sufficient funds to sustain an increased programme of live music concerts;
- to introduce a charity-wide Communications Strategy to launch the Charity's new brand image, thereby raising awareness and activity within communities across the UK;
- to continue to implement the Corporate Plan work;
- to continue to provide impact reports on the outcomes from our valuable work for those in healthcare.

PUBLIC BENEFIT

The Trustees have had regard to the guidance issued by the Charity Commission concerning public benefit. They are satisfied that the information given in this Report, particularly regarding the activities undertaken when read in conjunction with the objects of the Charity, demonstrates that the requirements to identify public benefit have been met.

The Trustees publicise the work of the Charity and each year produce Impact Reports which are circulated to members, relevant beneficiary organisations and those to whom it applies for assistance.

FINANCIAL REVIEW

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

The Charity's activities are supported by net assets totalling £1.563M including tangible assets with a net book value at 31 March 2017 of £39.9K. The changes in fixed assets during the period are set out in notes 12 and 13 to the accounts.

⁵ GDPR – General Data Protection Regulation

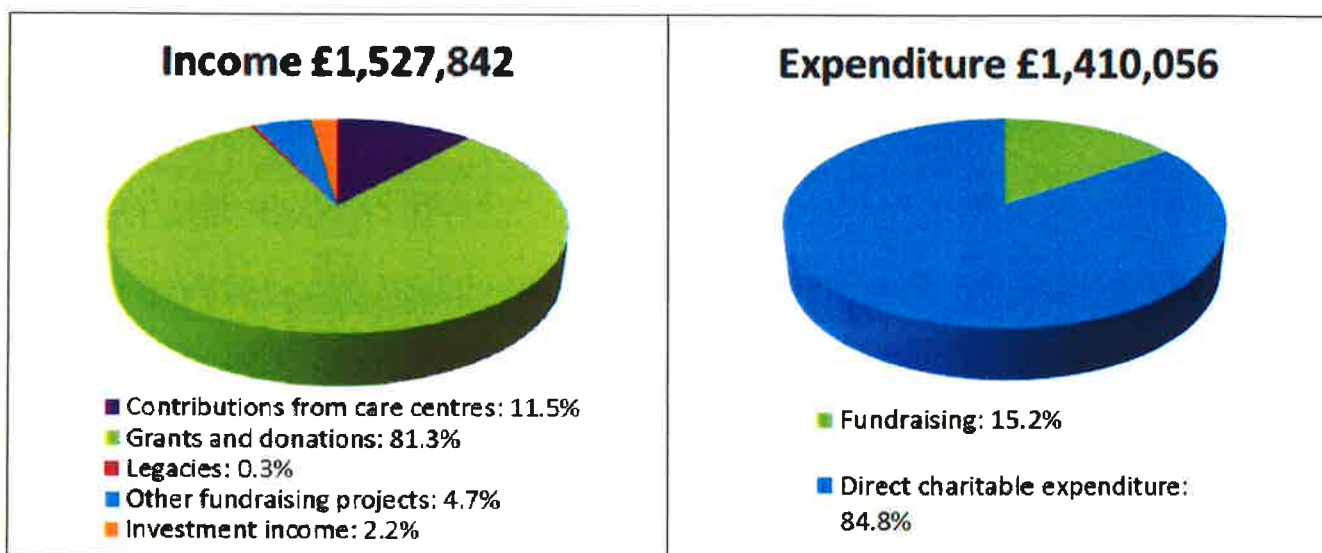
The Memorandum of Association of the Charity precludes the payment of a dividend. A proportion of the income received during the 12 month accounting period ended 31 March 2017 will be utilised to fund concerts in 2017/18.

The Charity strives to keep a tight control of its costs and in the period ended 31 March 2017, 84.8% was directly attributable to charitable expenditure, namely arranging, facilitating and delivering live concerts to those in healthcare. This compares to 82% in the previous year.

In delivering our Charitable Object we are blessed to have a range of very talented musicians working with us. They not only demonstrate their special skills but give of their time, often in the most demanding of environments. The Charity owes much to these dedicated professional musicians who receive only a very modest fee for their performances; we are enormously grateful for all that they do.

During the 12 month accounting period Music in Hospitals:

- received a total income of £1,527,842;
- received from healthcare establishments £175,746 as contributions towards the cost of concerts;
- raised the sum of £1,317,857 through all fundraising activity, including legacies;
- realised £34,239 through investment income;
- attributed 84.8% of costs to charitable expenditure.



