

# Annual Report of the Trustees and Financial Statements

for the year ended  
31 August 2018



Company number: 2796427  
Charity number: 1085708

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**GLOUCESTERSHIRE ACADEMY OF MUSIC**  
**REPORT OF THE TRUSTEES**  
**For the year ended 31 August 2018**

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**REFERENCE AND ADMINISTRATION DETAILS**

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**Charity name:** Gloucestershire Academy of Music Ltd

**Other names charity is known by:** Gloucester Academy of Music

**Registered charity number:** 1085708

**Company number:** 2796427

**Principal address:** Barbican House, 31 Barbican Road, Gloucester GL1 2JF

**Trustees and Board of Directors:**

|                     |               |                              |
|---------------------|---------------|------------------------------|
| Vivienne Hargreaves | Chairman      | Appointed to role March 2017 |
| Stephen Belinfante  | Vice-Chairman | Appointed to role March 2017 |
| Flavia Jones        | Treasurer     |                              |
| Anthony Veazey      | Secretary     |                              |
| Thomas Taylor       |               |                              |
| Simon Tyrrell       |               |                              |
| Meurig Bowen        |               |                              |
| Janet Hall          |               |                              |
| James Webster       |               | Appointed 15 November 2017   |
| Damian Kenny        |               | Appointed 3 October 2018     |

**Honorary advisors:**

|                  |           |
|------------------|-----------|
| Derek Aviss      | President |
| Caroline Lumsden | Founder   |

**Senior staff members:**

|               |                    |
|---------------|--------------------|
| Glyn Oxley    | Artistic Director  |
| Kirsty Winnan | Executive Director |

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## STRUCTURE, GOVERNANCE AND MANAGEMENT

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### **Governing document:**

Gloucestershire Academy of Music (GAM) is a charitable company limited by guarantee, governed by its memorandum of association adopted on 20 February 1993.

### **Trustee selection methods:**

Trustees are appointed by the members of the company either to fill a casual vacancy or as an addition to the Board of Trustees, provided the prescribed maximum of 10 Trustees is not exceeded. The Trustees in their capacity as members of the company and directors actively and regularly review the composition of the board and the skills represented on it.

### **Organisational structure:**

The Charity operates under a governing Board of Directors consisting of the Trustees. The Director of Music and other senior staff or specialist advisors such as the President may also attend Board meetings which are held (on average) every other month.

A Finance Committee meets at least three times per year and is involved with preparation of the business plan and financial projections.

The day-to-day management of the Charity is delegated to the Executive Director and the Artistic Director.

### **Trustee induction and training:**

Trustees attend training and events, and some also volunteer to support weekly sessions and courses, which informs their role on the Board.

### **Connected parties:**

GAM is a partner in the Gloucestershire Music Education Hub (branded as Make Music Gloucestershire), which distributes funding from the Arts Council England and is GAM's primary investor. Other investors in 2017-18 were the Gloucestershire Community Foundation.

GAM's key partnerships were with the Cheltenham Festivals, the Multi-story Orchestra, the Carducci String Quartet, the European Union Chamber Orchestra and Gloucestershire Symphony Orchestra (supporting the development and delivery of Gloucestershire Young Musician of the Year). GAM is grateful for its partnership with Dean Close School which accommodates GAM's Saturday afternoon activities and has supported our *Inspire* project. GAM also worked with Mindsong on a pilot intergenerational singing programme; with Chineke! Orchestra on their school tour *Strike a Light!* and the Music Works worked alongside GAM on the Multi-story Orchestra project.

We welcomed two new regular users into Barbican House: Nethra Academy of Performing Arts (Indian classical dance and music) and The Flowers Brass Band.

### **Risk management:**

The Trustees assess risk on a rolling basis and plan to continue to review risk management

procedures in 2018/19 as part of an organisational development programme.

The programme of work is set out in a 2-year rolling business plan which ensures that the proposed level of activity is within GAM's financial and human resource capabilities. The plan is approved by the Trustees before implementation and projects or programmes are not initiated unless adequately funded.