The figures disguise somewhat the demanding economic circumstances in which Music in Hospitals, as with many other charities, finds itself. Overall the Charity experienced an excess of income over expenditure in part as a consequence of the grant award from the Aged Veterans Fund and other awarding partners. However, it is worthy of note that some grant awards came in close to year end, adding to the excess of income, although the awards will be for the delivery of concerts in the next financial year.

Principal Funding Sources

In 2016/17 a number of healthcare establishments contributed a proportion of the cost of a concert and Music in Hospitals funded the balance from its own resources and fundraising activities. However, in most cases, live music concerts were provided completely free of charge to the healthcare establishments thanks to the income received from corporate partnerships, grant-making trusts and foundations, fundraising activity and the generosity of the public. See pie-chart at Page 8.

We would like to thank all those who have provided financial support to Music in Hospitals for their generosity, particularly those with whom we have enjoyed a long-term strategic partnership.

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, statutory authorities and charitable trusts in support of its work. A list of our principal supporters is at Note 19 but it is impossible to list all the individual supporters across the UK who give generously to Music in Hospitals and without whom we simply could not provide the number of concerts to so many deserving adults and children in healthcare.

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 also support the shortfall between any contributions made towards the cost of concerts by 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. Dividend income from the investments is applied to the costs of charitable activity. Hitherto, the Trustees have not given specific targets to the investment managers, rather setting the broad strategic guidelines for the investments and allowing the managers to achieve the best income whilst maintaining the value of the investments against inflation. The Trustees are grateful for the achievements of the investment managers in the face of significant volatility in the markets.

Reserves Policy

The Charity's reserves totalling £1,563,851 (2016 - £1,300,496) comprise:

- a) expendable endowment of £256,051 (2016 - £223,665), the income from which is required to be applied to the provision of concerts in specific regions of Scotland in the medium and long term;
- b) restricted funds totalling £388,651 (2016 - £334,431), 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 of £919,149 (2016 - £742,400).

Restricted and unrestricted funds raised respectively in England and Scotland are held in separate bank accounts and 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. Unrestricted funds held in the Charity's investment portfolio are similarly designated between the two areas reflecting where the funds were raised. Also within unrestricted funds is an amount designated to fund the

development of regional offices in England and Wales to build closer local relationships with healthcare centres, musicians and funders. These reserves are not all immediately realisable and are subject to market volatility.

In terms of designated funds, it was anticipated that the Property Fund (England) was likely to be reduced significantly in the forthcoming 36 months as a consequence of the move of the registered office when the current lease came to an end. The move took place in the early part of 17/18 and, together with the continuing strategy of increasing regional and local presence, the Property Fund (England) will be reviewed and reported upon in next year's report.

The Trustees consider it important to retain an appropriate level of free unrestricted reserves to ensure continued delivery of concerts in the event that the Charity's funding materially deteriorates, allowing time to consider alternative funding options, or, at worst, to enable the Charity to cease operations and meet its obligations (including to staff, contracted care centres and musicians) in a controlled and responsible manner.

Accordingly, the policy adopted by the Trustees is to endeavour to hold free unrestricted reserves to cover the Charity's normal operation and provision of live music concerts for 12 months.

As at 31 March 2017, the Charity's free unrestricted reserves amounted to £879,230 which equates to just over 7 months' activity based on last year's costs.

Risk Management

The Trustees review the risk management policy on a regular basis. The Trustees' risk management strategy comprises:

- an ongoing 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.

The principal risk to the Charity's ability to deliver its Object is the inability to raise sufficient funds. Recognising this the Trustees are in the final stages of producing a new UK-wide fundraising strategy in order to capitalise on the national remit, and, at the same time, taking further steps to safeguard the Charity's reputation.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Music in Hospitals for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, 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;
- observe the methods and principles in the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that 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 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that 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



Peter Fairlie
Chairman

25/09/17

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 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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), including FRS102, 'The Financial Reporting Standard applicable in the UK and Ireland'.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2017 and of 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 (as amended) and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

MUSIC IN HOSPITALS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

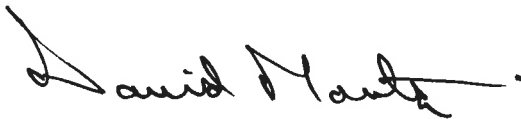
MUSIC IN HOSPITALS

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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.