All staff and volunteers, including Trustees, who are in regular contact with children or vulnerable adults are required to undergo an enhanced Disclosure and Barring Service check.

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## OBJECTIVES AND ACTIVITIES

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### **Objects of the charity:**

GAM exists to advance public education by the promotion of the study, practice, knowledge and appreciation of the art or science of music and other performing arts.

GAM's activities were guided by its mission statement for the year, which is to:

- Play a key role, with partners, in ensuring all children and young people in Gloucestershire have access to the proven benefits of music.
- Provide access, development and progression opportunities for children, young people and adults; leading the way in classical music education through working with schools, training music teachers and providing top quality tuition using our holistic, proven teaching approaches.
- Work with partners to build and sustain *Barbican Arts* as an exciting and inclusive performing arts centre that opens up opportunities, enriches lives, sparks new collaborations, develops talent and inspires through engagement with professional artists.

### **Public benefit:**

In planning GAM's activities for the year the Trustees kept in mind the Charity Commission's guidance on public benefit.

The main activities undertaken for public benefit during 2017/18 were:

- a programme of organisational development driven by the aims of improving efficiency, maximising impact and reach through partnership, and diversifying student beneficiaries
- to plan for an exciting future for Barbican House, GAM's headquarters, to maintain and develop its engagement with a broad cross-section of communities
- whole class, small group and 1-1 tuition in schools, making music accessible to a broader range of children and young people
- sustaining a diverse and attractive programme of group sessions and courses, as well as individual tuition, at GAM's centres in Gloucester and Cheltenham
- a series of fun and engaging residential and non-residential holiday courses

- development of an inclusion and community engagement programme underpinned by a focus on extending the benefits of music to those with diverse cultural and ethnic backgrounds
- running a bursary fund to bring down financial barriers to engagement in GAM's services

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## **ACHIEVEMENTS AND PERFORMANCE**

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During the financial year, GAM engaged more than 1400 students from age 3 to 18. The number of adult students accessing GAM activities increased by 17% to 101. We worked with 41 schools providing instrumental lessons and whole-class ensemble tuition to 800 children. The number of performance opportunities for our students increased by 42% compared with last year, reaching a total audience of 2,400 (a 93% increase on last year's figure).

### **Development of Barbican House**

The board and GAM team have worked hard to maximise use of Barbican House, welcoming users who share GAM's vision for inclusive and high-quality performing arts provision. The Flowers Band are now based in Barbican House and will be working with GAM in the future to develop their youth offer and to enhance GAM's brass programme. The Nethra Academy of Performing Arts are willing to plan partnership work with GAM in the future. Towards the end of the financial year, GAM has negotiated two further partnerships who will use Barbican House from September 2018: Jackie Thomas will run her dance classes after school here for four afternoons a week and Edward Jenner School will deliver their arts curriculum here for two afternoons a week. Hire income from these additional users will help us to meet our building maintenance and overhead costs.

### **Music programme:**

GAM enjoyed a challenging and diverse year of music-making with students having the opportunity to work with internationally recognised musicians and performing in large-scale events throughout the county in prestigious venues, as well as expanding the educational offer at Barbican House and our Cheltenham Junior Department. Increased Hub funding enabled improved reach and expansion of GAM's activities.

- Inspire, our new Gloucestershire Youth Chamber Orchestra performed at the Cheltenham Festival Schools' Concert in July and sat in on a rehearsal with BBC National Orchestra of Wales.
- 140 string players of all standards took part in The Big String at Gloucester Cathedral
- Junior and senior students took part in the regional Music for Youth Festival with very positive feedback from the music mentors
- We welcomed three new schools to our whole-class ensemble programme
- We worked with the Multi-story Orchestra, Strike A Light and the Music Works to perform in the Gloucester Roof-top Festival in July, with forty of our young musicians sitting in amongst the professional orchestra.
- The Easter music courses were a musical success with overwhelming positive

feedback from students and parents

- In partnership with Cheltenham Festivals, we trained four new local gamelan tutors to increase our reach across Gloucestershire. Ten schools attended gamelan workshops at Barbican House.
- The adult gamelan group performed at the Michael Tippett Hall in Bath in November and at the Mixtape concert in Tewkesbury Abbey as part of the Cheltenham Festival.
- We launched a new programme of intergenerational singing called 'Stand by Me' with financial support from Make Music Gloucestershire and Gloucestershire Community Foundation.
- Our planned summer residential course failed to go ahead because we couldn't fill enough spaces to make our holiday orchestras musically viable. We offered an alternative non-residential course for juniors at Barbican House and a non-residential theory week, again at Barbican House.

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## FINANCIAL REVIEW

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### Review of finances in 2017-18

The term-time activities continue to grow, with fees from courses increasing from £107,711 to £121,852 – an increase of 13%. Obviously the costs also increase (mainly tutors' fees) and these were £127,562 – so actually a loss of £5,710 on the term-time activities. Term-time is now carrying a 75% share of the support costs or central costs) (see note 4).

The fees for holiday courses decreased from £55,009 to £40,950 – a decrease of 25%. After allocating 25% of support costs (a lower proportion than 35% the previous year), the holiday courses have costs of £54,805, creating a significant loss on this activity (£13,855).

Schools Music Academy activity and income is steadily increasing but the only income to GAM is an administration fee of 17.7% of the fee income which covers a proportion of the administrator's costs. The accounts show that the income was £42,942 and the costs (tutor's fees and administration) were £42,066.

A significant donation from an individual of £20,000 plus Gift Aid allowed GAM to purchase a new piano costing £23,685. The net income for the year on unrestricted funds of £23,386 relates to this exceptional donation. The actual performance of GAM was an operational deficit of £18,689. However, the trustees' strategy is to increase community use of Barbican House and thereby to attract additional funds to offset the costs of the building. This strategy has been successful, leading to an increase in rental income from £3,928 in 16/17 to £6,655 in 17/18. This is a continued focus for next year. The operational deficit has also been offset by the sale of a cello (£3,500) and some other smaller amounts of sundry income. By comparison, in the previous year GAM's operational activities broke even, despite a loss on holiday courses of about £18,500.

### Reserves policy

It is the Trustees' policy to maintain sufficient funds to provide working capital for the current programme of work as well as providing a base reserve of unrestricted funds to meet unexpected costs or a downturn in income. Our policy stipulates that there must be sufficient

reserves to cover three months' expenditure at GAM to enable us to continue our activities while we source new funding – this is reviewed annually. Operational costs for the coming year are estimated to be £240,000, therefore a reserve in the range of £55,000-£60,000 is currently deemed sufficient to sustain the organisation should there be a shortfall in income. The level of cash-backed general reserves at 31 August 2018 was £48,953, which takes into account the net book value of tangible fixed assets. The Trustees are satisfied that they will be able to reach the target level of reserves.

In addition to this, £100,000 received in a legacy in 2015 as unrestricted funds is held as a designated fund for the future development of the organisation.

### **Bursary fund**

During the year bursaries totalling £3,034 were awarded to individuals and families of existing and prospective students of GAM attending either or both term-time activities and holiday courses. The fund is sustained with the help of donations from various individuals and groups to whom the Trustees are very grateful. In addition, a proportion of the surplus from the holiday courses and a contribution from the operation of the Schools Music Agency are added to this fund each year.

### **Volunteers**

The Trustees are extremely grateful to those who volunteer in various ways in the organisation. In particular, the long-standing contribution of David Cliverd as IT consultant and web manager is much appreciated.

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## **DECLARATION**

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### **Statement of Trustees' Responsibilities**

The trustees (who are also directors of Gloucestershire Academy of Music Limited for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the 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 and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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. 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 the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 August 2018 was 9 (2017: 9). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

The opinion of the directors is that the company is entitled to the exemptions conferred by Section 477 of the Companies Act 2006 relating to small companies

The directors acknowledge the following responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on 30 January 2019 and signed on their behalf by

Vivienne Hargreaves – Director and Chairman



## **Independent examiner's report to the trustees of Gloucestershire Academy of Music Limited**

I report to the trustees on my examination of the accounts of Gloucestershire Academy of Music Limited for the year ended 31 August 2018.