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

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

Date: 5 October 2017

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 2017

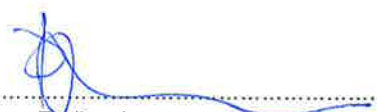
	Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds 2017 £	Total Funds 2016 £
INCOME & ENDOWMENTS						
Donations and Legacies	3	186,859	1,059,772	-	1,246,631	949,588
Charitable activities	5	175,746	-	-	175,746	190,953
Other Trading Activities						
Fund raising events	4	71,226	-	-	71,226	81,854
Investment income	6	25,803	8,436	-	34,239	34,634
Total operating income		459,634	1,068,208	-	1,527,842	1,257,029
EXPENDITURE						
Raising funds						
Fundraising costs	7	204,842	-	-	204,842	212,982
Investment management costs	7	7,671	-	1,704	9,375	8,473
Total cost of raising funds	8	212,513	-	1,704	214,217	221,455
Charitable activities						
Artists' fees and expenses for concerts		93,619	522,017	-	615,636	478,368
Other expenditure		88,232	491,971	-	580,203	546,168
Total charitable expenditure	8	181,851	1,013,988	-	1,195,839	1,024,536
Total operating expenditure		394,364	1,013,988	1,704	1,410,056	1,245,991
Net operating income/(expenditure)	9	65,270	54,220	(1,704)	117,786	11,038
Net gains/(losses) on investment assets		111,293	-	34,276	145,569	(39,466)
Net income/(expenditure)		176,563	54,220	32,572	263,355	(28,428)
Gross transfers between funds		186	-	(186)	-	-
Net movement in funds		176,749	54,220	32,386	263,355	(28,428)
Total funds brought forward		742,400	334,431	223,665	1,300,496	1,328,924
Total funds carried forward		919,149	388,651	256,051	1,563,851	1,300,496


The statement of financial activities includes all gains and losses recognised in the year and all income and expenditure derives from continuing activities.

**MUSIC IN HOSPITALS
BALANCE SHEET
AS AT 31 MARCH 2017**

	Notes	£	2017 £	£	2016 £	£
Fixed assets						
Tangible assets	12		39,917			32,865
Investments	13		1,153,014			1,061,323
			<u>1,192,931</u>			<u>1,094,188</u>
Current assets						
Debtors	14	41,271		33,476		
Cash at bank		432,498		275,493		
Cash in hand		<u>203</u>		<u>116</u>		
		473,972		309,085		
Liabilities						
Creditors: Amounts falling due within one year	15	<u>103,052</u>		<u>102,777</u>		
Net current assets			<u>370,920</u>			<u>206,308</u>
Total assets less current liabilities			<u>1,563,851</u>			<u>1,300,496</u>
Net assets	17		<u>1,563,851</u>			<u>1,300,496</u>
The funds of the charity						
Unrestricted funds	18		919,149			742,400
Restricted funds	19		388,651			334,431
Expendable endowment funds	20		256,051			223,665
			<u>1,563,851</u>			<u>1,300,496</u>
Total charity funds			<u>1,563,851</u>			<u>1,300,496</u>

The financial statements were approved by the board on **25/09/17** and signed on their behalf by :-


Peter Fairlie - Chairman


Arthur Davey - Treasurer

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Directors

Company registration number 3138683

**MUSIC IN HOSPITALS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £	2016 £
Cash flow/(outflow) from operating activities		
Net cash provided by/(used in) operating activities	<u>80,841</u>	<u>(1,314)</u>
Cash flows from investing activities		
Investment income and interest received	34,239	34,634
Proceeds from disposal of fixed asset investments	206,659	253,145
Acquisition of fixed asset investments	(152,781)	(216,364)
Payments to acquire tangible fixed assets	<u>(11,866)</u>	<u>(3,223)</u>
Net cash provided by investing activities	<u>76,251</u>	<u>68,192</u>
Net increase in cash and cash equivalents	157,092	66,878
Cash and cash equivalents at beginning of year	<u>275,609</u>	<u>208,731</u>
Cash and cash equivalents at end of year	<u>432,701</u>	<u>275,609</u>

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2017 £	2016 £
Net income/(expenditure)	263,355	(28,428)
Adjustments for:		
Depreciation charges	4,814	6,671
Net (gains)/losses on investments	(145,569)	39,466
Loss on disposal of fixed assets	-	25
Investment income	(34,239)	(34,634)
(Increase)/decrease in debtors	(7,795)	9,499
Increase in creditors	<u>275</u>	<u>6,087</u>
Net cash provided by/(used in) operating activities	<u>80,841</u>	<u>(1,314)</u>

MUSIC IN HOSPITALS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006, the Charities Act 2011 and Charities Accounts (Scotland) Regulations 2006 as amended by the Charities Accounts (Scotland) Amendment (No. 2) Regulations 2014.