This report is made solely to the trustees as a body, in accordance with the Charities Act 2011. My examination has been undertaken so that I might state to the trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for my examination, for this report, or for the opinions I have formed.

### **Respective responsibilities and basis of report**

As the trustees of the charitable company, you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charitable company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently, I express no opinion as to whether the accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

### **Independent examiner's statement**

Since the charitable company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 Accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
- 2 The accounts do not accord with those records; or
- 3 The accounts do not comply with the accounting requirements of section 396 of the 2006 Act, other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- 4 The accounts have not been prepared in accordance with the methods and principles

of the Statement of Recommended Practice for accounting and reporting by charities.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Kate Sayer, FCA, DChA

9 May 2019

Gloucestershire Academy of Music Limited

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 August 2018

|                                    | Note | Unrestricted<br>£ | Restricted<br>£ | 2018<br>Total<br>£ | Unrestricted<br>£ | Restricted<br>£ | 2017<br>Total<br>£ |
|------------------------------------|------|-------------------|-----------------|--------------------|-------------------|-----------------|--------------------|
| <b>Income from:</b>                |      |                   |                 |                    |                   |                 |                    |
| Donations and legacies             | 2    | 26,131            | 60,211          | <b>86,342</b>      | 1,537             | 51,520          | 53,057             |
| Charitable activities              |      |                   |                 |                    |                   |                 |                    |
| Term-time courses                  | 3    | 121,852           | –               | <b>121,852</b>     | 107,711           | –               | 107,711            |
| Holiday courses                    | 3    | 40,950            | –               | <b>40,950</b>      | 55,009            | –               | 55,009             |
| Schools Music Agency               | 3    | 42,942            | –               | <b>42,942</b>      | 41,726            | –               | 41,726             |
| Other income                       |      | 15,830            | –               | <b>15,830</b>      | 9,584             | –               | 9,584              |
| Investment income                  |      | 114               | –               | <b>114</b>         | 28                | –               | 28                 |
| <b>Total income</b>                |      | <b>247,819</b>    | <b>60,211</b>   | <b>308,030</b>     | <b>215,595</b>    | <b>51,520</b>   | <b>267,115</b>     |
| <b>Expenditure on:</b>             |      |                   |                 |                    |                   |                 |                    |
| Charitable activities              |      |                   |                 |                    |                   |                 |                    |
| Term-time courses                  | 4    | 127,562           | 55,125          | <b>182,687</b>     | 90,890            | 57,994          | 148,884            |
| Holiday courses                    | 4    | 54,805            | –               | <b>54,805</b>      | 73,507            | –               | 73,507             |
| Schools Music Agency               | 4    | 42,066            | –               | <b>42,066</b>      | 39,405            | 2,000           | 41,405             |
| Bursaries                          | 4    | –                 | 3,034           | <b>3,034</b>       | –                 | 2,426           | 2,426              |
| <b>Total expenditure</b>           |      | <b>224,433</b>    | <b>58,159</b>   | <b>282,592</b>     | <b>203,802</b>    | <b>62,420</b>   | <b>266,222</b>     |
| <b>Net income for the year</b>     | 5    | <b>23,386</b>     | <b>2,052</b>    | <b>25,438</b>      | <b>11,793</b>     | <b>(10,900)</b> | <b>893</b>         |
| Transfer between funds             | 14   | (884)             | 884             | –                  | (1,546)           | 1,546           | –                  |
| <b>Net movement in funds</b>       |      | <b>22,502</b>     | <b>2,936</b>    | <b>25,438</b>      | <b>10,247</b>     | <b>(9,354)</b>  | <b>893</b>         |
| <b>Reconciliation of funds:</b>    |      |                   |                 |                    |                   |                 |                    |
| Total funds brought forward        |      | 148,311           | 7,513           | <b>155,824</b>     | 138,064           | 16,867          | 154,931            |
| <b>Total funds carried forward</b> |      | <b>170,813</b>    | <b>10,449</b>   | <b>181,262</b>     | <b>148,311</b>    | <b>7,513</b>    | <b>155,824</b>     |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 14 to the financial statements.