(b) Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charitable company's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Tangible Fixed Assets and Depreciation

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

Freehold property and equipment are stated at cost less accumulated depreciation.

At the end of each reporting period, the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or changes in circumstances indicate the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

(d) Incoming Resources

All income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Legacies are recognised following probate and once there is sufficient evidence that receipt is probable and the amount of the legacy receivable can be measured reliably. Where entitlement to a legacy exists but there is uncertainty as to its receipt or the amount receivable, details are disclosed as a contingent asset until the criteria for income recognition are met.

Income is deferred when the donor attaches conditions outside the Charity's own control or specifies that the resources are to be used in a future accounting period.

MUSIC IN HOSPITALS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Investment income is received net of investment management fees but is grossed up in the accounts for investment management fees.

All grants and donations received, whether received specifically to perform concerts or to contribute to the shortfall in concert income, or for any other purpose, are treated as Donation 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

Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

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 8.

(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) Fixed Asset Investments

Investments are initially measured at their cost and subsequently measured at their fair value at each reporting date. Fair value is based on their quoted price (inclusive of accrued income) at the balance sheet date without deduction of the estimated future selling costs.

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the income or expenditure section of the Statement of Financial Activities as 'gains or losses on investments' and are allocated to the appropriate fund holding or disposing of the relevant investment.

(h) Realised Gains and Losses

All gains and losses are taken to the income and expenditure section of the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sale proceeds and original cost. Unrealised gains and losses are calculated as the difference between the market value at the end of the year and opening market value, or purchase date if later. Realised and unrealised gains are not separated in the Statement of Financial Activities.

(i) Restricted Funds

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.

(j) Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

(k) Critical Accounting Estimates and Areas of Judgement

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

3. Voluntary Income

Year to 31 March 2017

	Unrestricted 2017 £	Restricted 2017 £	Total Funds 2017 £
Grants and donations	60,680	-	60,680
Grants and donations for concerts	121,179	1,059,772	1,180,951
Legacies	5,000	-	5,000
	<u>186,859</u>	<u>1,059,772</u>	<u>1,246,631</u>

Year to 31 March 2016

	Unrestricted 2016 £	Restricted 2016 £	Total Funds 2016 £
Grants and donations	58,710	-	58,710
Grants and donations for concerts	188,973	675,091	864,064
Legacies	26,814	-	26,814
	<u>274,497</u>	<u>675,091</u>	<u>949,588</u>

MUSIC IN HOSPITALS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. Other Trading Activities

All income in the current and comparative year related to unrestricted funds.

5. Income from Charitable Activities

	Total Funds 2017 £	Total Funds 2016 £
Contributions from healthcare establishments	<u>175,746</u>	<u>190,953</u>

All income in the current and comparative year related to unrestricted funds.

6. Investment Income

Year to 31 March 2017	Unrestricted 2017 £	Restricted 2017 £	Expendable Endowment 2017 £	Total 2017 £
Deposit interest	211	-	-	211
Investment income from quoted investments	<u>25,592</u>	<u>8,436</u>	<u>-</u>	<u>34,028</u>
	<u>25,803</u>	<u>8,436</u>	<u>-</u>	<u>34,239</u>
Year to 31 March 2016	Unrestricted 2016 £	Restricted 2016 £	Expendable Endowment 2016 £	Total 2016 £
Deposit interest	220	-	-	220
Investment income from quoted investments	<u>24,920</u>	<u>9,494</u>	<u>-</u>	<u>34,414</u>
	<u>25,140</u>	<u>9,494</u>	<u>-</u>	<u>34,634</u>

7. Costs of Raising Funds

Year to 31 March 2017	Unrestricted 2017 £	Restricted 2017 £	Expendable Endowment 2017 £	Total 2017 £
Fundraising costs	204,842	-	-	204,842
Investment management costs	<u>7,671</u>	<u>-</u>	<u>1,704</u>	<u>9,375</u>
	<u>212,513</u>	<u>-</u>	<u>1,704</u>	<u>214,217</u>
Year to 31 March 2016	Unrestricted 2016 £	Restricted 2016 £	Expendable Endowment 2016 £	Total 2016 £
Fundraising costs	212,982	-	-	212,982
Investment management costs	<u>7,715</u>	<u>-</u>	<u>758</u>	<u>8,473</u>
	<u>220,697</u>	<u>-</u>	<u>758</u>	<u>221,455</u>

MUSIC IN HOSPITALS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

8. Expenditure	Charitable activities	Raising funds	Total
	£	£	2017
2017			£
Expenditure directly allocated to activities			
Artists fees and expenses	615,636	-	615,636
Staff costs	-	102,438	102,438
Advertising	-	3,733	3,733
Travelling	7,805	10,801	18,606
Cost of fundraising events	-	6,693	6,693
General office costs	6,101	6,823	12,924
Audit fees	18,837	-	18,837
Annual report	565	-	565
Investment management costs	-	9,375	9,375
Support costs allocated to activities			
Staff costs	449,679	59,251	508,930
Depreciation	4,814	-	4,814
Loss on disposal of fixed assets	-	-	-
General office costs	45,551	6,835	52,386
Premises and equipment expenses	46,851	8,268	55,119
	<u>1,195,839</u>	<u>214,217</u>	<u>1,410,056</u>
2016	Charitable activities	Raising funds	Total
	£	£	2016
			£
Expenditure directly allocated to activities			
Artists fees and expenses	478,368	-	478,368
Staff costs	-	94,668	94,668
Advertising	-	4,364	4,364
Travelling	4,354	8,620	12,974
Cost of fund raising events	-	18,486	18,486
General office costs	8,027	7,332	15,359
Audit fees	15,500	-	15,500
Annual report	595	-	595
Investment management costs	-	8,473	8,473
Support costs allocated to activities			
Staff costs	414,923	63,828	478,751
Depreciation	6,671	-	6,671
Loss on disposal of fixed assets	25	-	25
General office costs	50,492	7,640	58,132
Premises and equipment expenses	45,581	8,044	53,625
	<u>1,024,536</u>	<u>221,455</u>	<u>1,245,991</u>

Support costs have been allocated on the following basis:

Staff costs - time spent
 Depreciation - usage
 Other expenses - floor area

In the year to 31 March 2016, £643,457 of charitable activities' costs were in respect of restricted expenditure and £758 of costs relating to raising funds were in respect of the expendable endowment fund. All other costs were met from unrestricted funds.

MUSIC IN HOSPITALS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

9 Net operating income	2017	2016
This is stated after charging:	£	£
Auditors' remuneration	18,837	15,500
Depreciation of tangible fixed assets	4,814	6,671
Operating lease rentals - land & buildings	14,720	14,720
- other	3,222	3,222

10 Employees	2017	2016
The average number of staff employed by the charity were:	No.	No.
Chief Executives (England, Wales, Northern Ireland and Scotland)	2	2
Fund raising and publicity	5	7
Concert organisation and support	12	9
	<u>19</u>	<u>18</u>

Staff costs amounted to:	2017	2016
	£	£
Wages and salaries	541,974	514,477
Social Security costs	40,052	46,148
Pension contributions	25,261	12,795
	<u>607,287</u>	<u>573,420</u>

One employee earned between £60,000 and £70,000 per annum (including taxable benefits) during the year (2016: one).

11 Trustees and Key Management Personnel

No trustees received emoluments in the year (2016: none).

Total travel expenses of £7,805 (2016: £4,354) were paid to eight (2016: eight) trustees during the period.

Key management personnel include the Trustees and Chief Executives. The total employee emoluments of the charity's key management personnel were £136,699 (2016: £141,143).

As stated above, trustee emoluments were nil (2016: nil).

12 Fixed Assets

	Freehold Premises £	Office Equipment £	Musical Equipment £	Computer Equipment £	Total £
Cost					
At 01.04.16	42,253	16,792	14,582	74,602	148,229
Additions	-	87	-	11,779	11,866
Disposals	-	-	-	(3,000)	(3,000)
At 31.03.17	<u>42,253</u>	<u>16,879</u>	<u>14,582</u>	<u>83,381</u>	<u>157,095</u>
Depreciation					
At 01.04.16	17,747	16,114	12,174	69,329	115,364
Charge for year	845	244	399	3,326	4,814
Disposals	-	-	-	(3,000)	(3,000)
At 31.03.17	<u>18,592</u>	<u>16,358</u>	<u>12,573</u>	<u>69,655</u>	<u>117,178</u>
Net Book Value					
At 31.03.17	<u>23,661</u>	<u>521</u>	<u>2,009</u>	<u>13,726</u>	<u>39,917</u>
At 31.03.16	<u>24,506</u>	<u>678</u>	<u>2,408</u>	<u>5,273</u>	<u>32,865</u>

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

MUSIC IN HOSPITALS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

13 Investments	2017	2016
	£	£
Quoted Shares and Securities		
Market value 31 March 2016	1,061,323	1,137,500
Additions	152,781	216,364
Disposals	(206,659)	(254,798)
Net gains/(losses) on revaluation at 31 March 2017	145,569	(37,743)
Market Value 31 March 2017	1,153,014	1,061,323
Historical Cost as at 31 March 2017	948,513	929,926

The percentage of investments held outside of the UK at the year end is 25.78% (2016: 14.18%).