Gloucestershire Academy of Music Limited

Balance sheet

Company no. 2796427

As at 31 August 2018

|  | Note | £              | 2018<br>£      | £              | 2017<br>£      |
|--|------|----------------|----------------|----------------|----------------|
| <b>Fixed assets:</b>                           |      |                |                |                |                |
| Tangible assets                                | 9    |                | 21,860         |                | 2,033          |
| Intangible assets                              | 10   |                | -              |                | -              |
|  |      |                | <u>21,860</u>  |                | <u>2,033</u>   |
| <b>Current assets:</b>                         |      |                |                |                |                |
| Debtors  | 11   | 11,990         |                | 1,964          |                |
| Cash at bank and in hand                       |      | 151,748        |                | 154,856        |                |
|  |      | <u>163,738</u> |                | <u>156,820</u> |                |
| <b>Liabilities:</b>                            |      |                |                |                |                |
| Creditors: amounts falling due within one year | 12   | (4,336)        |                | (3,029)        |                |
|  |      |                | <u>159,402</u> |                | <u>153,791</u> |
| <b>Net current assets / (liabilities)</b>      |      |                |                |                |                |
|  |      |                | <u>181,262</u> |                | <u>155,824</u> |
| <b>Total assets less current liabilities</b>   |      |                |                |                |                |
|  |      |                | <u>181,262</u> |                | <u>155,824</u> |
| <b>The funds of the charity:</b>               |      |                |                |                |                |
| Restricted income funds                        | 14   |                | 10,449         |                | 7,513          |
| Unrestricted income funds:                     |      |                |                |                |                |
| Designated funds                               |      | 100,000        |                | 100,000        |                |
| General funds                                  |      | 70,813         |                | 48,311         |                |
|  |      | <u>170,813</u> |                | <u>148,311</u> |                |
| <b>Total unrestricted funds</b>                |      |                |                |                |                |
|  |      |                | <u>181,262</u> |                | <u>155,824</u> |

The opinion of the directors is that the company is entitled to the exemptions conferred by Section 477 of the Companies Act 2006 relating to small companies

The directors acknowledge the following responsibilities:

- (i) The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- (ii) The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the special provisions applicable to small companies subject to the small companies' regime.

Approved by the trustees on 30 January 2019 and signed on their behalf by

Trustee – Simon Tyrrell

**1 Accounting policies**

**a) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) Section 1A and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

**b) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**c) Going concern**

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**d) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**1 Accounting policies (continued)**

**e) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**f) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**g) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

**h) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of term-time courses, holiday courses, Schools Music Agency and bursaries undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**i) Grants payable**

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

**1 Accounting policies (continued)**

**j) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

|                        |                                  |
|------------------------|----------------------------------|
| ● Term-time courses    | 75%                              |
| ● Holiday courses      | 25%                              |
| ● Schools Music Agency | Fixed at 17.7% of SMA fee income |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

**k) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**l) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

|                             |                      |
|-----------------------------|----------------------|
| ● Instruments and equipment | 15% reducing balance |
| ● Courses equipment         | 4 years              |

**m) Intangible assets**

Intangible assets are included at cost or fair value on acquisition and then amortised over the life of the asset.

**n) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**o) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

**1 Accounting policies (continued)**

**p) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**q) Pensions**

Employees are enrolled in the NEST auto enrolment scheme, which is a defined contribution scheme. Contributions are recognised as they become payable.

**2 Income from donations and legacies**

|           | Unrestricted<br>£ | Restricted<br>£ | 2018<br>Total<br>£   | 2017<br>Total<br>£ |
|-----------|-------------------|-----------------|----------------------|--------------------|
| Grants    | –                 | 59,397          | <b>59,397</b>        | 50,420             |
| Legacies  | –                 | –               | –                    | –                  |
| Donations | 26,131            | 814             | <b>26,945</b>        | 1,100              |
|           | <u>26,131</u>     | <u>60,211</u>   | <u><b>86,342</b></u> | <u>51,520</u>      |

Grants were received from the following:

|                                      |          |               |                      |               |
|--------------------------------------|----------|---------------|----------------------|---------------|
| Arts Council England                 | –        | 57,537        | <b>57,537</b>        | 46,420        |
| Gloucestershire Community Foundation | –        | 1,860         | <b>1,860</b>         | –             |
| The D'Oyly Carte Charitable Trust    | –        | –             | –                    | 3,000         |
| The Coln Trust                       | –        | –             | –                    | 1,000         |
|                                      | <u>–</u> | <u>59,397</u> | <u><b>59,397</b></u> | <u>50,420</u> |



Gloucestershire Academy of Music Limited

Notes to the financial statements

For the year ended 31 August 2018

3 Income from charitable activities

|   | Unrestricted | Restricted | 2018<br>Total  | 2017<br>Total |
|---|--------------|------------|----------------|---------------|
|   | £            | £          | £              | £             |
| Individual lesson fees                  | 64,616       | -          | <b>64,616</b>  | 55,051        |
| Group lessons                           | 51,278       | -          | <b>51,278</b>  | 45,769        |
| Exam fees                               | 5,958        | -          | <b>5,958</b>   | 6,891         |
| Sub-total for Term-time courses         | 121,852      | -          | <b>121,852</b> | 107,711       |
| Fees from participants                  | 40,950       | -          | <b>40,950</b>  | 55,009        |
| Sub-total for Holiday courses           | 40,950       | -          | <b>40,950</b>  | 55,009        |
| Individual lesson fees                  | 30,409       | -          | <b>30,409</b>  | 23,053        |
| Shared lesson fees                      | 7,061        | -          | <b>7,061</b>   | 9,060         |
| Group lesson fees                       | 5,472        | -          | <b>5,472</b>   | 9,613         |
| Sub-total for Schools Music Agency      | 42,942       | -          | <b>42,942</b>  | 41,726        |
| Total income from charitable activities | 205,744      | -          | <b>205,744</b> | 204,446       |

Gloucestershire Academy of Music Limited

Notes to the financial statements

For the year ended 31 August 2018

4 Analysis of expenditure

|                                    | Charitable activities |                 |                      |              |                  | Support costs | 2018 Total     | 2017 Total     |
|------------------------------------|-----------------------|-----------------|----------------------|--------------|------------------|---------------|----------------|----------------|
|                                    | Term-time courses     | Holiday courses | Schools Music Agency | Bursaries    | Governance costs |               |                |                |
|                                    | £                     | £               | £                    | £            | £                | £             | £              |                |
| Staff costs (Note 6)               | 83,818                | 15,079          | 40,736               | -            | -                | 82,126        | 221,759        | 186,949        |
| Holiday courses costs              | -                     | 10,665          | -                    | -            | -                | -             | 10,665         | 18,044         |
| Examination costs                  | 4,820                 | -               | -                    | -            | -                | -             | 4,820          | 4,545          |
| Instruments and music              | 2,256                 | -               | -                    | -            | -                | -             | 2,256          | 2,972          |
| Education and development          | 4,866                 | -               | -                    | -            | -                | -             | 4,866          | 4,107          |
| Prizes/Bursaries awarded           | -                     | -               | -                    | 3,034        | -                | -             | 3,034          | 2,676          |
| Property costs including utilities | 942                   | -               | -                    | -            | -                | 14,147        | 15,089         | 12,704         |
| Office and administration costs    | -                     | 695             | -                    | -            | -                | 9,853         | 10,548         | 13,614         |
| Organisational development         | -                     | -               | -                    | -            | 1,538            | -             | 1,538          | 16,375         |
| Miscellaneous costs                | 475                   | 387             | -                    | -            | -                | 671           | 1,533          | 2,318          |
| Independent examination fee        | -                     | -               | -                    | -            | 1,800            | -             | 1,800          | 1,500          |
| Depreciation and amortisation      | -                     | -               | -                    | -            | -                | 3,858         | 3,858          | 359            |
| Bank charges and bad debts         | 72                    | -               | 607                  | -            | -                | 147           | 826            | 59             |
|                                    | 97,249                | 26,826          | 41,343               | 3,034        | 3,338            | 110,802       | 282,592        | 266,222        |
| Support costs                      | 82,559                | 27,520          | 723                  | -            | -                | (110,802)     | -              | -              |
| Governance costs                   | 1,379                 | 460             | -                    | -            | (1,838)          | -             | -              | -              |
| <b>Total expenditure 2018</b>      | <b>181,187</b>        | <b>54,805</b>   | <b>42,066</b>        | <b>3,034</b> | <b>1,500</b>     | <b>-</b>      | <b>282,592</b> | <b>266,222</b> |
| Total expenditure 2017             | 148,884               | 73,507          | 41,405               | 2,426        | -                | -             | -              | -              |