14 Debtors	2017	2016
	£	£
Sundry debtors	27,672	25,611
Prepayments	13,599	7,865
	41,271	33,476

15 Creditors : Amounts Falling Due within One Year	2017	2016
	£	£
Artists' fees and expenses	32,542	37,683
Taxes and social security	20,918	23,076
Other creditors	49,592	42,018
	103,052	102,777

16 Financial Commitments

The company's future minimum operating lease payments are as follows:

	Land & Buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Within one year	8,987	14,720	3,222	3,222
Between one and five years	-	8,587	2,874	6,096

MUSIC IN HOSPITALS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

17 Analysis of Net Assets between Funds

As at March 2017	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds £
Fixed assets	39,917	-	-	39,917
Investments	896,963	-	256,051	1,153,014
Current assets	85,321	388,651	-	473,972
Current liabilities	(103,052)	-	-	(103,052)
Net assets	<u>919,149</u>	<u>388,651</u>	<u>256,051</u>	<u>1,563,851</u>

As at March 2016	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Funds £	Total Funds £
Fixed assets	32,865	-	-	32,865
Investments	837,658	-	223,665	1,061,323
Current assets	(38,196)	347,281	-	309,085
Current liabilities	(89,927)	(12,850)	-	(102,777)
Net assets	<u>742,400</u>	<u>334,431</u>	<u>223,665</u>	<u>1,300,496</u>

18 Unrestricted Funds

	At 1 April 2016 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2017 £
Fixed assets fund:					
England, Wales, NI and CI	6,685	-	-	8,264	14,949
Scotland	26,180	-	-	(1,210)	24,970
Property fund - England	138,699	-	-	-	138,699 *
England, Wales, NI and CI	288,836	310,911	(134,944)	(8,264)	456,539 *
Scotland	282,000	260,016	(259,420)	1,396	283,992 *
	<u>742,400</u>	<u>570,927</u>	<u>(394,364)</u>	<u>186</u>	<u>919,149</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 £879,230.

MUSIC IN HOSPITALS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

19 Restricted Funds

	At 1 April 2016 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2017 £
Bank of Scotland Foundation	-	3,000	-	-	3,000
The Gannochy Trust	7,347	-	(7,347)	-	-
WDC Community Chest Grants Scheme	336	500	(336)	-	500
GlaxoSmithKline PLC	68,626	-	(68,626)	-	-
Royal British Legion	12,300	-	(12,300)	-	-
Greenwich Hospital	11,890	7,500	(11,890)	-	7,500
Simply Health	67,416	139,500	(69,450)	-	137,466
ABF The Soldiers Charity	21,000	-	(21,000)	-	-
The De Brye Charitable Trust	1,000	-	(1,000)	-	-
Peoples Postcode Trust	7,830	50,000	(57,830)	-	-
1989 Willan Charitable Trust	4,350	-	(4,350)	-	-
The Aged Veterans Fund	-	402,400	(385,712)	-	16,688
Draper's Charitable Fund	-	7,000	(1,960)	-	5,040
Civil Service Insurance Society	-	1,000	(1,000)	-	-
Masonic Charitable Foundation	-	20,016	-	-	20,016
Peter Stebbings Memorial Charity	-	5,000	(278)	-	4,722
Community Foundation for Surrey	-	4,890	-	-	4,890
Baily Thomas Charitable Fund	-	3,000	-	-	3,000
Big Lottery Peoples Project	-	43,500	(40,890)	-	2,610
Scottish Power Prize	-	2,500	(278)	-	2,222
Arts Council England	-	7,830	(7,308)	-	522
Community Foundation Tyne & Wear	-	2,500	(833)	-	1,667
Community Foundation Co Durham	-	4,600	(2,760)	-	1,840
Culture Investment Fund at Community Foundation Tyne & Wear	-	7,350	(7,350)	-	-
Duchy of Lancaster Benevolent Fund	-	4,200	-	-	4,200
Hospital Saturday Fund	-	2,000	-	-	2,000
Newman's Own	-	4,910	(289)	-	4,621
Ragdoll Foundation	-	8,000	-	-	8,000
Sir John Fisher Foundation	-	5,800	-	-	5,800
Zochonis Charitable Trust	-	5,500	(2,026)	-	3,474
Restricted funds for performing concerts in specific areas of the United Kingdom					
England, Wales, NI and CI	75,015	124,212	(128,337)	-	70,890
Scotland	22,112	115,943	(111,425)	-	26,630
Restricted funds for performing concerts at specific categories of healthcare establishments					
England, Wales, NI and CI	23,460	64,019	(49,614)	-	37,865
Scotland	11,749	21,538	(19,799)	-	13,488
	334,431	1,068,208	(1,013,988)	-	388,651