# Gloucestershire Academy of Music Limited

## Notes to the financial statements

For the year ended 31 August 2018

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### 5 Net income / (expenditure) for the year

This is stated after charging / (crediting):

|                            | 2018         | 2017         |
|----------------------------|--------------|--------------|
|                            | £            | £            |
| Depreciation               | 3,858        | 359          |
| Independent examiner's fee | 1,500        | 1,500        |
| Interest payable           | -            | -            |
| Operating lease rentals:   |              |              |
| Property                   | 2,500        | 2,500        |
|                            | <u>2,500</u> | <u>2,500</u> |

### 6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2015: £nil). No charity trustee received payment for professional or other services supplied to the charity (2015: £nil).

Staff costs were as follows:

|  | 2018           | 2017           |
|--|----------------|----------------|
|  | £              | £              |
| Salaries and wages   | 76,399         | 53,778         |
| Social security costs  | 5,358          | 3,217          |
| Employer's contribution to defined contribution pension scheme | 369            | 133            |
| Fees to tutors and ancillary staff                             | 139,633        | 129,821        |
|  | <u>221,759</u> | <u>186,949</u> |

No employee earned more than £60,000 during the year (2017: nil).

The key management personnel for Gloucestershire Academy of Music are the trustees, the Artistic Director and the Executive Director. The total employee benefits including pension contributions of the key management personnel were £46,489 (2017: £33,532).

### 7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was five (2017 – three).

### 8 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

9 Tangible fixed assets

|                               | Instruments<br>& equipment<br>£ | Piano<br>£  | Total<br>£  |
|-------------------------------|---------------------------------|-------------|-------------|
| <b>Cost or valuation</b>      |                                 |             |             |
| At the start of the year      | 12,043                          | -           | 12,043      |
| Additions in year             | -                               | 23,685      | 23,685      |
| Disposals in year             | -                               | -           | -           |
|                               | <hr/>                           | <hr/>       | <hr/>       |
| At the end of the year        | 12,043                          | 23,685      | 35,728      |
|                               | <hr/>                           | <hr/>       | <hr/>       |
| <b>Depreciation</b>           |                                 |             |             |
| At the start of the year      | 10,010                          | -           | 10,010      |
| Disposals                     | -                               | -           | -           |
| Charge for the year           | 305                             | 3,553       | 3,858       |
|                               | <hr/>                           | <hr/>       | <hr/>       |
| At the end of the year        | 10,315                          | 3,553       | 13,868      |
|                               | <hr/>                           | <hr/>       | <hr/>       |
| <b>Net book value</b>         |                                 |             |             |
| <b>At the end of the year</b> | 1,728                           | 20,132      | 21,860      |
|                               | <hr/> <hr/>                     | <hr/> <hr/> | <hr/> <hr/> |
| At the start of the year      | 2,033                           | -           | 2,033       |
|                               | <hr/> <hr/>                     | <hr/> <hr/> | <hr/> <hr/> |

All of the above assets are used for charitable purposes.

# Gloucestershire Academy of Music Limited

## Notes to the financial statements

### For the year ended 31 August 2018

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#### 10 Intangible assets

The holiday courses concept and business was purchased by GAM in 2003 for £30,000 and the cost amortised over ten years.

#### 11 Debtors

|                          | 2018<br>£     | 2017<br>£    |
|--------------------------|---------------|--------------|
| Trade debtors            | 4,466         | 891          |
| Less; bad debt provision | (1,832)       | -            |
| Other debtors            | 9,356         | -            |
| Prepayments              | -             | 1,073        |
| Accrued income           | -             | -            |
|                          | <u>11,990</u> | <u>1,964</u> |

#### 12 Creditors: amounts falling due within one year

|                              | 2018<br>£    | 2017<br>£    |
|------------------------------|--------------|--------------|
| Trade creditors              | 387          | 88           |
| Taxation and social security | 1,820        | -            |
| Amounts received in advance  | 329          | 1,441        |
| Accruals                     | 1,800        | 1,500        |
|                              | <u>4,336</u> | <u>3,029</u> |

#### 13 Analysis of net assets between funds

|  | General<br>unrestricted<br>£ | Designated<br>£       | Restricted<br>£      | Total<br>funds<br>£   |
|--|------------------------------|-----------------------|----------------------|-----------------------|
| Tangible fixed assets                    | 21,860                       | -                     | -                    | 21,860                |
| Net current assets                       | 48,953                       | 100,000               | 10,449               | 159,402               |
| <b>Net assets at the end of the year</b> | <u><u>70,813</u></u>         | <u><u>100,000</u></u> | <u><u>10,449</u></u> | <u><u>181,262</u></u> |

14 Movements in funds

|                                 | At the start<br>of the year<br>£ | Incoming<br>resources &<br>gains<br>£ | Outgoing<br>resources &<br>losses<br>£ | Transfers<br>£ | At the end<br>of the year<br>£ |
|---------------------------------|----------------------------------|---------------------------------------|--|----------------|--------------------------------|
| <b>Restricted funds:</b>        |                                  |                                       |  |                |                                |
| a Bursary fund                  | 6,013                            | 814                                   | 3,034                                  | 884            | 4,677                          |
| b Arts Council England          | 1,500                            | 57,537                                | 54,575                                 | -              | 4,462                          |
| Gloucestershire Community       |                                  |                                       |  |                |                                |
| c Foundation                    | -                                | 1,860                                 | 550                                    | -              | 1,310                          |
| <b>Total restricted funds</b>   | <b>7,513</b>                     | <b>60,211</b>                         | <b>58,159</b>                          | <b>884</b>     | <b>10,449</b>                  |
| <b>Unrestricted funds:</b>      |                                  |                                       |  |                |                                |
| Designated funds:               |                                  |                                       |  |                |                                |
| Development fund                | 100,000                          | -                                     | -                                      | -              | 100,000                        |
| Total designated funds          | 100,000                          | -                                     | -                                      | -              | 100,000                        |
| <b>General funds</b>            | <b>48,311</b>                    | <b>247,819</b>                        | <b>224,433</b>                         | <b>(884)</b>   | <b>70,813</b>                  |
| <b>Total unrestricted funds</b> | <b>148,311</b>                   | <b>247,819</b>                        | <b>224,433</b>                         | <b>(884)</b>   | <b>170,813</b>                 |
| <b>Total funds</b>              | <b>155,824</b>                   | <b>308,030</b>                        | <b>282,592</b>                         | <b>-</b>       | <b>181,262</b>                 |

A transfer was made from the bursary account to fees where funds have been made available to support lessons, but previously not recognised as income.

**Purpose of restricted funds**

- a *Bursary fund* – to make awards to individuals and families of existing and prospective students attending term-time activities and holiday courses.
- b *Arts Council for England* – this is funding for training and courses in Gloucestershire
- c *Gloucestershire Community Foundation* – a one-off grant from the Freemasons to support the *Stand by Me* programme of work with older people

The transfer represents amounts donated from unrestricted income to the bursary fund.

**Purpose of designated funds**

The designated fund was created from a legacy received in 2015 and is held to support the future development of the charity.

**15 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.