Bank of Scotland Foundation
The Gannochy Trust
WDC Community Chest Grants Scheme
GlaxoSmithKline PLC
Royal British Legion
Greenwich Hospital

Simply Health
ABF The Soldiers Charity
The De Brye Charitable Trust
Peoples Postcode Trust

1989 Willan Charitable Trust
The Aged Veterans' Fund

Drapers' Charitable Fund
Civil Service Insurance Society
Masonic Charitable Foundation

Grant for providing live music concerts in Scotland
Grant for providing live music concerts in Perth and Kinross
Grant for providing live music concerts in West Dunbartonshire
Grant to support live music concerts for older people with dementia
Grant to support live music concerts in Royal British Legion homes
Grant to support live music concerts for former Navy personnel and their spouses
Grant to support live music concerts for adults and children in healthcare
Grant to support live music concerts for ex-service community
Grant to support live music concerts for vulnerable people
Grant to support live music concerts in care homes in Wales and Northern England
Grant to support live music in North Tyneside
Grant for the provision of live music concerts in ex-service care homes across the UK
Concerts for the elderly in Greater London
Concerts in Royal Star & Garter homes
Concerts for elderly people in care homes in England and Wales

MUSIC IN HOSPITALS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

19 Restricted Funds (continued)

Peter Stebbings Memorial Charity	Concerts for people in hospices in England
Community Foundation for Surrey (CSH Community Fund, Elmbridge Fund, Hamilton Fund, Pargiter Fund)	Concerts for elderly people and adults in healthcare throughout Surrey
Baily Thomas Charitable Fund	Concerts for adults and children with learning difficulties and disabilities
Big Lottery Peoples Project	Concerts in Wales
Scottish Power prize	Concerts in Wales
Arts Council England	New Musicians Journey - NE
Community Foundation Tyne and Wear	SEN Schools - NE
Community Foundation Co Durham	Mental Health - County Durham
Culture Investment Fund and Community Foundation Tyne & Wear	SEN in Tyne & Wear
Duchy of Lancaster Benevolent Fund	Care Homes in Lancashire
Hospital Saturday Fund	ICU-Hear concerts at MRI
Newman's Own	Children's Hospices
Ragdoll Foundation	Arts Evaluation Project
Sir John Fisher Foundation	Care homes/memory cafes in Barrow in Furness
Zochonis Charitable Trust	Care Homes in Lancashire

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

20 Expendable Endowment Funds

	At 1 April 2016	Incoming Resources	Outgoing Resources	Transfers	At 31 March 2017
	£	£	£	£	£
Concerts in Scotland Fund A	148,900	22,851	(1,136)	(124)	170,491
Concerts in Scotland Fund B	74,765	11,425	(568)	(62)	85,560
	<u>223,665</u>	<u>34,276</u>	<u>(1,704)</u>	<u>(186)</u>	<u>256,051</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 (Cambeltown and Minard).

The transfers from the endowment fund are into the unrestricted fund so that the year end value of the endowment fund represents 94.75% (2016: 90.87%) of the year end market value of the investments in the Smith & Williamson portfolio. The change is a result of the Charity withdrawing £10,000 of the unrestricted funds from the Smith & Williamson portfolio.

21 Commitments

There were no capital commitments at 31 March 2017.

22 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 £25,084 (2016: £12,794).

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

MANAGEMENT ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2017

**MUSIC IN HOSPITALS
OPERATING ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	2017		2016	
	£	£	£	£
Operating Income				
Contributions from hospitals and homes		175,746		190,953
Grants and donations		1,241,631		912,774
Legacies		5,000		26,814
Scottish Government - Section 16B Core Grant		-		10,000
Fund raising projects		71,226		81,854
		<u>1,493,603</u>		<u>1,222,395</u>
Investment and deposit income		34,239		34,634
		<u>1,527,842</u>		<u>1,257,029</u>
Less : Operating Expenditure				
Fund raising projects	6,693		18,486	
Artists' fees and expenses	615,636		478,368	
Salaries	611,368		573,420	
Recruitment costs	3,057		9,770	
Rates	2,688		2,664	
Rent	27,695		27,591	
Printing, postage and stationery	17,774		19,522	
Telephone	5,895		5,631	
Office light and heat	2,223		2,653	
Repairs and maintenance of equipment	16,279		13,663	
Insurance	5,989		6,844	
Travelling and motor expenses	10,801		8,620	
Advertising and publicity	3,733		4,364	
Subscriptions	1,660		1,654	
Bookkeeping and secretarial fees	6,101		8,027	
Legal & professional fees	15,959		10,663	
Bank charges	2,669		2,971	
Audit	18,837		15,500	
Investment management costs	9,375		8,473	
Cleaning and waste disposal	245		210	
Trustees and committee members expenses	7,805		4,354	
Sundry expenses	12,760		15,847	
Depreciation	4,814		6,671	
Loss on disposal of fixed assets	-		25	
		<u>1,410,056</u>		<u>1,245,991</u>
Operating surplus for the year		<u>117,786</u>		<u>11,038</u>

MUSIC IN HOSPITALS
OPERATING ACCOUNT FOR ENGLAND, WALES AND NORTHERN IRELAND
FOR THE YEAR ENDED 31 MARCH 2017

	2017		2016	
	£	£	£	£
Operating Income				
Contributions from hospitals and homes		112,371		124,423
Grants and donations		965,198		613,988
Legacies		5,000		3,001
Fund raising projects		36,487		60,696
		<u>1,119,056</u>		<u>802,108</u>
Investment and deposit income		17,601		16,735
		<u>1,136,657</u>		<u>818,843</u>
Less : Operating Expenditure				
Fund raising projects	5,804		16,094	
Artists' fees and expenses	446,009		291,169	
Salaries	399,420		365,698	
Recruitment costs	1,697		8,890	
Rates	1,267		1,257	
Rent	27,695		27,591	
Printing, postage and stationery	8,380		7,549	
Telephone	1,808		1,740	
Repairs and maintenance of equipment	10,033		8,556	
Insurance	2,253		2,046	
Travelling and motor expenses	10,271		6,144	
Advertising and publicity	3,350		350	
Subscriptions	935		829	
Bookkeeping and secretarial fees	3,612		1,469	
Bank charges	1,869		1,766	
Legal & professional fees	11,613		8,468	
Audit	12,024		8,920	
Investment management costs	3,529		4,498	
Trustees and committee members expenses	4,739		1,450	
Sundry expenses	9,465		10,791	
Depreciation	3,604		5,026	
Loss on disposal of fixed assets	-		25	
		<u>969,377</u>		<u>780,326</u>
Operating surplus for the year		<u>167,280</u>		<u>38,517</u>

**MUSIC IN HOSPITALS
OPERATING ACCOUNT FOR SCOTLAND
FOR THE YEAR ENDED 31 MARCH 2017**

	2017		2016	
	£	£	£	£
Operating Income				
Contributions from hospitals and homes		63,375		66,530
Grants and donations		276,433		298,786
Legacies		-		23,813
Scottish Government - Section 16B Core Grant		-		10,000
Fund raising projects		34,739		21,158
		<u>374,547</u>		<u>420,287</u>
Investment and deposit income		16,638		17,899
		<u>391,185</u>		<u>438,186</u>
Less : Operating Expenditure				
Fund raising projects	889		2,392	
Artists' fees and expenses	169,627		187,199	
Salaries	211,948		207,722	
Recruitment	1,360		880	
Rates	1,421		1,407	
Printing, postage and stationery	9,394		11,973	
Telephone	4,087		3,891	
Office light and heat	2,223		2,653	
Repairs and maintenance of equipment	6,246		5,107	
Insurance	3,736		4,798	
Travelling and motor expenses	530		2,476	
Advertising and publicity	383		4,014	
Subscriptions	725		825	
Bookkeeping and secretarial fees	2,489		6,558	
Legal and professional	4,346		2,195	
Bank charges	800		1,205	
Audit	6,813		6,580	
Investment management costs	5,846		3,975	
Cleaning and waste disposal	245		210	
Trustees and committee members expenses	3,066		2,904	
Sundry expenses	3,295		5,056	
Depreciation	1,210		1,645	
		<u>440,679</u>		<u>465,665</u>
Operating deficit for the year		<u>(49,494)</u>		<u>(27,479)</u>